



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

1 November 1989

Dear Jonathan,

CJA

ECONOMIC AND MONETARY UNION

The Lord President has seen the draft attached to your letter received today for the Chancellor's opening speech in tomorrow's debate. He has made a number of comments, as follows:

- i He wonders if paragraphs 6 and 7 could be adjusted to make the contrast between the two absolute positions less stark; he recognises that it may be difficult to do so without losing the quotations. He is anxious that the two positions as set out in the two paragraphs may be described in terms which are too absolute properly to reflect the real positions being adopted, particularly in view of the Government's repeated commitments to EMU picked up very shortly afterwards in paragraph 10.
- ii In paragraph 17 the second count on which HMG are described as taking issue with the Delors prescription is a risky one to set out on the Floor of the House. It invites a destructive intervention given the current level of inflation in the UK.
- iii In the following paragraph he suggests that it would be a good idea to leave in the section in square brackets.
- iv In paragraph 24 he is anxious that the statement that the changes "will take many years to complete" is too negative - and could be construed as extending into the distant future our day of entry into the ERM; particularly since half of the measures have already been adopted - though still to be implemented - it should be possible to make the point more positively.

- v In relation to paragraph 28 he has drawn attention to the phrase "realignments should become rarer" and wonders if this is strictly accurate as they have already become very infrequent.
- vi And finally in paragraph 30 he considers the phrase "Gadarene rush" is provocatively over-dramatic.

I am copying this to Charles Powell, Stephen Wall, Neil Thornton and Gillian Kirton.

Yours
Steve Catling
S D CATLING
Principal Private Secretary

J M Taylor Esq
Private Secretary to the
Chancellor of the Exchequer



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Handwritten initials and date: 2/ki

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ECONOMIC AND MONETARY UNION

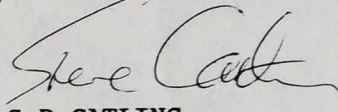
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