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# EEC: A New Attempt at Economic Cooperation

**I**t so happened that the most recent attempt by the EEC partners at joint action in the sphere of cyclical policy coincided with the latest demonstration of their disunion in monetary policy. A "Steering Committee" was set up in Luxembourg on 19th June as a means of improving—perhaps it should have been, initiating—the coordination of cyclical policies in the EEC. To underline the importance to be attached to this body, the responsible Deputies of the Ministers concerned will be its members.

When such a new organ is created, one is inevitably reminded of the well-worn method of "solving" problems by handing them over to more and more committees. There are after all already EEC institutions intended to help to coordinate cyclical policies, including the Council of the Economic and Finance Ministers themselves. Why then appoint another body, and at that one ranking lower than an existing one? The primary purpose of the new institution seems to be to deal with the problems more frequently and intensively and less "officially" than has been possible, and hitherto customary, among the Ministers themselves.

The negotiations in the circle of Ministers will thus be better prepared than they have been in the past. Their deputies can talk to each other as "expert to expert". They will be free to discuss opportunities and exigencies which in the "official" negotiations among the Ministers are more or less taboo. That of course is no more than a step

to help taking decisions — or at least can be such a step provided the Deputies do not come with directives which leave them no room for manoeuvre. And what those who take the political decisions will make of it is in any case another matter.

The setting-up of the Steering Committee is directly connected with the formation of a European monetary union which has now begun. The fears, especially on the German side, of a „harmonisation of inflation rates“ in a monetary union have given a fillip to the old aspirations for more cooperation in economic policy. Parallelity of economic and monetary policies is the issue. An attempt is to be made at substituting the international harmonisation of economic policies for the dwindling chances of economic direction on the national level. In practical terms this means: Harmonisation of the objectives, of the means and of their application.

That some partner countries have so far had an inadequate choice of economic policy instruments at their disposal seems to be the point on which there is most agreement. It should not be too difficult to eliminate such shortcomings, the less so as there are a large variety of "models" which could be adopted — suitably modified to meet particular national institutions. One might think that uniformity of objectives should be at least as easy to achieve — that, basically, it exists already today. There is however a wide gap between declarations and reality, a fact which is proved convincingly by experience and

explains the concern felt by the Germans in particular. They want stability to be given an equal rank in fact with the other objectives, however disappointing recent experience in their own country has been in this respect.

To buttress the EEC efforts in the field of cyclical policy, it is intended to draw up a "directive" which some would like to resemble the German Stabilisation Law. German experience however must predispose to scepticism. It is easy enough to find formulae for such matters. But when the political will for action is lacking or the force of interrelated economic-political factors does not permit of the solution of conflicting aims except by sacrificing one of them—and so far it has almost always been stability which was neglected — such arrangements are worth less than the paper on which they are printed. The difficulties obstructing a national economic policy, which in an environment of instability aims at a relatively high degree of monetary stability, have recently been shown in the Federal Republic. Minister Schiller's resignation is here of almost symbolic importance. Ten EEC-countries together would have better chances in this regard. But are the individual members really willing to make the best use of them?

Everything still depends on the common will of all concerned — and the stress is on "common". That has always been missing in the past. Is the situation really so very different now? *Hans-Jürgen Schmahl*