

balance of payments deficits and would be confronted with the choice of continually devaluing or reducing incomes through deflation. Instead of a lot of new investment taking place, capital would flow out to the more dynamic parts of the Community, where higher wages would be offset by a more favourable business environment and a more highly developed economic and social infrastructure. Some anti-Marketeters also disputed the economies of scale argument, claiming the most industries in Britain were already operating at the optimum level.

Economists in favour of EEC membership replied with studies aimed at showing that it would in fact not affect Britain's trade balance on industrial goods and that there was in fact scope for greater economies of scale, particularly through intra-industry specialization. There would therefore be an increase in investment. It was also argued that, once Britain was inside the Community, EEC policies, especially in agriculture, would be more responsive to British interests. No one appears to have denied, however, that there would be adjustment problems in the short term.

The Minister of Industry in the Conservative Government returned to power in 1970 predicted an appreciable down-turn followed by a marked upturn in external trade. He expected the transitional period to be "vexatious" - not because of marked recession but because there would be dissatisfaction with the growth of exports.

### ✓ Transitional and Safeguard Provisions

Probably based on the experience of the original Six, the British Government decided it would like to get the short term pain over with quickly, and get on to the long term gain. It readily agreed to a five-year transitional period - less than half the time it had taken the Six to dismantle internal tariffs. Moreover it proposed somewhat higher cuts on manufactures in the earlier part of the transitional period, which would have brought internal tariffs down 65 per cent by the beginning of 1975 and 90 per cent by the beginning of 1977 instead of 60 per cent and 80 per cent respectively under the EEC proposal. However, the Six were anxious to maintain the same timetable for industrial goods as that for British adjustment to the Common Agricultural Policy.

A general transitional safeguards clause (Article 135) was included in the Treaty of Accession, practically identical to Article 226 of the Rome Treaty. There was also provision, (in Article 136) for application of anti-dumping duties under certain conditions during the transitional period. However, this article for some reason did not include the requirement that goods exported from one member state to another should be re-admitted free of duty. Another feature of the original transitional arrangement which was carried over into the Accession Treaty was