

CONFIDENTIAL

PRIME MINISTER

Prime Minister
Attached is the document
referred to above. The relevant
sections are highlighted on

15 November 1990

pages 9-11.

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20/11

EUROPEAN COMMISSION, ERM AND CENTRAL BANK

Patrick Minford telephoned to say that he has heard from a reliable source within the Commission, that a study of the UK economy has been sent to the Treasury.

In the monetary policy section, two of the points in the conclusion are that:

- it was not right for the UK to join the ERM in 1985;
- the main problem of monetary policy came in 1987/88.

In the Annex to the section on monetary policy it is stated that:

- policy would have been no better if there had been an independent central bank.

I think you should urgently ask the Chancellor for a copy so that we can make use of it in refuting the charges made in Geoffrey Howe's speech. *

* I do not think it would be right to quote from a draft of a report, albeit one intended for publication later. There is nothing, however, to stop us using the arguments without attribution.

Brian Griffiths

BRIAN GRIFFITHS