3rd stage of the EMU: operational aspects of monetary policy. EMI report

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The rapporteur, Mr Harald ETTL, stresses that stage three of economic and monetary union (EMU) is of vital importance for the finalization of the single monetary policy. In its report defining the operational framework for the single monetary policy in stage three, the EMI sets out the strategic options and choice of monetary instruments, describes payment and settlement systems and lays down guidelines for the reserve instruments and penalties which may be imposed by the European Central Bank (ECB). The rapporteur considers that the objectives of price stability, growth, prosperity, employment and stability in Europe should constitute the framework for future monetary policy. Its structure must be developed from the five strategies defined by the EMI, namely exchange rate, interest rate, income, money supply and inflation targets. According to the rapporteur, a combination of inflation and monetary target strategies will result in greater stability, transparency and credibility. However, this method should be monitored constantly, especially from the point of view of the efficiency and relevance of money supply controls. The principles of efficiency, transparency, subsidiarity and continuity also imply decentralized implementation of monetary policy. Perfect transparency also presupposes that the ECB will be required to give an account of its policy to the other Community institutions, especially the European Parliament. At the same time, economic dialogue between the Commission and the ECB needs to be institutionalized. The rapporteur also suggests that permanent consultation mechanisms should be put in place between the national ministers of finance and the ECB with a view to achieving optimum alignment of the exchange rate policies for which they are responsible and the monetary policy of the ECB. He also reaffirms his conviction that the euro will not be doomed to competitive devaluation but considers it necessary for the ECB to contribute to a stable external value of the euro, so ensuring a stabilization of international currency relationships and the containment of speculation.