

the case of aid provided for restructuring the iron and steel industry. Much of the EIB's financing went, as in other member states, for improvement of infrastructure.

The absence of major difficulties for British industry may seem surprising in view of the pronounced deterioration in Britain's balance of trade with other EEC countries on manufactured goods (which is discussed in more detail below). By 1979, Britain had a deficit on manufactures with its Community partners amounting to \$6,175 million compared with a surplus of \$41 million in 1972.³

This was probably far in excess of what had been envisaged by the most pessimistic economists before accession, even allowing for the general rise in prices which took place over these years. Other predictions also turned out to be wide of the mark. The initial cost of adopting the CAP was much lower than anticipated because after the boom in agricultural prices starting in 1974, it was actually cheaper to obtain some major agricultural products inside the Community than from outside suppliers. Moreover, Britain's own exports of agricultural products to the Six developed in a way that was quite unexpected.

Some of this was due to bad forecasting. However, there was more to it than that. The fact is that the effects of British entry had been largely overshadowed by the dramatic changes in the international environment which took place in the seventies. Some of these completely demolished assumptions on which predictions about the consequences of joining the EEC had been based. For example, with the floating of the pound sterling, balance of payments surpluses and deficits were compensated by fairly gradual movements in exchange rates rather than by periodic substantial devaluations or by draconian measures to deflate the economy.

Has British Membership been a Success?

Under the best of circumstances it is a complicated process to try to separate the trade effects of customs unions or free trade areas from those of other internal and external developments. When we are dealing with the world of the seventies it is particularly difficult. To the changes in the international environment already mentioned we need to add such factors as the progressive reduction of trade barriers on a multilateral basis as a result of the Tokyo Round and the increasingly intense competition, in some sectors, of the newly industrialized countries (NIC's). On the British domestic front, one has to take into account factors like the labour unrest and political instability of 1974 and the development of North Sea oil (which had its negative as well as its positive side).

Having recognized the limitations of this kind of analysis, however, we can start with a few basic facts about Britain's trade. After 1973 there was a striking shift