

**COMMITTEE FOR THE STUDY OF  
ECONOMIC AND MONETARY UNION**

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10th February 1989

Please find attached - as a supplement to document CSEMU/8/89 (dated 3rd January 1989) - an updated version of the "Summary of replies to Governor Hoffmeyer's questionnaire", which now contains the replies from all twelve Community countries.

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Please find attached - as a supplement to document CSEMU/8/89 (dated 3rd January 1989) - an updated version of the "Summary of replies to Governor Hoffmeyer's questionnaire", which now contains the replies from all twelve Community countries.

Summary of replies to Governor Hoffmeyer's questionnaire

Replying country	Can under present provisions policies decisions be:			Can the decision-making power be transferred to Community bodies without changes in national legislation?
	communicated prior to implementation?	taken after consultation?	taken after co-ordination?	
Belgium	yes	yes	yes/no <sup>1</sup>	no/yes <sup>2</sup>
Denmark	yes <sup>3</sup>	yes	yes/no <sup>1</sup>	no
France <sup>4</sup>	yes <sup>3</sup>	yes	yes/no <sup>1</sup>	no
Germany	yes	yes <sup>5</sup>	no	no
Greece	yes <sup>3</sup>	yes	yes/no <sup>6</sup>	no
Ireland	yes	yes	yes	no
Italy	yes <sup>7</sup>	yes <sup>7</sup>	yes <sup>7</sup>	no
Luxembourg	yes <sup>3</sup>	yes	no <sup>8</sup>	no
Netherlands	yes	yes	yes	no
Portugal	yes <sup>3</sup>	yes	yes/no <sup>1</sup>	no
Spain	yes	yes	- <sup>9</sup>	no
United Kingdom	yes	yes	yes/no <sup>1</sup>	no

- 1 All policy decisions except those relating to tax changes can be taken after consultation.
- 2 With the exception of changes in intervention credit mechanisms, intervention policy and management of official reserves, no other decision-making power can be transferred under present legal provisions.
- 3 Government proposals on fiscal policy measures can be notified when tabled.
- 4 Communication, consultation and co-ordination are assumed to take place between EC-partners in a forum where full confidentiality is assured.
- 5 Consultation not binding decision-making bodies.
- 6 Decisions relating to fiscal policy, financing of government deficits, government debt management, incomes policy and credit policy cannot be taken after co-ordination.
- 7 In the case of changes in direct taxation only at the moment when the Government proposals are presented to Parliament; consultation and/or co-ordination have to take place at Government level; the Parliament may still modify Government proposals.
- 8 "No" in case co-ordination implies mandatory consideration of others' concerns.
- 9 Left unanswered because the meaning of co-ordination is not clear, i.e. whether it might involve the transfer of sovereignty to the Community bodies where policies would be co-ordinated.

**Summary conclusion:**

Broadly speaking the replies to Governor Hoffmeyer's questionnaire lead to the following two conclusions:

Firstly, all countries can under present provisions communicate policy decisions prior to implementation (although some countries pointed out that tax changes could be communicated only after having been tabled) and take policy decisions after (non-binding) consultation. There is equal unanimity that decision-making power cannot be transferred to Community bodies without changes in national legislation.

Secondly, no clear answer emerges whether under present provisions policy decisions can be taken after co-ordination. The main problem appears to relate to the meaning of co-ordination: if it does not imply mandatory consideration of others' concerns the answer would generally appear to be yes (perhaps, with the exception of tax changes), but if national decision-making would be subordinated to (binding co-ordination, a number of countries would seem firstly to have to enact changes in their national legislation.

Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union

Instrument/policy measure	Can under present provisions policies decisions be: *)				Can the decision-making power be transferred to Community bodies without changes in national legislation?
	Who makes the decision? <sup>1</sup>	communicated prior to implementation	taken after consultation?	taken after coordination?	
<u>Monetary Policy</u>					
- Change in central bank interest rates	CB	Yes	Yes	Yes	No
- Credit policy	CB	Yes	Yes	Yes	No
- Reserve requirements	CB	Yes	Yes	Yes	No
- Open market operations	CB	Yes	Yes	Yes	No
- Financing of government deficits	Gov <sup>2</sup>	Yes	Yes	Yes	No
- Government debt management	Gov	Yes	Yes	Yes	No
<u>Exchange rate policy</u>					
- Change in central rates	Gov	} as a member of EMS these are common decisions			No
- Change in intervention margins	Gov				No
- Change in intervention credit mechanisms	CB				No
- Intervention policy	CB	Yes	Yes	Yes	No
- Management of official reserves	CB	Yes	Yes	Yes	No
<u>Fiscal policy</u>					
Direct taxes	P	Yes	Yes	Yes	No
Taxation of interest and capital income	P	Yes	Yes	Yes	No
- Indirect taxes	P	Yes	Yes	Yes	No
- Budget balance targets	Gov	Yes	Yes	Yes	No
<u>Other policy instruments and measures (specify)</u>					
-					
-					
-					

1 Please specify: Governor, Central Bank Board, Minister, Cabinet, Parliament  
 CB Gov P

2. The financing of Government deficits in Ireland is within the competence of Gov. Participation in the financing by CB is at its own discretion.

\*) In agreement with the Secretariat the following information should be added: Communication, consultation and coordination is assumed to take place between EC-partners in a forum where...

Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union

Instrument/policy measure	Who makes the decision? <sup>1</sup>	Can under present provisions policies decisions be: *)			Can the decision-making power be transferred to Community bodies without changes in national legislation?
		communicated prior to implementation	taken after consultation?	taken after coordination?	
<u>Monetary Policy</u>					
- Change in central bank interest rates	CB	Yes	Yes	Yes	No
- Credit policy	CB	Yes	Yes	Yes	No
- Reserve requirements	CB	Yes	Yes	Yes	No
- Open market operations	CB	Yes	Yes	Yes	No
- Financing of government deficits	Gov <sup>2</sup>	Yes	Yes	Yes	No
- Government debt management	Gov	Yes	Yes	Yes	No
<u>Exchange rate policy</u>					
- Change in central rates	Gov	as a member of EMS these are common decisions			No
- Change in Intervention margins	Gov				No
- Change in intervention credit mechanisms	CB				No
- Intervention policy	CB	Yes	Yes	Yes	No
- Management of official reserves	CB	Yes	Yes	Yes	No
<u>Fiscal policy</u>					
- Direct taxes	P	Yes	Yes	Yes	No
- Taxation of interest and capital income	P	Yes	Yes	Yes	No
- Indirect taxes	P	Yes	Yes	Yes	No
- Budget balance targets	Gov	Yes	Yes	Yes	No
<u>Other policy instruments and measures (specify)</u>					
-					
-					
-					

1 Please specify: Governor, Central Bank Board, Minister, Cabinet, Parliament  
 CB Gov P

2. The financing of Government deficits in Ireland is within the competence of Gov. Participation in the financing by CB is at its own discretion.

\*) In agreement with the Secretariat the following information should be added: Communication, consultation and coordination is assumed to take place between EC-partners in a forum, where full confidentiality is assured.

Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union

Instrument/policy measure	Who makes the decision? <sup>1</sup>	Can under present provisions policies decisions be: *)			Can the decision-making power be transferred to Community bodies without changes in national legislation?
		communicated prior to implementation?	taken after consultation?	taken after co-ordination?	
<b>Monetary policy</b>					
- Change in central bank interest rates	CB	YES	YES	YES	NO
- Credit policy	CB+GOV.	YES	YES	NO	NO
- Reserve requirements	CB	YES	YES	YES	NO
- Open market operations	CB <sup>(2)</sup>	YES	YES	YES	NO
- Financing of government deficits	GOV. (CB)	YES	YES	NO	NO
- Government debt management	GOV. (CB)	YES	YES	NO	NO
<b>Exchange rate policy</b>					
- Change in central rates	GOV. (CB)	YES	YES	YES	NO
- Change in intervention margins	} (3)				
- Change in intervention credit mechanisms					
- Intervention policy	CB	YES	YES	YES	NO
- Management of official reserves	CB	YES	YES	YES	NO
<b>Fiscal policy</b>					
- Direct taxes	P	YES <sup>(4)</sup>	YES	NO	NO
- Taxation of interest and capital income	P	YES <sup>(4)</sup>	YES	NO	NO
- Indirect taxes	P	YES <sup>(4)</sup>	YES	NO	NO
- Budget balance targets	GOV.	YES <sup>(4)</sup>	YES	NO	NO
<b>Other policy instruments and measures (soeity)</b>					
- Incomes Policy	GOV., P	YES	YES	NO	NO

<sup>1</sup> Please specify: Governor, Central Bank Board, Minister, Cabinet, Parliament.  
CB
GOV.
P

\*) In agreement with the Secretariat the following information should be added: Communication, consultation and coordination is assumed to take place between EC-partners in a forum, where full confidentiality is assured.

(2) Open market operations are very limited due to market size.

(3) Not applicable at present.

(4) Government proposals can be communicated when tabled.