INTERNATIONAL CAPITALISM AND "SUPRA-NATIONALITY"

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IT has long been a commonplace that the development of productive forces has outgrown the framework of the national state on the European continent. International cartels and international holdings steadily extend their control over important parts of the European economy. German industry—to take the most obvious example—cannot survive within the boundaries of the traditional German state. It is in essence expansionist, whether this expansionism takes the violent, military conquering road towards the East, as it did during the First and Second World Wars, or whether it takes the "peaceful" commercial conquering path towards the West that it "chose" after the Second World War, as a result of the changed political and military relationship of forces on the Continent. In this sense, one may say that the movement towards Western European economic integration *via* the Common Market is a product of capitalist concentration on an international scale: an attempt by capitalism to reconcile the level of development of the productive forces and the degree of monopolistic concentration with the survival of the national state. By creating a larger area in which commodities, capital and labour circulates freely, it thereby releases industry from at least part of the fetters which Malthusian cartels, tariff walls and short-sighted economic nationalism had imposed upon it in the inter-war years.

But the Common Market is not only a product of capital concentration; it is also the motor for a new phase in capital concentration on the Continent and beyond. Most of the large-scale Western European enterprises cater mainly for their national market; their export quota rarely exceeds 35 per cent. There are, of course, a few exceptions like the Belgian and Luxembourg steel industry or the Philips trust in Holland. But the rule generally applies to the main branches of manufacturing production, including the large machine-building and durable consumer goods sectors.

During the ten years of rapid economic expansion in Western Europe beginning with the Korean war boom, the problem of the relative size of the producing units did not really arise. The general tempo of expansion was such that there was a seller's market. Demand rose generally more quickly than supply: there was no severe cut-throat competition. Thus, the first phase of the Common Market, between 1958 and 1962, witnessed neither a strong process of concentration, nor a quick expansion of restrictionist cartels. It is true that employers' associations covered all industrial branches with cartel-like trade-associations,[1] but given the prevailing economic conditions, they were not obliged to take any measures of market apportioning or of restriction of production.

The year 1962 seems to have been the dividing line between this first phase of general euphoria and the next phase in the development of the Common Market, when problems started to arise. During the previous general boom, productive capacities had clearly outgrown effective demand in a whole series of key-sectors, as we indicated in 1963.[2] Overcapacity started to appear and competition became fiercer. Rationalisation and concentration therefore quickened their pace. And the logical direction which capitalist concentration took was towards the setting up of companies and units of production adapted not to the dimensions of any national market, but to the dimensions of the Common Market as such.

Three forms of capital concentration

Three forms of capital concentration were theoretically possible, and all three have actually begun to occur in the Common Market:

The first of these is the fusion of existing national enterprises, the most spectacular of which so far has been the merger of the two top chemical trusts in Italy, *Edison* and *Montecatini*; the merger between two important French chemical trusts *Kuhlmann* and *Ugine*; the agreement of close cooperation between the two main West-German automobile trusts: *Volkswagen* and *Daimler-Benz*.

Secondly the fusion (or in most cases, one should more accurately say the absorption) of national companies in various Common Market countries, by large American companies: absorption of *Machines Bull* and *Olivetti* by *General Electric*; the recently announced, but not yet confirmed, purchase of the controlling interests of the Agnelli family in the giant *FIAT* works by the U.S.A. trust *General Motors*.

Thirdly, the fusion of national companies of the various Common Market countries into new units in which national capital is no longer predominant, but in which capital is now more or less equally dispersed over two, three or more Common Market countries (in a few cases even more Western European countries, with British, Swiss, Swedish and even Spanish capital participation). The most significant examples in this field have been: the merger between the two most important trusts of photographic equipment and material on the Continent, the Belgian trust *Gevaert* and the West-

German trust *AGFA*; the merger between the Dutch steel trust *Hoogovens Ijmuiden* and the German steel trusts *Dortmund Hörder-Hütten-Union* and *Hoesch*; the merger between the French financial group *Schneider* and the Belgian financial group *Empain*; the agreement of close collaboration between the largest French chemical trust *Rhône-Poulenc*, and the German trust *Bayer*; and so on.

The emergence of American capital within the walls of the Common Market, whether in the form of new direct subsidiaries of U.S. companies, or through merger with or absorption of existing European units, always represents, in the last analysis, a means whereby part of the European market is taken away from European capital (except for the introduction of new products into that market, and then only to the extent that these do not automatically reduce the market for existing European products). It is unrealistic to assume that European capital will not react and defend itself against this process. In as much as we are confronted here with a *process of intensification of international capitalist competition*, the amalgamation of European and American companies, in 99 cases out of 100, means in reality *a defeat* of European capital as a result of that competition. One cannot reasonably assume that European capitalists will accept their defeat as inevitable, and that they will not at least try to avert it. On the other hand, there are three reasons why the movement of financial and industrial amalgamation cannot take the form mainly of the merger of existing national companies or units, but will rather be the establishment of new companies and units based upon an *international interpenetration of capital*. In the first place, in certain industries, the amount of capital outlays and the risk of technological obsolesence before the invested capital has been depreciated—not to say before it has been valorized—are such that further developments in these branches become impossible on a national scale. Two striking examples are offered by the aircraft industry, which can only continue to keep abreast of the technical possibilities by embarking upon joint Anglo-French ventures, (Concorde, for instance), and by the space industry, where the only realistic project, ELDO, depends upon a collaboration between all European capitalist powers. Already, the development of the nuclear industry has been proved impossible on a private enterprise basis; without state initiative and state financing, there would have been no nuclear industry in the West. Now the aircraft and space industries have offered further striking proofs of the old Marxist *dictum* that in our epoch the productive forces have obviously outgrown both the boundaries of private property and of the national state. In the second place, the problem of more vigorous international competition, especially of competition between North American and Western European industry, imposes upon European capitalism a furious pace of technological innovation, which the traditional national finance groups cannot maintain. Outlays and risks become so great that one mistaken decision might swallow up the whole of the reserves of some of the main holding companies or investment banks. The principle of spreading risks and reducing overhead costs logically leads towards the idea of international amalgamation: a trend which is facilitated by the habits of common consultation on all major problems facing each particular industry—habits which became firmly established in the early years of the Common Market. Thirdly, and again in order to keep pace with the giant North American monopolies, it becomes necessary to create financial and productive units inside the Common Market of such dimensions that they obviously are beyond the reach of any national trust. In the field of international competition, U.S. capitalism still enjoys tremendous benefits from economies of scale. To neutralize these advantages, it will be necessary for the main Common Market companies and producing units to double or treble their size within a few years' time. Again international amalgamation is here the obvious answer.

National and "supranational" state power

Formally, if one looks at the letter of the Rome Treaty, the Common Market is a free trade area surrounded by a common external tariff. The historical precedent which comes to mind is that of the German *Zollverein* of 1867 which had also its peculiar, indirectly elected Parliament and which became the last stage towards the constitution of a united German *Reich*. By itself, the Common Market is nothing but a means of facilitating trade expansion, and its impact on the national economies of the six member countries has still not yet outgrown these limits. Neither the price level nor the general trends of economic development, nor the location of industry, have been in any way decisively reshaped by the appearance of the Common Market institutions. But with the growth of international interpenetration of capital within the six member countries, new and formidable forces are at work which could completely modify that situation; and it is necessary to indicate the qualitative changes which will occur as a result of a breakthrough in international capital concentration in two important fields.

The State is viewed today as the main instrument of power of the bourgeois class, not only in defence of private property against the working classes, but also in an attempt to guarantee monopoly profits against the threats of severe economic crises. As long as the capital invested in the industry of a country is mainly national, the State is essentially the instrument of the native capitalist class. Whenever the capital invested in a country is mainly foreign, we are faced with a semi-colonial country, where the State to a large extent defends the interests of the foreign investors. But what would be the situation if the most important factories and banks of the six Common Market countries were owned neither by national nor by foreign capitalists, but by an amalgamation of the capitalists from the six countries? Obviously, from the point of view of bourgeois rationality, the State should then become the instrument of those capitalists taken together. But would it be possible to defend efficiently the interests of the amalgamated Germano-Franco-Italo-Belgo-Dutch capitalists within the framework of, say, the Italian or the Dutch state? Obviously not. To put the matter plainly: a recession threatening to grow into a severe crisis in the six countries could not be met by monetary, fiscal or economic policy measures of the Italian and the Dutch government alone. It could be met only—inasmuch as world economic conditions would still make such a temporary solution possible—by *common* monetary, fiscal and economic policies of all the six countries together. In other words: *the growth of capital interpenetration inside the Common Market, the appearance of large amalgamated banking and industrial units which are not mainly the property of any national capitalist class, represent the material infra-structure for the emergence of supra-national state-power organs in the Common Market.* The larger the growth of capital interpenetration, the stronger the pull for transferring certain given powers from the national states of the six countries towards the Common Market supra-national units. On the other hand, the more that commodities, capital and labour circulate freely among the Common Market countries, the more a tendency to locate industries as close as possible to the main group of consumers (or to ports from where the exported production is shipped overseas) will impose itself upon the large capitalist firms. This gives a predominant weight to the industrial heart of the Common Market: an area roughly identifiable with the triangle Paris-Amsterdam-Dortmund. Big shifts in location could occur as a result of this tendency, combined with moves determined by technological changes or modification in the source of raw materials (as for example the present trend towards establishing the steel industry near the sea). The big German chemical trust *Badische Anilin* has announced its intention of transferring its main plant and the firm's main offices from Ludwigshafen to Antwerp, where world chemical trusts are now building large plants catering for the needs of the Common Market countries. Similarly, the steel barons of the Ruhr are toying with the idea of a massive transfer of the West German steel industry to the Dutch seashore.

How far has international capital concentration advanced in the Common Market?

A question immediately arises: how strong is this movement of international capital interpenetration within the boundaries of the Common Market? What point has it reached today? The answer is, of course, that it is only in its inception, and that its results have so far only been marginal upon the global socio-economic situation in the Common Market countries. Undoubtedly today, the main plants and banks of the five main countries of the Common Market are still predominantly national.[3] Statistical data are notoriously inadequate in this field. But from a French government publication we learn that during the last few years, foreign investment has been less than 10 per cent of current investment in plant and equipment of French industry. As for Western Germany—where foreign capital is most concentrated, as a result of military defeat and occupation—the *Deutsche Bundesbank* estimates that at the end of 1964, total foreign capital investment in German firms amounted to nearly 3,000 million dollars, representing a little more than 15 per cent of total capital invested in that country. The percentage was much higher in the automobile, the petroleum and the electronics equipment industries. Roughly 60 per cent of these foreign investments were American and 25 per cent belonged to Common Market countries. At the same time, the movement towards international amalgamation of financial, industrial and commercial companies has started, and is today gaining momentum, for the reasons indicated above, which are linked with the trends both of neo-capitalist expansions and of neo-capitalist recessions.[4] A striking example is the creation of an international finance group[5] which dominates the leasing of industrial equipment to individual firms (a relatively new technique) in the whole of Western Europe. Another example is the creation of a common export company by eight European chemical trusts, three of which are French, three German, one Italian and one Belgian.

The longer the present stage of intensified competition and isolated national recessions in the Common Market countries lasts—France and Italy went through such a recession for most of 1964 and the beginning of 1965: Germany, Holland and Belgium are experiencing them at this moment—the stronger will be the momentum towards an international concentration of capital within the six countries. When a general recession breaks out in all the six countries (and this seems to us inevitable), the "moment of truth" for the Common Market will arrive. It will either be pulled apart by the forces of "national self-defence" of the respective national bourgeois classes, which will imply at least some forms of relapse into economic nationalism, protectionism, etc., or it will be pushed forward toward anti-recession measures on a Common Market scale, in which case the supra-national institutions will take over some of the main monetary and fiscal functions from national states. *A single Common Market currency and a single Common Market taxation system would thereby be unavoidable. Their appearance would be a decisive proof of the fact that, in the eyes of the leading groups of the Western European bourgeoisie, supra-national state power had become a more efficient anti-recession instrument than the national state.* The struggle between these two tendencies will be decided by the relative strength of the bourgeois forces interested in or opposed to international capital amalgamation *at the particular moment of time*. For that reason, it is impossible to make concrete predictions today as to the outcome of that struggle. Neither is it prudent to state today that the Common Market has become irreversible. *The main test will be a general recession in Western Europe.* Until this happens, it is too early to decide which of these tendencies will ultimately prevail. During the French and Italian recession of 1964, certain measures taken were of a typically protectionist character (e.g. in favour of the Italian automobile and of the French refrigerator industry). These measures did not cause a grave crisis in the Common Market only because they were *partial* measures coping with a *partial* recession. In the case of a general recession, it is very hard to visualize a general reversal towards protectionist measures which would not involve a disintegration of the Common Market.

The general crisis of the steel industry in which the Common Market countries are involved is a good indication of the kind of tensions which a general recession would quickly build up inside the Common Market. Until now, the High Authority of the European Coal and Steel Community has quite failed as an efficient instrument to combat the crisis: in the same way as it had failed previously to prevent, stop or even slow down the general decline in the coalmining industry. Capitalist interests are conscious of this failure, and do not mince words on the subject.[6] Rationalisation plans that are drawn up or implemented are guided by the national governments; at best the Luxembourg High Authority combines them into international cartel measures. But the efficiency of these national plans is extremely limited, given the stage already reached in international capital interpenetration. If the ECSC does not succeed in imposing international discipline on its members, it might very well fall apart. As against this, however, the European Parliament in Strasburg has already openly raised the demand for a single Western European currency (the *euro-franc*). Consultations between the finance ministers of the six Common Market countries towards a unification of the taxation system progress slowly but continuously. The international monetary crisis, in which France takes a stand different from that of the other Common Market countries, seems to be a great stumbling block on the road of monetary unification.

But this would be a factor of minor importance, if the Six were tomorrow confronted with a serious general recession.

Supra-nationality and American competition

It was not accidental that de Gaulle provoked the memorable crisis in the Common Market in 1965 around the question of the financing of the common agricultural policy of the EEC. The choice of this "breaking point" reflected much less the (rapidly declining) importance of the peasantry in the French electorate than the decisive importance, in de Gaulle's eyes, of a qualitative strengthening of the supranational powers of the Common Market authorities. The initial plan of the Common Market Commission was to concentrate in the hands of the supranational organs the important funds which would be collected through special duties on agricultural imports from countries outside the Common Market. Today, the Common Market budget is financed by subsidies by the Six governments. If the Commission's initial plan had been successful, the supranational organs would have collected funds to the amount of 2,300 million dollars by January 1, 1972; *and they would have become financially independent of the national governments.* This de Gaulle wanted to avoid at all costs. But the objective of de Gaulle—preserving France's sovereignty, and establishing its supremacy on the European continent—appears self-defeating. For by opposing amalgamation between French, German, Italian industrialists, he only prepares the ground for them to be swallowed up by the Americans! The fate of the main French firm making electronic computers—*Machines Bull*—which has been absorbed by *General Electric*, and which could certainly have been resisted if it had amalgamated in time with Italian, British and West-German firms, is typical of the situation.[7] De Gaulle is caught in the dilemma between his anti-americanism and his opposition to supra-nationality. The impulse towards capital concentration which is now assuming an ever-more pronounced international character will eventually break his resistance.

From 1964 onwards, the supra-national Commission of the Common Market began a systematic campaign to draw the attention of European capitalists to the tremendous differences in scale between the main North American and the main Western European enterprises. In 1964, among the 100 largest companies of the capitalist world, 65 were American, 5 Japanese, 11 British and only 19 from the Common Market countries. The largest automobile company in the Common Market manufactures five times less cars than the largest one in the U.S.A., although the total car industry of the Common Market has already nearly reached 70 per cent of the U.S.A. automobile production. The largest steel trust in Western Europe has a business turnover

3·5 times smaller than the largest one in the U.S.A.; and so on. Combined with this difference in scale, there is a difference in outlays and employment for research which, in an age of permanent technological revolution, is a tremendous handicap in the competitive struggle. According to a study recently published by the O.E.C.D., expenses for research and development amounted in 1962, *per capita*, to 93·7 dollars in the U.S.A. against 33·5 in Britain and an average of hardly 20 dollars in the Common Market; personnel actively engaged in research amounted to 10·4 persons per 1,000 of the active population in the U.S.A. against 6·1 in Britain and an average of less than 4 in the Common Market. In 1965, it was estimated that 13·4 billion dollars were spent on research in the U.S.A., against 5·8 billion in Western Europe, Britain included. For all these reasons, the Common Market Commission tried to encourage a process of amalgamation and concentration not only through propaganda means, but by re-interpreting the Rome Treaty and actively preparing the legal framework for the creation of so-called European companies. This would imply the creation of a new type of commercial law applicable to the six Common Market countries as a whole, for which the Court of Justice of the Common Market would become the supreme legal authority. Efforts are at the same time being undertaken to create a European finance market, advocated by the Bankers' Federation of the Common Market countries. This would be a typical demonstration of the tendency, well-known to Marxists, of the legal superstructure adapting itself to changed property relationships, i.e. the appearance of a type of capitalist property having outgrown the limits of the old national state on the European continent.[8]

This is by no means an ideological game, played by the supranational Common Market Commission for obvious *pro domo* reasons. The direct representatives of the capitalist class vigorously push in the same direction. The official Employers' Association inside the Common Market, UNICE (Union des Industries de la Communauté Européenne) addressed a memorandum to the Common Market Commission in April 1965, in which it asked for legislation facilitating the international amalgamation of firms, and in which it explicitly stated that the increase in the size of enterprises should be considered one of the essential objectives of the European Community. Another memorandum on the same subject was published in the summer 1966. In the same vein, the International Chamber of Commerce published a declaration in October 1965, calling for an elimination of all legal and fiscal barriers to concentration or to joint ventures between enterprises.[9]

An "open" or a "closed" Common Market?

The question of the Common Market's external custom tariff must be considered in terms of the same basic trend which explains the international amalgamation of capital: accelerated technological innovation and increased international competition. From the outset, the different national industries inside the Common Market did not find themselves in the same position. The industries of the Benelux countries, and to a large degree of Western Germany, were accustomed to light tariffs and to looking outwards to the world market; Italian and especially French industry was on the contrary accustomed to heavy tariff protection and to catering essentially for the home market. Inevitably, these latter countries clamoured for strong protection against competition by countries outside the Common Market. The Rome Treaty awarded them partial protection through a common tariff which, while lower than their own national tariff, was decidedly higher than the former tariffs of the traditional free trade countries.

Behind these different attitudes towards the problem of customs protection and the exterior tariff of the Common Market there are of course differences in competitive capacity. And from these differences flow inevitable conclusions as to the preference for an "open" or a "closed" Common Market. For French industry, which at the beginning of the Common Market was weaker, less concentrated and technologically more backward, the ending of protection inside the Common Market was considered a gamble, and is even considered so today. Episodes like the severe blow inflicted upon the French refrigerator industry by Italian competition[10] partially confirmed these fears, although the efforts at concentration and specialization, vigorously supported by the Gaullist régime, have had some results. But it is evident that French industry, while unwilling to give up the very real profits drawn from the Common Market,[11] is not ready and will not be ready for a long time to undertake any expansion outside of the Common Market boundaries. For that reason, French industry and French government continue to insist upon the need for a real tariff protection against the inflow of industrial goods from competitive areas abroad, and are unwilling to move in the direction of a broadening of the Common Market towards any important industrial country (though they would accept the inclusion of countries like Spain, which would present no serious threat of industrial competition). West Germany finds herself in an entirely different position. Her exports outside the Common Market are much more important than her exports towards the Common Market. Her industry, in full growth, feels itself able to tackle any competitor, including American industry itself. Export figures indicate an astonishing march forward. Between 1958 and 1965, exports of machinery and transport equipment rose from an annual figure of less than 4 billion dollars to more than 7 billion dollars; exports of chemicals rose from less than 1 billion to more than 2 billion. These figures are coming within reach of those of the United States which has three times the population of West Germany! It is therefore understandable that West Germany is much more sanguine than other members of the Community about plans for the extension of the Common Market towards Britain, the other EFTA countries or even Canada and the U.S.A.: an Atlantic Free Trade Area is not a project to inspire fear between the Rhine and the Elbe. Again, by a strange paradox, the French protectionist plans (which in this field conform nicely with de Gaulle's political schemes) are rather self-defeating. Threatened with being locked out from the Common Market by the high external tariff, American industry simply bypasses this protective barrier by establishing business inside the frontiers of the Common Market.[12] And France has become the Common Market country which has in recent years attracted more American capital than any of the other five member countries. In fact, at the same time as de Gaulle has accentuated his anti-American calls in favour of a return to the gold standard, he has been quietly encouraging American capital investments in France.[13]

Socialists and the Common Market

The position of socialists towards the Common Market can best be derived from the traditional Marxist position towards capitalist concentration. Marxists are not in favour of trusts as opposed to small business; at the same time, they understand that artificially to try and protect small business against capitalist concentration is a reactionary policy. Socialists therefore point to small businesses being gobbled up by large trusts as indications of an inevitable process of capitalist concentration, which should increase the pressure in favour of collective ownership of the means of production.

In the same perspective, it would not make sense from a Marxist point of view to call either for bourgeois supra-national powers over the national state, or to defend the bourgeois national state against the growth of supra-national powers. Both the tendencies of capital concentration and of obsolescence of the national state on the European continent are indications of over-ripeness for socialist solutions: the need for a planned economy based upon collective ownership in the framework of a Socialist Federation of Europe (which would not be limited, of course, to the six Common Market countries). But this general theoretical approach to the problem does not automatically furnish an answer to the tactical problems arising out of the present *combination and conflicts of trends* towards national economic programming on the one hand, and international amalgamation of capital (with the parallel rise of supra-national powers) on the other hand. In order to answer these tactical problems while avoiding the dual pitfalls of dogmatism and pragmatism, one has to take into consideration a series of *permanent trends of the class struggle* in Western Europe which will remain valid at least for a whole historical period:

1. Economic, social and political development in Western Europe continues to be determined by the *law of uneven development.* The degree of economic integration of Western European capitalist countries, while having the tendency to increase, will not be such, in the immediate and medium-range future, as to result in a complete parallelism of economic, social and political developments in these countries.

2. Combined with the historical differences in structure and in the dynamic of the labour movements in the various Western European countries, the uneven socio-economic and political development in these countries creates uneven developments in the relationship of forces between the classes, and uneven chances for a conquest of power by the working class and a breakthrough towards socialism.

3. Refusal to exploit temporarily favourable conditions for a breakthrough towards socialism on a national scale, under the pretext that conditions are not yet ripe in neighbouring countries, would only lead to great disappointment and demoralization of the working class in that country, and thereby favour reaction, nationally as well as internationally. Under the given conditions, internationalism does not mean for socialists to wait till "conditions" are favourable everywhere and the same moment, (which might very well mean to wait a long time indeed!). Internationalism on the contrary involves exploiting favourable opportunities for a socialist breakthrough whenever they occur in one country, in order to help improve conditions in favour of socialism in the neighbouring countries. This point was made by Lenin against the Mensheviks as early as 1917; there are no reasons to take another position today in the Common Market.

4. It follows therefore that socialists should continue to work for the overthrow of capitalism within the boundaries of "their" own country inside the Common Market, as long as this is *objectively possible* (i.e. as long as international capital amalgamation, international economic integration and growth of supra-national powers have not reached the point where it is no more possible to break the stranglehold of private property and the bourgeois state over that country's resources on a national scale). The international dimensions of that struggle would then arise essentially through the efforts of the labour movement of the other member countries to prevent international capital and the Common Market institutions economically

strangling, or militarily threatening, the country where the working class has conquered power. The pace and range of this defensive action would depend upon the relationship of forces, and the presence of organizations capable of leading the working class in that direction.

5. While therefore maintaining their general traditional attitude towards collective ownership, nationalisation, workers control and conquest of political power, socialists should use all available *possibilities* for educating the workers towards an *internationalisation of the class struggle,* which results from the growing trend towards an internationalisation of capital. This implies among other things a study of the possibilities for setting-up *international trade-unions* where they face a single international company and fighting for an *international collective contract,* which would prevent the employers from exploiting international wage differentials. As a first step in this direction, we need an international coordination of wage and other demands among the workers who are employed by the same trust or company. It need hardly be said that the contradictions between the complete top-level unification of all employers associations within the Common Market, and the hopeless ideological and national division of the trade unions, has led and will lead to a deterioration from the workers' side of the balance of forces between employers and workers inside the Common Market.

6. When the process of international amalgamation and inter-penetration of capital, and the growth of supra-national powers has reached the point where quantity turns into quality, and where the workers of the six countries are faced actually with a new "European" employers' class, the whole struggle for socialism will have to be lifted to the new international dimension. It is to be hoped that the preparatory phase indicated under point 5 will be used sufficiently well to create favourable conditions for this new form of struggle for socialism: otherwise this might lead, at least in its first phases, to serious setbacks for this struggle. One should not underestimate the tremendous difficulties on the road to the practical, international coordination in a struggle for political power, if only because of the differences in language and the levels of centralisation needed for such a struggle. But when the objective conditions leave no choice, socialists will have to measure up to the new needs, rather than hide their heads in the sand.

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NOTES

1. During the first years of the Common Market, trade associations and amalgamations on a Common Market level were established on an average of about one thousand a year. A Directory listing all employers associations and trade associations created in the Common Market since

1958 covers 513 pages. Bilateral exclusive trade agreements between different firms inside the Common Market have been declared in 36,000 cases.

2. *Socialist Register 1964*, pp. 64–65.
3. With the exception, of course, of Luxembourg, whose economy is dominated by the A.R.B.E.D. steel trust, in which French and Belgian capital occupy a larger place than Luxembourg capital.
4. See my article in *Socialist Register 1964*.
5. *Interlease*, created by the Belgian *Banque de Bruxelles*, the French *Banque d'Indochine*, a West-German, and a Dutch bank, the Italian *Banca Commerciale Italiana*, the Spanish *Banco Espanol de Credito*, and the British merchant bank of *Hambro Bros*. Other European ventures undertaken in common by finance capital of different nationalities are, to give just two examples, the *Syndicat Éuropeen d'Études et de Financement* created by six banks from five different countries and the trust *Euro-Finance*, created by the Belgian *Société Générale*, the West-German *Deutsche Bank*, the Italian *Banca Commerciale Italiana*, the Swiss *Crédit Suisse* and a Dutch bank.
6. A recent document drafted by the Belgian steel employers association considers the E.C.S.C. a "nearly complete failure".
7. *The Economist* of November 19, 1966 indicates that negotiations to produce a single Anglo-French electronic computer had been conducted secretly and had broken down at the end of 1965. They could, of course, start again, the day Britain joins the Common Market. Such a perspective is one of the main forces pushing British capitalism towards that "solution" for its current problems, the other one being the fear that, in case there is an actual merger between the main European trusts, British firms would then be crushed between the American and the Common Market giants. Both the prospect and the fear hover behind Mr. Wilson's call for a "European technological community", capable of reducing the growing gap between Western European and North American "know-how". Recently, Sir Paul Chambers, chairman of ICI, speaking in Paris, insisted on the importance of Britain joining the Common Market in order to strengthen the struggle against American technological predominance. He revealed that 75 per cent of the drugs distributed through the British Health Service are sold through American licences.
8. The French daily *Le Monde* published an amusing series of articles by Paul Fabra ("Comment faire naître des sociétés européennes?"), indicating the difficulties for "European" companies to be set up within the framework of the existing national systems of commercial law (June 29, 1965, et seq.). A recent study appearing in the same newspaper (November 20–21, 1966) also suggests that these "European companies" are still some way off.
9. In their book *Monopoly Capital* Baran and Sweezy note that the term "multinational corporation" or "multinational company" was first used by David E. Lilienthal, and was then widely publicized by a special report in *Business Week* (p. 193). The chairman of I.B.M.'s European subsidiary, M. Jacques Maisonrouge, made a candid analysis of the "multinational company" in a speech delivered in Brussels in October, 1966. He called for multinational capital and subsidiaries which should be preferably led by "nationals" of the countries in which they were established (*L'Echo*

de la Bourse, October 11, 1966). This is very far from actual reality if one examines the U.S. "multinational firms", which are not "multinational" at all but completely dominated by U.S. capital. But it does represent fairly well what happens in those firms set up by capitalists from various Common Market countries.

10. The output of refrigerators in France declined from 913,000 in 1960 and 978,000 in 1961 to 834,000 in 1962 and 953,000 in 1963. Recovery came in 1964 with 1,06 million units. During the same period the Italian refrigerator industry witnessed a sensational expansion: 977,000 units in 1960, 1,53 million in 1961, 1,77 million in 1962, 2,19 million in 1963 and 2,18 million in 1964.
11. Between 1958 and 1965 (first three quarters), French quarterly exports to Common Market countries rose from 284 million dollars to 987 million dollars, i.e. by 347 per cent. Comparative increases for Belgian exports were 278 per cent, and for West-German exports 253 per cent. Exports to Common Market countries amounted to only 22·1 per cent of total French exports in 1958; they amounted to 40 per cent of total French exports for the first three quarters of 1965. For West Germany, the part of the Common Market in total exports rose only from 27·3 per cent in 1958 to 35·1 per cent in the three first quarters of 1965.
12. A study by the E.E.C. Commission estimates that American subsidiaries produced 24 per cent of the automobile production, 15 per cent of the synthetic rubber and 10 per cent of the petrochemical production of the Common Market countries in 1965.
13. *Le Monde*, December 14, 1966.