

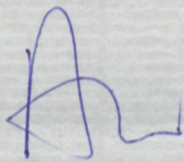
PAUL GRAY

18 May 1989

I believe it would be a good idea for us to have some research done on the following topics:

- (a) What would happen if the rest of Europe (ROE) went towards a monetary union and we remained outside? What would be the advantages and disadvantages? (My Canada note is along these lines.)
- (b) Do stable nominal exchange rates promote (i) trade and (ii) growths. (The note I passed to you comparing ERM and non-ERM countries is a start.)
- (c) Corporation and economic performance: are they associated?

The natural place for such research is the Treasury. Can we approach them?



ALAN WALTERS

*File*

SIR ALAN WALTERS

Thank you for your attached note of 18 May concerning possible areas of research on the EMS front.

I agree that work along these lines might be useful but I see some delicacy about commissioning it from the Private Office. Might it not be better for you to raise these points informally in your contacts with the Treasury and see what reaction you get?

*Recd.*

PAUL GRAY  
5 June 1989

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