

also expected to bring important economic benefits. Some of the objectives were set out in the Preamble to the Rome Treaty -- for example, improvements in living and working conditions, a steady expansion, balanced trade, fair competition, and harmonious development by reducing the differences between the various regions.

These were expected to be some of the main results of freeing up movements of goods, services, capital and people, within the framework of common policies and rules in some areas and harmonized national policies in others. Classic international trade theory taught that the removal of trade barriers would allow countries to specialize in the things they could produce most efficiently. But even more important, it was anticipated that interpenetration of markets in the EEC would lead to profound changes in production structures to take full advantage of economies of scale. The productivity of capital and labour would be increased; wages and profits would rise; investment would be stimulated; and the rate of growth would be accelerated.

However, all of this was seen as a long-term process. There were concerns, especially on the part of those in close touch with the business world, that, over the short term, there would be abrupt changes in trade and production patterns, bringing serious problems of adjustment for some firms and a certain amount of unemployment.

There were also some particular worries in some of the member states. France saw the Common Market as, in some degree, a trade-off, in which it would have to open up its market for manufactures to stronger German producers in return for benefits for its agricultural sector. In addition to the perceived economic weaknesses of French industry, it was feared that French social policies in such fields as overtime pay would make it difficult to compete.

There were concerns too in France, and even more so in Italy, that economic integration would increase the polarization of industry in the triangle Amsterdam - Dusseldorf - Lille, aggravating regional disparities within Europe. France and Italy were also particularly vulnerable to balance of payment problems. They could foresee the possibility that action to deal with such difficulties might conflict with their obligations to free up trade and capital movements.

### **Safeguard Provisions**

To deal with these contingencies and other special situations a number of safeguards and transitional provisions were written into the Rome Treaty. They can be divided into those which would be in effect only for a transitional period and those which were of a continuing nature. The more important are as follows:<sup>1</sup>