Automobiles

While no one country emerged as the clear front-runner (contrary to the experience with white goods) there was great increase in the inter-penetration of markets. Community producers had 31 per cent of one another's markets in 1970 compared with 7 per cent in 1958. The consumer benefitted from wider choice and probably from lower prices than would otherwise have prevailed. In addition there was a trend to concentration of production. Scale proved to be a major determinant of unit costs.

The behaviour of the "national champions" (major nationally-owned auto companies in France, Germany and Italy) was different from that of the subsidiaries of U.S. producers. The former had few plants elsewhere in the Community, and in at least one case an existing assembly plant was closed down. The U.S. firms operated in several EEC countries and they took advantage of the removal of tariffs to increase the degree of specialization between their various plants.

These and other cases have underlined that the chief advantage of integration appears to have been the opportunity it has provided for achieving economies of scale. According to one of these studies, size of plant is more significant in general than that of the firm or the product line. The studies also point up the greater importance, in a group of advanced economies such as the major EEC countries, of specialization within rather than between industry sectors. This process brings improvements in efficiency, not only for the industry in the country which increases its market share, but also for the surviving industry in the country whose market share is reduced.

Based on this kind of case analysis, one recent study has estimated that the benefits of European integration, through increased trade in manufactured goods, may have been in the order of 3 - 6 per cent of GDP over the period up to 1980. This might show up as a measured increase in GDP of 10 per cent because of national accounting practices. These figures take into account the effects of industrial restructuring as well as the indirect impact on other sectors of the economy.

These figures certainly fit better than the very low earlier estimates with the perceptions of those in industry, trade and government. But they should be taken with some caution for they are based on the notable success stories of European integration - white goods and motor vehicles. While other industries do not appear to have been studied as intensively, enough has been done to suggest that the nature, pace and extent of the rationalization varied considerably from one sector to another. Government policies and measures and/or collusive business practices seem to have inhibited the process to a greater or lesser extent in important sectors like iron and steel, non-ferrous metals, processed foods, chemicals,