

Sendt til EF's centralbankchefer.

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Copenhagen, July 28, 1989. 1

Dear

At the September meeting of the Committee of Central Bank Governors we will probably have to discuss a reenforcement and extension of the Committee's tasks and powers, including enhanced collaboration between the central banks.

In the Delors Report it was suggested that the Committee be consulted in advance of national decisions on the course of monetary policy. Moreover, when at our last meeting at July 11 we discussed the follow-up to the European Council, ideas were put forward, that stressed the importance to find ways of expressing publicly and in an appropriate manner the views of the Governors. The essence of these ideas was, inter alia, to obtain the support of public opinion in formulating prudent monetary policies, that could not be ignored by governments.

Against this background, I think we should establish a scheme of common targets that are clearly visible and well understood by politicians and the general public. More specifically, we should contemplate to launch a mutually agreed system of monetary policy monitoring, based on one or more monetary aggregates - M_x and/or DCE. The aggregates should be conceptually comparable across countries and applied as indicators of the monetary policy stance. The mutually agreed growth paths of the aggregates should be published, and they should be surveyed every three months and opinions formulated on the overall orientation of monetary developments in each participating country.

For reasons of practical implementation, we could start out with a rather homogeneous group, i.e. members of the ERM or - perhaps preferably - the narrow band countries.

Obviously, there are important technicalities and procedures to be agreed on. Nevertheless, I think it is crucial that we come out as soon as possible with an operational surveillance mechanism, and I suggest that our alternates and experts be instructed to look into the problems as a matter of priority.

In my opinion, if we soon could put in place a system along the lines suggested, such an agreement would have an important demonstration effect and signal a firm determination to go forward in strengthening monetary policy coordination.

Sincerely yours,

Me.

sign. EH