

Germany and over 15 per cent in the Netherlands during the first decade of the Community's existence and continued to decline to 1974. In Belgium, however, output of this product increased substantially, although that country had at one time wanted to apply safeguards.

As regards France's problems in the white goods sector, production of cookers, electric refrigerators and electric washing machines in 1968 was 170 per cent, 47 per cent and 94 per cent respectively above the 1958 levels. In the case of refrigerators there was a subsequent falling off, but in 1972 output was still about the same level as in 1958.

The data studied do not, in some cases, cover the precise items on which safeguard action was permitted, but rather relate to wider groups of products or different stages of manufacture. Moreover, they do not throw any light on the position of individual firms or regional patterns of production. A good deal more study would be needed to reach definite conclusions. Nevertheless, the analysis does seem to suggest that in some cases safeguard action may have helped in putting the industries on a sounder footing while in other cases it was a temporary palliative. It also bears noting that, for the most part, the items concerned occupied a relatively small place in the total economies of the countries concerned, even though they may have been important to specific companies and regions.

It appears that there has rarely been recourse to the continuing safeguards. The most notable cases relate to Italy, which was, in 1974 and again in 1976, authorized under the balance of payments provision to introduce a system requiring importers of consumer goods to deposit cash in advance with the Bank of Italy against purchases of foreign exchange. The amounts to be deposited were to be progressively reduced to nil. The Italian Government also took unilateral action under the balance of payments safeguards to impose a tax on the purchase of foreign currency.

It is virtually impossible to determine to what extent state aids were used to cushion the effects of dismantling trade barriers because of the lack of transparency in this area. However, the member states certainly had the means to intervene in this way. Not only did they all have programs designed to aid particular industries and regions; they also had powerful general instruments of policy at their disposal which could be used to influence the response of their firms to the problems and opportunities of integration. These ranged from relatively modest devices like special depreciation and other tax concessions to more interventionist mechanisms such as using the economic power of nationalized industries and infusing capital into certain private enterprises through control of the banking system or special investment funds.

There is not much information about the way such practices may have