



R9/4.

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

6 April 1990

C D Powell Esq  
10 Downing Street  
LONDON  
SW1

*Dear Charles,*

**SECOND STAGE OF EMU: LETTER FROM SIR MICHAEL BUTLER**

Your letter of 29 March asked for an early draft reply to Sir Michael Butler's letter of 28 March, for the Prime Minister's signature.

The proposals attached to Sir Michael's letter were developed by Mr Paul Richards of Samuel Montagu. The Treasury has had some discussion with Mr Richards about his proposals. They are clearly ingenious and well thought out, though we do have some reservations about them.

As you know, the Chancellor is reflecting further on our approach to Community discussions on EMU and expects to be putting his thoughts to the Prime Minister shortly.

... Meanwhile, the Chancellor suggests that the Prime Minister replies to Sir M Butler in terms of the draft letter attached. If the Prime Minister can find time in her diary to see Sir Michael, the Chancellor would not advise her against; and of course, if she does see him we will, of course, be happy to provide a full brief.

*Yours sincerely,*

*Duncan Sparkes*

p.p. T TARKOWSKI

DRAFT LETTER

From : Prime Minister

To : Sir Michael Butler

THE NEXT STAGE IN AN EVOLUTIONARY APPROACH TO MONETARY UNION

Thank you for your letter of 28 March.

*The papers are an original & constructive*  
~~Mr Richards' paper is an interesting contribution to the~~  
debate on economic and monetary union and I am most  
grateful to you and to him for sending <sup>it</sup> to me. I  
~~shall be studying the paper carefully and with interest.~~  
*should be happy to have a*  
*word with you about this, &*  
*will ask Arthur Brown to*  
*fix a time.*

*Q*