



HOUSE OF COMMONS
LONDON SW1A 0AA

18th November, 1976

Mr Paul

Thank you for letting me see the letter you have received from your constituent Mr. Eric Gurney enquiring about our attitude to the proposed establishment of a currency commission; the proposal which you will have seen supported on several occasions recently by Peter Jay and 'The Times'.

We have obviously studied this proposal carefully since the establishment and maintenance of a proper disciplined control of the money supplies is fundamental to the health of the economy.

Those who argue this cause believe that the establishment of a separate currency commission (more like the Bundesbank or the Federal reserve than the Bank of England) has contributed greatly to the success of their economies.

I have, of course, much sympathy with the argument. I have not yet been persuaded that an institutional device of this kind is necessary for the proper regulation of fiscal and monetary policy nor that it would necessarily be an effective bulwark against further political influence of the wrong kind.

In 'The Right Approach' we emphasise our view in favour of minimum institutional change. Against that background the critical need is for unswerving determination by the Chancellor and the rest of the Government to control Government spending and borrowing in such a way as to avoid making the maintenance of a proper monetary policy an impossible task.

With such determination we believe that the present Bank should be able to do the job properly. Without such determination virtually any institution in the end would be overcome.

Y —

Paul Dean, Esq., M.P.

John