

EDITORIAL COMMENTS

The Common Market has managed to survive another year under heavily adverse economic conditions. If it had collapsed under the demands for large-scale national protective measures made by one or more Member States, the prospects for economic recovery and stability in Western Europe would have been far worse than they are at present. They might, of course, had been better, if the European Community had adequately responded to the challenges posed by the world economic crisis; in that respect it has failed signally in the last years.

The Community has not been able to develop effective common policies for combatting inflation and unemployment, for providing structural industrial reforms and for contributing to a solution of the energy crisis, to mention only a few of the most pressing issues of the moment. On the contrary, each Member State has followed its own course. Some have done better than others: but none has reason to be satisfied.

The growing economic interdependence in Western Europe has increased the vulnerability of the national economy and decreased the effectiveness of national economic policies to such an extent that only concerted action has any chance of success. The Community might have been a useful device for facilitating and planning such concerted action both on the internal and external plane, but because of fundamental differences of opinion between the nine governments it has not been used in this way. This exposes a serious weakness of the Community, namely, that it does not possess the capacity to overcome such serious disagreements in a generally acceptable manner and within reasonable time-limits.

This capacity will be lacking so long as the main political and social forces in Europe remain strongly divided along national lines. Institutions may foster a convergence of these forces and their orientation towards decision-making on a European level. The creation of the European Council can be seen as an effort to promote political convergence from the top, and it might have proved a useful instrument if we were still living in the days of strong national leadership based on comfortable political majorities. But the era of De Gaulle and Adenauer belongs to Europe's past, and the freedom of action of heads of government has been considerably narrowed down. The recent meeting of the European Council at The Hague once again demonstrated the inability of its members to make more than marginal concessions regarding national policies.

One of the grave dangers which constantly threaten the proper functioning of the Common Market are exchange rate developments. Large shifts in rates affect relative competitive positions and create pressures

for protective measures. Moreover, the sharp division between Member States participating in the "snake" arrangement and those remaining outside it is in the long run intolerable both from the political and economic point of view.

The Dutch Minister of Finance has taken up the ideas presented by Mr. Oort, Treasurer-General of the Netherlands, in his address in Edinburgh on May 11, 1976.¹ The "Duisenberg plan" seeks to introduce "guidelines for floating" for all the Member States without ruling out the continued participation of some of them in the "snake". The plan is at present under consideration, and the major stumbling-block appears to be the attitude of the German government, as shown during the recent meeting of the European Council at The Hague. In view of the importance usually attached by the German Chancellor to bringing about greater economic and monetary discipline in the Community, it is to be hoped that this attitude rests on a misunderstanding which will be removed once the studies currently being made of the plan are available in the Spring.

The acceptance of the "Duisenberg plan" will obviously not mean its immediate application. The economic situation in Italy and the United Kingdom must first be brought under better control. But the mere fact that the Community shows its willingness to impose a certain discipline on its members in the economic and monetary field, may create more confidence than the re-affirmation for the umpteenth time by the European Council that the bringing-about of the Economic and Monetary Union is of fundamental importance for the consolidation of Community solidarity and for the realisation of the European Union (Compare the conclusions of the Hague meeting of November 30, 1976).

Two politically important exceptions to the general picture of stagnation in the Community should be mentioned. On September 25, 1976, the Council of Ministers at last adopted the Decision and the Act concerning direct elections to the European Parliament. Also, on December 16, 1976, it reached agreement on all the main elements of the Sixth Directive on value-added tax, providing for a uniform basis for assessment of V.A.T. The formal adoption of this directive will enable the Community to finance its budget entirely from its own resources as from January 1, 1978.

In spite of the adoption of the Decision and the Act, it is far from certain that the European Parliament will be elected by direct universal suffrage in 1978. In some Member States the obtaining of the necessary parliamentary approval will not only be time-consuming but will also raise considerable problems. At the turn of the year the outlook in France, at least, was clearer in the wake of the decision of the *Conseil Constitu-*

1. See 13 C.M.L.Rev. 1976, 301-314.

tionnel that direct elections are not contrary to the French Constitution. The Act can now be presented directly to the French parliament without the necessity for a prior constitutional revision, requiring a special parliamentary majority and a national referendum. However, a shadow casts itself over the positive outcome of this decision. It has been reported that the *Conseil Constitutionnel* added a number of reservations to its decision, of which the most important was the ruling-out of any extension of the powers of the European Parliament as being contrary the Constitution.²

The year 1977 brings us a new Commission. The change in the nomination procedure has given the President-elect, Mr. Jenkins, some influence on the choice of candidates, but probably less than he and others had expected. Purely national political considerations appear to have dominated in most cases. At the time that this issue of the Review reaches its readers, the bargaining over portfolios (showing, on the part of certain governments, even less consideration for the Commission's autonomy that in previous cases) will be over. The Editors express the hope that the European Commission, under the leadership of Mr. Jenkins, will manage to play a more prominent role in the next four years than in the last decade. Whatever the course set by the captain of the Community ship, the gathering storms threatening it call for an able and determined helmsman at the wheel.

2. Cf. Compare the warning made by Prof. Kovar and Prof. Tallon regarding the implicit reservations contained in the declaration of the *Conseil Constitutionnel* of June 19, 1970, concerning the constitutionality of the Decision of April 21, 1970, introducing the Community's own resources and the Treaty of April 22, 1970, extending the budgetary powers of the European Parliament, 8 C.M.L.Rev. 1971, 404-404.

Corrigendum

In the article by J.D.B. Mitchell, "The Tindemans Report, Retrospect and Prospect" in 13 *Common Market Law Review* 1976, 455-484, the second sentence on page 481 should read: "In brief, any analogy with the *Bundesrat* should not be pushed too far".