Editorial

Welcome home?

In greeting the entry of the pound sterling into the exchange rate mechanism of the European Monetary System it is appropriate to recall the importance of economic policy integration in the structure of the EEC Treaty. While the perception among members of the public that the Community is simply a common market still persists, even a basic reading of the EFC Treaty reveals that the establishment of a common market is not an end in itself but is one of the two means, set out in Article 2 EEC, whereby the objectives of the Treaty are to be achieved. The other is the progressive approximation of the economic policies of the Member States. Although the two means are distinct they are in fact two sides of the same coin. The achievement of the four freedoms brings with it a very real need to at least co-ordinate economic and monetary policy. The role of the Community Institutions in this co-ordination is apparent from Article 6 EEC, combined with the general obligation in Article 145 EEC on the Council to ensure the co-ordination of the general economic policies of the Member States.

There is, then, a general obligation on the Member States which is binding to the extent necessary to attain the objectives of the Treaty. Of course the solidarity interest in this scheme is reciprocal; thus the Community Institutions must take care not to prejudice the internal and external financial stability of the Member States. The EEC Treaty further provides a delicate balance between the roles of the Commission and the Council in seeking to remedy matters such as balance of payments difficulties and supply problems. In the existing structure, then, checks and balances prevail, albeit without adequate democratic input from the European Parliament. The explanation for this lies in the perception that authorisations to take urgent measures may have to be granted rapidly.

The long-term objectives of an economic and monetary union was expressly confirmed in the preamble to the Single European Act, at the price, though, of confirmation in Article 102A EEC that union would be achieved only through appropriate further amendments of the Treaty. This at least has the virtue of permitting democratic consultation through ratification by means of national procedures, which the use of Article 235 EEC would not have permitted.

In December 1990 two intergovernmental conferences are due to convene. One is devoted to discussion on further economic integration. In their deliberations many politicians will be keen not to lose sight of the social aspects of economic and monetary union. These must be borne in mind if further integration is to command popular support. That is not to say that there should be 'nanny' regulation from Brussels; rather it pleads for a realistic understanding of the problems in relation to regional policy, restructuring measures necessary in sunset economic sectors and areas, and the social aspects of technological innovation. Only if the social consequences of the rationalisation of the Community's resources in a single market under equal conditions of competition are taken into account will the contribution of the Community towards raising the living standards of its citizens be realistic. Welcome home to sterling, to the gateway to mainstream participation in the realisation of the second of the Community's means of achieving its objectives. It is to be hoped that having drunk of the waters of the home well the United Kingdom will now bathe in the waters of the home spring.

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