

influenced the pace and nature of integration but there are some indications. In the early years of the Community, there were many mergers and cooperation agreements between firms. The great majority of these operations were not transnational but took place within an individual country. It is difficult to believe this was not to some extent due to the influence exerted and inducements offered by national governments.

The Commission did try to get a handle on state aids. During the first few years of the Community's existence, it started to prepare an inventory of existing measures of this kind and made decisions on the compatibility with the Common Market of various new programs. Regional aids authorized included schemes to help the economic and social development of Sardinia and to improve the balance of Luxembourg's economy. Examples of aids to specific industries which were approved were schemes for helping the German and Italian textile industries. In some cases member states were asked to modify or withdraw their proposals, but sometimes the Commission was overruled. For example, the French wanted to aid the production of certain grades of paper pulp, and when the Commission raised doubts about the proposal, they made a successful appeal to the Council of Ministers.

In addition to dealing with specific cases, the Community's institutions, from 1969 onward developed guidelines for assistance to problem industries, such as shipbuilding, film production and textiles. However, in all of this, they came up against two difficulties in particular. First there was the dilemma of how to reconcile the requirements of competition policy (avoiding distortions of competitive conditions within the common market) with those of regional and structural policy (which was certainly recognized as legitimate under the Rome Treaty). A second problem was that examination of general schemes was often not very conclusive and it was necessary to look at the way they were being applied - something on which the member states were loath to provide information.

Ten years after the Community came into being, the Commission was well aware that there were problems in regard to state aids with which it was not yet able to come to grips. In its 1968 Report it acknowledged that member states were vying with one another to attract new investment, particularly from non-member countries. Efforts to obtain greater transparency did have some effect. From 1971 onward procedures were followed to cut down competition in regional aids. This involved setting up a coordinating committee with the member states and establishing ceilings for aid to certain regions. New and revised guidelines were issued for aids to specific industries. Also it would appear that the Commission was, in the latter 60's and early 70's taking a tougher stand on specific proposals. For example, in 1969 it took France to the Court of Justice over its schemes for aiding the textile and pulp industries.

The economic difficulties of the mid- and latter- 70's led member states to