

In its first decade or so, the Community experienced a remarkable expansion in trade, output and productivity, considerably exceeding that achieved by the U.S.A. and bettering U.K. performance by an even wider margin. (See Table 1)

Following are some of the salient points about the economic progress of the Community (figures are for the period 1959 to 1969 unless otherwise indicated):

- * The Community's internal trade increased by 347 per cent. Its external trade rose by 136 per cent compared with 124 per cent for the U.S.A. and 77 per cent for the U.K.
- * With the exception of Luxembourg, all member states achieved greater rates of growth in GDP (constant prices) than the United States.
- * All of them expanded GDP per employed person at a faster rate than the United States (for Germany, France and Italy, the growth rate was more than double that of the U.S.A.).
- * In 1969, industrial production was 84 per cent above the 1958 level in the Community compared with 64 per cent for the U.S.A. and 39 per cent for the U.K. There is no clear-cut difference here between the experience of the "big three" and that of the smaller member states. While Belgium and Luxembourg had the lowest growth rate for industrial production, the Netherlands had the highest.
- * Average income in the Community was 1/3 lower than that of the United States in 1974, compared with 50 per cent lower two decades earlier.

There has been much debate about the extent to which these developments can be attributed to formation of the Community. Professional economists have attempted, with varying results, to estimate the amounts of new trade creation and trade diversion. Efforts have been made, on the basis of these figures, to determine what proportion of the growth of the Community's GDP should be credited to economic integration. Most of these estimates have been rather small, in the order of fractions of a per cent, and not at all in line with the perceptions of people in business and government.

It is generally acknowledged that, in addition to integration, a number of other factors contributed to Europe's impressive economic progress in the Sixties. A fast pace had been set during the post-war reconstruction period when a great deal of new plant and equipment was put in place. Interest rates were low and inflation was moderate. After the French devaluations of 1957 and 1958, the Community enjoyed