

lesser extent, metal manufacturing, office machinery and data-processing equipment and electrical and electronic engineering.

It would therefore be wrong to conclude from the widening deficit on manufactures that membership in the Community is not paying off for Britain. Special circumstances have, in fact, masked a notable improvement in manufacturing productivity. Nor does the evidence so far bear out Professor Kaldor's claim that membership in the EEC has "accelerated the de-industrialization of Britain". The share of manufacturing in Britain's GDP has certainly declined from 32 per cent in 1972 to 24 per cent in 1983. However, there is scarcely a western industrialized country that has not experienced some trend in this direction - associated with the growing importance of the service sector. In Britain's case it was more pronounced than in most other countries and a major factor in this would appear to be the much greater contribution of the energy sector to GDP. The share of agriculture, forestry and fishing actually declined slightly more than that of manufacturing.

Against all of this, it has to be admitted that the predicted dynamic effects of membership on British industry have yet to show up. One study suggests there is some trend towards intra-industry specialization but that there is decreased inter-industry specialization. Another of its conclusions does not bode very well for Britain's industrial future. The country has increased its share of the European output in low-growth low-skills industries such as tobacco, clothing and footwear, rubber and leather goods, textiles and printing. The viability of industries such as these can generally be maintained only by protecting them in one way or another from the "laser beam" competition of the NIC's. It has been suggested that the growth of these industries in Britain reflects the fact that, within Europe, it has become a low-wage economy with a relatively unskilled labour force.

Turning to the performance of the British economy as a whole, membership in the EEC has not altered the country's position as the slowest-growing major industrialized nation. Its GDP rose, in volume, by only 11 per cent from 1973 to 1983 compared with a Community average of 19 per cent (which, as already pointed out, was about the same as that for the United States). The rate of growth in Britain's real GDP per employed person over the same decade was also inferior to those of its major Community partners though better than that of the United States. But if we look at the most recent period, 1979-1983, a different picture emerges. Over these three years British real GDP per employed person was growing faster than that of any other leading industrialized country except Japan. The average annual rate of increase was 2.1 per cent compared with a Community average of 1.2 percent. A report recently prepared by the European Communities Commission notes that a significant improvement has been taking place in total factor productivity in Britain, and attributes it to "shake out" (more efficient use of capital and labour).