As the Common Market approaches the end of the second stage of its transitional period, it is becoming increasingly clear that the implementation of the common policies provided for in the Rome Treaty and the harmonization of national economic policies will play an outstanding role in the years to come. During the first stage of the transitional period (1958–1961) the effects of tariff reductions on intra- and extra-EEC-trade were at the core of business, government and academic discussions dealing with the Common Market. Now that the EEC has entered the second stage of its transitional period (1962–1965), interest is gradually shifting from those parts of the Rome Treaty that set the frame for a customs union to those emphasizing the character of the Common Market as an economic union. An economic union, however, is impossible without its member countries agreeing to give up part of their sovereign rights, thus strengthening the Community’s central organs, above all its Commission. And since the Rome Treaty requires the Community to follow a policy promoting continuous, balanced and rapid economic growth, this establishes a strong case for some sort of “programming“ in the EEC.

This is indeed what the Commission has first proposed in its ”Action Program for the Second Stage“. Meanwhile we have had a lengthy discussion about the alleged dangers of ”programming“, emanating from neo-liberal groups in West Germany, whose politico-economic philosophy tends to consider national budgets and – a fortiori – input-output analyses major steps on the ”road to serfdom“. But the German government is likely to be left alone with its fears, all other member countries now having national economic ”programming“, the extent and character of which varies from country to country.

1 This is a revised version of a paper I have read at an Interdepartmental Seminar at Rand Corporation, Santa Monica, Cal., on the 25th of October 1963.
With the six economies tending to become one as internal tariff barriers are progressively removed, national "programming" will soon become futile. Let me mention but two aspects: on the one hand, national forecasts of the future path of the economy will become an increasingly unreliable yardstick of national policies; on the other hand, national policies will become more uncertain in outcome (more than is already the case) as national economies become more open to the influences of the actions taken by the other member countries.

There is, thus, much to be said in favor of "programming" on the Community level. As it seems at present, the kind of "programming" which the Commission is envisaging belongs to the less ambitious type, viz. making medium- to long-term forecasts of economic development and using this body of data as a reference scheme for the interventions of the public authorities, in order to ensure that these interventions are coherent. This type of "programming", being connected only with the policy decisions of the public authorities, would not seem to be in conflict with the role of the entrepreneur in "social market economies" and the role competition is supposed to play in the Common Market.

Such "programming" will definitely require more powerful tools of economic analysis than are in common use till now, tools taking account of the whole network of interdependencies existing between the six economies and the rest of the world. Questions that will typically arise include "What will happen to the production levels in the other member countries if aggregate demand in country X rises by 5 percent?" "What are the effects of a 10 percent increase in raw materials prices imported from the rest of the world on the level of prices in the Community as a whole and in the six countries individually?" "What price pressures are generated in the other member countries when one of them is stricken with a wage-push inflation?" "What measures are necessary to encourage a sufficient degree of private investment in the steel industry in order that production capacity is in accord with consumption patterns?" Many more questions of this type could be asked, and while it is certain that input-output-analysis is no panacea, interindustry tables and analyses could help solve many problems in a less speculative fashion than rules of thumb so widely spread in applied work.

Given the potential usefulness of input-output tables for the Six, either at the national level or above it, one might hasten to conclude that EEC-researchers have been busy compiling such tables the lot. Quite the contrary is the case. Partly this may be due to a certain backwardness of continental countries in all matters concerning the application of modern economic theory to present-day problems (a notable exception is the Netherlands); partly the answer lies at a deeper level: with economic