

no means exclusively British, even if the present British government is among the most zealous of those attempting to turn public into private enterprises. (M. Chirac's government in Paris seems anxious to follow suit, if President Mitterrand's reluctance is in the end overridden by the French Assembly.) Already a majority of the shares in the previously nationalized telecommunications network and the aerospace company have been sold to the public. The gas monopoly is to be sold later in the year, but there will be a long delay before the complicated water industry can be made private, and it remains to be seen whether the government can find a buyer for the motor-car manufacturer it owns who will be acceptable to its own supporters (who, with others, killed the attempt to sell part of it to US General Motors a few months ago).

Meanwhile (see p.491), at the other end of the spectrum financially, the government has managed to work out a way of selling off its interest in the breeding of commercial crops through the Plant Breeding Institute at Cambridge (England). In principle, this is a sensible step to take. Like all the other research institutes operated by the Agricultural and Food Research Council (AFRC), the Plant Breeding Institute has had a rough and over-spartan time in the past few years. Budgets have been held stagnant or even cut, with the result that vacant posts have not been filled even when there is productive work for their potential occupants to do. But the institute differs from most others in that the benefits of the work it does are translated directly and tangibly into monetary terms. The new varieties developed at the institute are sold to farmers, in Britain and overseas, through bodies such as the National Seed Development Organization, which regularly makes a substantial profit on its operation that, under the present system, has been dutifully turned over to the British Treasury. Taken together and averaged over the years, the profits of the seed organizations are not very different from the costs of the research that has sustained them, which vividly illustrates the folly of having kept the institute on such short commons all these years. Now the breeding and marketing organizations are to be put up for sale as a package. There is a chance that the new entity will be able to make its way in the world relatively free from worry, and even more conscious of how its skills (widely acknowledged to be high) should be most effectively deployed.

That is the plus side of the account. The other is the decision that, in the process of privatization, the Plant Breeding Institute should be split in two. Plant breeding pure and simple (if there is such a thing these days) is part of the commercial package, but molecular biology will stay in the public sector. That, at least, is the intention, however little sense it makes when plant breeders the world over are bent on using genetic manipulation to give crop varieties characteristics they would not acquire naturally. If the institute is indeed sold off successfully (as seems likely), the new owners would promptly set out to recruit a team of molecular biologists to make up for the loss now being decreed. They would not have far to look.

None of this implies that research councils such as AFRC should withdraw from the molecular biology of plants. On the contrary, there is the strongest possible reason why the scale of effort in this field should be increased even in circumstances such as those in Britain, where farming is no longer strictly an economic activity (see *Nature* 322, 195; 1986). But the opportunity for spinning off a substantial team of people working in the field already should be regarded as a heaven-sent chance for creating another. This is a chance to sell the family silver and to get another set. Luckily, it is not too late for the government and AFRC to change their minds. Indeed, on the principle that the British government in its present mood is unlikely to increase the funds available for supporting basic research but, equally, is unlikely to have the gall to cut them even further, there is a strong case for scouring government departments for other parts of the public research enterprise that might be thrown to the commercial wolves. □

Taxes make big waves

The effects of US tax reform will be felt far outside the United States.

BEFORE the summer is out, the US Congress will have put the finishing touches to the tax bill that is almost certain to be what the Reagan administration is remembered for. That, at least, is the plan, which is likely to be sustained by the way in which general enthusiasm for lower percentage rates of tax promises to overcome taxpayers' attachment to the labyrinthine network of deductions from income they have long regarded as their birth-right. While the marginal rates of tax are still to be determined, the mere idea that there may be just two, at 15 per cent and 27 per cent, will excite the envy of taxpayers elsewhere, many of whom are used to surrendering more than half of the extra they earn. Even if the rates at which optimistic congressmen are aiming cannot be achieved, or if it turns out that the extra taxes that business will have to pay are economically damaging and must be reduced, the simplicity of the new tax bill cannot fail to be seductive elsewhere.

There will be more immediate and specific consequences, one of which may benefit the economic partners of the United States. The details of the new bill are still being negotiated between the US Senate and the House of Representatives, and there is much to be worked out. The Senate version of the bill is generally considered friendlier to business, perhaps reflecting its Republican majority. By contrast, the House version generally provides greater savings to individual taxpayers. Arriving at a compromise that will be acceptable to at least a majority of legislators is proving to be at least as hard as analysts predicted it would be. But one feature likely to emerge intact is the proposed abolition of the tax shelter embodied in the device of the limited partnership; its effect will be to send venture capital scurrying to other places in the industrial world where investment in innovation is still encouraged by such means. The principle is that people may invest part of their income in some new venture, which may be a new company or even just a new project on which a company is engaged, pay no tax on that slice of income but pay capital gains tax on their profits if the venture should succeed. The device has been widely used in the past few years in, for example, the development of biotechnology. If, now, such opportunities are no longer available in the United States, individuals and corporations with income arising elsewhere will be tempted to look for them where they can. Already there are people in Europe calculating that the flow of venture capital across the Atlantic may be substantial.

The other side of that coin is that the dazzling attractions of the tax reform bill may, over a longer period of time, work in the other direction. Ever since the Second World War, the United States has been a magnet for technical people elsewhere. The canard that engineers in the United States are so busy at their profession that they have no time for teaching, with the result that the education of young engineers is in the hands of people from overseas, is at least a half-truth. Other governments are often alarmed enough to mount formal inquiries into what they call the brain drain, only to discover that their emigrating technical people proclaim that they are leaving for the United States only because working facilities are better there, or that they seek the chance of working alongside particular colleagues. But this is humbug, and should be recognized as such. Is there any reason to believe that technical people are immune from the prosperity that makes the United States attractive not merely to other professionals but to the army of unskilled people who seek the same haven? By that test, the rate at which technical people depart for the United States will only be accelerated when the tax bill passes. Are governments elsewhere reconciled to that alarming prospect? And will they choose to follow the only course by which they might convincingly respond, that of mimicking what is now happening in Washington? □