

(chemicals). While that country has been part of the Europe-wide free trade zone since 1973 and of EFTA since 1960, the success of these firms goes back a good deal further than this. In recent years, they have for the most part followed the "niche" strategy - carving out small market segments where they can establish strong positions. The extent to which European integration may have facilitated this would bear further study. It would be useful too, to know more about the role it has played in the success of many medium-sized firms distributed throughout the Community and its European associates.

The London Financial Times has recently published a series of articles under the title, "Can Europe Catch Up?". As one of the articles points out, the answer will depend as much on the performance of the United States and Japan as on that of Europe. Some U.S. industries such as steel are suffering from some of the same problems as are afflicting their European counterparts. Also, the extent to which European industries and markets remain divided by institutional and psychological barriers will have a bearing on whether the various parts of the continent move forward at different speeds or together. This in turn will depend to a considerable degree on results of current efforts to relaunch Europe - something which is far from clear at present.

C. BRITISH MEMBERSHIP IN THE EEC

Expectations

As it was about to begin negotiations for entry with the Community in 1970 the British Government published a detailed assessment of the benefits of membership and the problems likely to arise. On the industrial side, the benefits were along the same lines as those seen by the Six when they were negotiating the Rome Treaty - "a much larger and faster growing 'home market'", "opportunities for greater economies of scale, increased specialization, a sharper competitive climate and faster growth".

In one respect, however, the situation of Britain was quite different from that of the original Six. As the White Paper pointed out, they would be joining a market which was growing much faster than their own. This should increase the dynamic effects of membership. Moreover, Britain within the Community would, it was thought, be able to attract more overseas investment, especially from the United States. There would also be greater opportunity for British firms to grow to the point where adequate research and development expenditure would be profitable. In addition to the fact that a larger domestic market would provide a basis for British firms to expand their operations, their growth would be less inhibited by concerns about monopoly.

On the other hand there were what the White paper called the "impact" effects