

16th July 1991

TO THE MEMBERS OF THE COMMITTEE OF ALTERNATES

To facilitate the implementation of the proposals for harmonising broad monetary aggregates, you may wish to circulate the following summary of the discussion and decisions of the Committee of Governors to the relevant departments within your institution. These conclusions will also appear in the official Minutes of the meeting of the Committee of Governors on 9th July 1991.

The Committee of Governors welcomed the progress achieved on the basis of the proposals made in the reports by the Economic Unit and the Monetary Policy Sub-Committee and expressed its support for further efforts towards establishing a common system of monetary statistics at the Community level.

All Community central banks agreed to provide the Secretariat with the necessary information to facilitate the use of harmonised aggregates in the context of the Committee of Governors. Where precise statistics were not available estimates would be provided. Specifically, Denmark, Greece, Spain, Ireland, Italy, Luxembourg and Portugal have expressed their willingness to introduce the proposed changes in official broad aggregates although not all of these countries will be able to implement the changes by early 1992 owing to the lack of available data. In some countries the proposals are still under review.

The Governors considered that the announcement of the changes - made at the national level - should include a reference to the ongoing process of harmonisation in monetary statistics which has been promoted by the Committee of Governors. Publicity in some form of collective statement by the Committee of Governors could be considered in the context of the next ex ante exercise.

Furthermore, the Committee of Governors approved the request from the Secretariat to have direct access to the BIS international banking statistics reported by EC central banks. The arrangements for making this

access operational will be undertaken bilaterally between the Secretariat and the BIS.

A number of Governors also proposed that, in addition to the new harmonised M3, a broader concept (M4) should be considered. This broader concept would be composed of M3 plus the holdings by the non-financial sector of short-term Government liabilities (such as Treasury bills) and, where relevant, of liquid liabilities of the non-financial sector (such as commercial paper), which may be close substitutes to money. A short note by the Economic Unit assessing the advantages of such a solution will be circulated soon.

With kind regards,

A handwritten signature in cursive script, appearing to read 'Gunter D. Baer'.

Gunter D. Baer