

**Proposed changes to revised Part II of the EMU-Report**

- Add after 'policies' in line 7 on page 1:

"which as to their major features are determined in common and are"

- Rephrase the two last sentences at end of para 3 on page 2:

"In the field of fiscal policy the need for centralisation is less imperative and a wide range of budgetary decisions should be left to national regional and local authorities, albeit within the overall limitations required in an economic and monetary union if serious economic distortions resulting from divergent levels of taxation and public expenditure are to be avoided and the effectiveness of monetary policy to serve its stability objective is to be preserved. In essence, Community competence in taxation matters to the degree necessary for the proper functioning of the economic and monetary union (vested in a future European Parliament) may be seen as the essential complement of centralisation of monetary policy authority (vested in a European Central Banking System)."

- Delete last sentence on page 3.

- Rephrase last sentence of first para on page 4:

"The introduction of a .... had been locked and the institutional framework required has been established."

- Rephrase first sentence of second para on page 4:

"As a result of the credible permanent fixing of exchange rates national currencies will be close substitutes...."

- Rephrase last sentence on page 4:

"It has been mentioned that one possibility for managing a....",

- Add to the sentence of point 7 on page 5 after "single mould":

"at least as far as essential decisions are concerned."

- Delete end of first sentence on page 7, beginning with "although"?

- Delete end of last sentence on page 7, beginning with "and by the fact ..."

- Rephrase last para on page 9, beginning with "efforts may": ... efforts may also have to be made to convince European management and labor of the advantages of gearing wage policies largely to improvements in productivity and thus to contribute or accept a uniform minimal rate of price increase at the community level. Governments on their behalf should strengthen tendencies towards reducing or completely eliminating direct intervention into the wage and price formation process."

- Rephrase first two sentences of point 14 on page 10:

"Community policies to complement the single market may be necessary in order to enhance an optimal allocation of resources and a balanced ...

.... Such policies may be necessary to promote and cushion regional and structural developments...."

- Rephrase first full sentence on page 11:

"...but to a decisive extent also on their efficient use as well as the profitability of the investment thus financed..."

- Rephrase first two sentences of first para on page 11:

"Sufficient wage flexibility and labour mobility should contribute to avoiding changes in competitiveness in different regions of the Community that would lead to ... In order to ease remaining adjustment burdens..."

- Rephrase second to fourth sentences of point 15 on page 11:

"Policies to ensure a proper distributional and allocative functioning of the market without frontiers will to be formulated and, in part, executed at Community level. As a consequence of a single currency area - and in addition to general regulatory and structural policies - general and binding co-ordination of procedural policies is essential such as jointly defined goals for budgetary and incomes policies. The execution of such policies necessarily remain largely the preserve of member states..."

- Rephrase second para on page 12 beginning with "However":

"Unco-ordinated and divergent budgetary policies might ... as a whole. This is why all countries will have to accept that sharing a common market and a single currency area imposes narrow constraints on budgetary policies and requires strict fiscal discipline"....

- Rephrase fifth line of third para on page 12:

"... countries, penalize deviations from commonly agreed fiscal guidelines or wage settlements, ...."

- Redraft second dash of point 16 on page 13:

"- common policies will help to exploit the full potential of the single market...."

- Add sixth dash of point 16 on page 13:

"- the most promising way to ensure the coherence of the economic union which would also give the Community economic policy identity would be to transfer broad decision making powers in key economic policy areas like fiscal policy to Community bodies."

- Redraft from third line of point 18 on page 14:

"... different central banks." (Delete rest of sentence.)

- Redraft fifth line from the bottom of page 14:

"... exchange rate vis-à-vis third currencies. Operations conducted at the Community level would be carried out under..."

- Redraft second line on page 15:

"... guidelines established by the Council of the ESCB."

- Delete third sentence of fourth dash on page 15, beginning with: "Stability of the currency...."

- Delete sixth dash on page 15, beginning with: "a commitment to regulate..."  
(Consequently the para under "Mandate and functions" contains three dashes)

- Redraft from fifth line on page 18 (from "competences" to "economic situations"):

"... competences will be mixed. Obviously decisions concerning the Community budget and its execution will exclusively be taken on a Community level. The main burden of cyclical and growth policies will presumably still have to be born by the member states. This, however, requires a strict integration in a basic stance tailored above all to the needs of the union. Thus specific elements of national budgets such as the size of deficits, their financing, certain expenditure items and debt management will have to be subject to common decisions."

- Delete third sentence of third para on page 18.
- Rephrase tenth line from the bottom on page 19:

"... Chairman of the ESCB Council in meetings of the Council of Ministers and of the Commission."