

Prime Minister

(2)

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PRIME MINISTER

MONETARY REFORM AND THE EMS

1. At a meeting between Terry Burns, Peter Middleton and myself today, there emerged a very wide measure of agreement, amounting almost to unanimity, on what should be done in the next stages of monetary reform and for the development of the general financial strategy. The main elements were those which I mentioned in my memorandum of 30 October 1981.

2. We could see no good reason at all for entering the EMS. You may be interested in the views expressed in the Bundesbank Monthly Report. The Bundesbank suggests that the EMS has been a failure in promoting monetary stability. I entirely agree with this assessment by the Bundesbank.

11 November 1981

ALAN WALTERS

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