installed presidents, who (with their advisers) face the formidable task of making more than 5,000 appointments to public offices before their governments can function properly. Part of Clinton's trouble is that he has uncharacteristically misjudged the politics of the city in which he now lives. Even so, it is not merely bad luck but carelessness that two successive candidates for the cabinet post of attorney-general should have had to withdraw when they were found to have employed aliens, in one case illegally.

But Clinton deserves good marks as well as poor ones for his first few weeks. It was sensible but also courageous to rescind President George Bush's prohibition of the use of fetal tissue in medical research, for example. That decision will not bring immediate benefits to patients, but will put the US medical community on an even footing with those elsewhere. The decision, at the same time, to get rid of restrictions on the use of federal funds for good works, in the United States and in developing countries, once judged tainted by abortion, will bring quicker benefits. Clinton has also made some good appointments, notably to the Department of Defense and the Office of Science and Technology Policy. His critics should acknowledge that.

The most serious weakness of the new administration is its ill-preparedness on issues left over from the Bush administration, international trade in particular. Negotiations on a new agreement under the General Agreement on Tariffs and Trade began more than six years ago. The administration's authority to sign a deal that will not then be picked over line by line by the US Congress expires on 1 March. Clinton might have come to office determined to cut a deal before the deadline, or alternatively to ask quickly for an extension of the authority. The first option has now been missed, but no decision has been made about the second. This puts in hazard an agreement that could do more to revitalize world trade, and thus to restore economic growth, than anything the US administration can accomplish on its own. Perhaps Clinton should have spent less time jogging and eating hamburgers between his Election and Inauguration Days. □

Cruel innovation

The plight of IBM and General Motors should be a lesson to successful technical companies everywhere.

WHATEVER has happened to International Business Machines Inc? Not so long ago, IBM was generally regarded as the most successful company in the world; now it is losing money at the rate of $5 billion a year and, as a mark of its despair, has fired its chairman. And where now is General Motors, the giant of US industry since the 1930s, which during the Second World War was so technically competent that it could manufacture ships as well as motor cars and whose chairman in the 1950s went so far as to identify the interests of the United States at large with the well-being of his own company? GM, too, is in financial trouble and is busily closing manufacturing plants throughout the United States. GM has also fired its chairman, but these public demonstrations that the companies recognize the seriousness of their problems are not in themselves guarantees of their survival.

The precipitate (but not necessarily permanent) decline of these huge enterprises is a great waste. That it seems to happen repeatedly does not blunt that frustrating sense. (What, for example, has become of the once-great steel companies of the United States, technical leaders in the early decades of this century?) Shareholders' funds are devalued when plants in which they have been invested are sold off cheaply or even dismantled to be sold as scrap. More important, vast amounts of intellectual work are squandered as able people's schemes for the future, in research laboratories and head offices, are put on the shelf. Still more important, careers are disrupted and, too often, prematurely terminated, with the permanent loss of technical skill.

That is why the problems at IBM and GM should be object lessons in risk-avoidance for other aspiring industrial giants. The most obvious explanations of what may have gone wrong do not apply. Size as such does not make successful companies dangerously inflexible (as much of the history of both IBM and GM shows). Nor does age. The world's successful pharmaceutical companies include a substantial proportion of the long-established. Nor, for that matter, is success itself a fatal encumbrance, as the case of the Boeing Aircraft Company amply illustrates. So what went wrong?

IBM's problem is the more easily understood. Since the late 1970s, it has been perplexed by an awkward conflict of interest — the fear that the growth of the personal computer business would undermine the chief source of its earlier fortune, the manufacture and sale of mainframe computers. It has sought to second-guess the market, but inconclusively and unsuccessfully. This is not, of course, the first time that a company's concern for its established business has persuaded it to be less than whole-hearted in pursuit of newer opportunities. In the event, IBM has shown that it had ample technical skill to follow both lines. It would have been able to do so successfully if it had split itself into two in the late 1970s, creating a small-computer business that could have fought the clone-makers soon to be snapping at its heels.

GM's weakness has been different. Technically excellent though it has always been, it was too slow to recognize that the technical excellence of motor cars designed elsewhere (notably in Japan) was a serious threat to its place even in the domestic market of the United States. (It is significant that GM's subsidiaries overseas, especially in Europe, have been more successful.) Mr Ross Perot, the presidential candidate last November, was briefly a member of GM's board who seems to have stirred up turbulence by advocating the need for change, then rejected but now being enforced. Complacency, of course, may be, but is not invariably, engendered by success. That is another danger against which the now-growing industrial giants should be on guard. □