

Editorial

A Big Finance Bill

Our February 1994 Editorial (p 38) commented upon the Deregulation and Contracting out Bill; coincidentally, on the following pages, there was an article by Leon Cane on the Finance Bill 1994, noting (with an exclamation mark) that it is published in two volumes – in fact there are 417 pages, containing 244 clauses and 23 schedules, with more to be added. Producing such a mammoth piece of legislation while preaching about the need to reduce the regulatory burden on business has prompted a response only slightly milder than that aroused by the Government's trumpeting of its "Back to Basics" policies to the accompaniment of lurid headlines about political corruption and sexual scandals involving Conservatives MPs and ministers.

Moreover, the newspaper correspondence columns have in recent weeks been replete with anguished complaints from tax specialists about the opacity of some of the Bill's provisions, in some cases harking back wistfully to a supposed golden age when Finance Bills were much shorter and everyone could understand them.

Golden ages often turn out to be myths, and the size of a Bill may be indicative more of an anxiety (sometimes over-anxiety) to get complex things right and plug every conceivable loophole, rather than of regulatory zeal. As Brian Horsby of Coopers and Lybrand has pointed out in *The Times* (24 February), the complexity of the US Internal Revenue Code, compounded by a plethora of secondary regulations, makes UK fiscal legislation appear almost simple by comparison. But it is certainly the case that this year's Finance Bill – the product of the first unified Budget – is unusually large and that its passage through the

House of Commons has generated more political turmoil than usual – culminating in a decision to guillotine it. Finance Bills by their very nature are almost always politically controversial. They encapsulate decisions and priorities that lie at the heart of economic and social policy. Sometimes the controversy is a bit synthetic, but taxes, being intrinsically unpopular, provide ready targets for Opposition (and sometimes government back bench) complaints. The guillotine imposed on this occasion was prompted by the breakdown of the "usual channels" following Opposition complaints about the Government's decision to guillotine and rush two other controversial Budget measures – the Statutory Sick Pay Bill and the social Security (Contributions) Bill – through all their Commons stages just before Christmas.

Both sides are at fault. The Government's handling of its legislative programme, and its failure to consult on the parliamentary handling of the unified Budget, has been high handed. The Opposition has jeopardised parliamentary debate on matters of interest to every citizen to make a partisan point. Finance Bills have a special constitutional status stemming from the link between taxation and representation – which is why they should not be guillotined. Parliamentary scrutiny of them is not always effective, but it is important, particularly given that pre-parliamentary consultation on them is limited by the secrecy surrounding the preparation of the Budget. If the Finance Act 1994 proves to be as flawed and incomprehensible as some of the Bill's critics predict, then Government and opposition business managers must bear some of the blame.

Gavin Drewry

News

The Internal Market

On 25 February the Commission issued a Background Report (ISEC/B8/94) "Making the most of the Internal Market – the Commission's strategic programme". Recognising that the benefits of the Internal Market will result only from its effective implementation, the Commission has compiled a detailed strategic programme: *Making the most of the Internal Market* (COM(93)632). The programme has been developed following consultation with the Community institutions, the Member States and a large number of economic and other interests over the Communication: *Reinforcing the Effectiveness of the Internal Market*, and the working document: *Towards a Strategic Programme for the Internal Market* (COM(93)256), which were published together in June 1993. The Commission's strategic programme was welcomed by the Internal Market Council in December 1993.

The programme sets three main targets:

- the legislative proposals still to be agreed;
- the enforcement of Community legislation and its regular evaluation;
- developing the internal market to meet changing circumstances.

As well as these areas, the programme also sets out the objectives of the Community's external policy, and acknowledges that as time goes on, the programme itself will need to adapt to change.

Ninety-five percent of the measures in the 1985 White Paper have now been adopted, plus a wide range of additional measures to support the internal market. The priority is for the Council to adopt the remaining 17 proposals.

The Background Report will appear in full in the April issue of the *European Business Law Review*.