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FM BONN
TO DESKBY 091530Z FCO
TELNO 1074
OF 091431Z NOVEMBER 89
INFO IMMEDIATE THE HAGUE
INFO PRIORITY UKREP BRUSSELS, PARIS
INFO ROUTINE EUROPEAN COMMUNITY POSTS

THE HAGUE FOR SECRETARY OF STATE'S PARTY

MY TELNO 1068 : EMU : UK PAPER

SUMMARY

1. BUNDESBANK PRESIDENT PUBLICLY PRAISES UK PAPER. LEADING EDITORIAL IN DIE WELT TODAY FOCUSSES ON GROWING SCEPTICISM ABOUT DELORS' PROPOSALS.

DETAIL

2. TODAY'S FRANKFURTER ALLGEMEINE ZEITUNG CARRIES A REPORT OF REMARKS BY POEHL AT A MEETING OF INSURANCE BROKERS ON 7 NOVEMBER. POEHL REPORTEDLY DESCRIBED THE UK PAPER AS A 'REALISTIC AND SENSIBLE DESCRIPTION OF WHAT MONETARY POLICY SHOULD CONCENTRATE ON IN FUTURE YEARS'. POEHL ALSO REPEATED HIS CRITICISM OF FRENCH PRESSURE FOR AN IGC IN THE SECOND HALF OF 1990 AND SAID THAT IN THE BUNDESBANK'S VIEW THERE WAS NO OBVIOUS REASON TO MOVE QUICKLY TO A COMMON EC MONETARY POLICY. POEHL DESCRIBED THE EMS AS A TORSO WHICH MUST BE COMPLETED THROUGH THE UK JOINING THE ERM. THE BUNDESBANK SAY THAT NO TEXT OF POEHL'S REMARKS IS AVAILABLE.

3. TODAY'S ISSUE OF DIE WELT (CONSERVATIVE) INCLUDES A SUBSTANTIAL EDITORIAL CONTRASTING GENSCHER'S ENTHUSIASM FOR THE DELORS REPORT WITH WHAT THE PAPER VIEWS AS GROWING SCEPTICISM AMONG ECONOMISTS ABOUT THE NEED FOR A COMMON CURRENCY OR EARLY INSTITUTIONAL CHANGES. THE EDITORIAL SAYS THAT SOME GERMAN CRITICS HARBOUR SIMILAR RESERVATIONS TO THOSE OF THE BRITISH PRIME MINISTER ABOUT LOSS OF SOVEREIGNTY. SOME ALSO ARGUE THAT THE SINGLE MARKET WOULD FUNCTION BETTER WITH COMPETITION AMONG CURRENCIES. WITHIN THE CDU AND CSU, SOME BELIEVE THAT A STABLE CURRENCY IS MORE IMPORTANT THAN A COMMON CURRENCY. THEY DOUBT WHETHER A EUROPEAN CENTRAL BANK COULD BE FULLY INDEPENDENT LIKE THE BUNDESBANK. THE EDITORIAL NOTES THE DIVERGENT VIEWS AMONG THE COALITION PARTIES AND THE BUNDESBANK AND CALLS FOR AN EXTENSIVE PARLIAMENTARY DEBATE ON THE ISSUES.

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4. FCO PLEASE ADVANCE TO PS/CHANCELLOR OF THE EXCHEQUER, WICKS, MRS
BROWN (TREASURY), KERR, ARTHUR ECD(I), ARROWSMITH BANK OF ENGLAND.

MALLABY

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