

onto the international stage. It cannot hope to be successful while its members' misgivings about free trade are either overlooked or, worse, are allowed themselves to become absolute restraints.

The most immediate anxiety concerns jobs. A country abolishing import tariffs on, say, mousetraps exposes its own mousetrap manufacturers to greater competition, under which they may wilt — and those who work for them may lose their jobs. The benefits (cheaper or even better mousetraps in the shops) may be outweighed by the social disruption that follows. So it should be the norm and not the exception that programmes to reduce the mousetrap tariff are phased over intervals of time comparable with the economic lifetime of mousetrap factories and the time taken to retrain mousetrap workers at other tasks — ideally at tasks adding greater value. Decade-long transitional periods should be the general rule, but GATT should be able to insist that transitional arrangements are not indefinitely extended. One of the scandals in world trade is the Multi-Fibre Agreement (in which GATT played no part) by means of which rich countries have restrained textile imports from poor countries for the best part of two decades. (The bilateral agreement between the United States and Japan has the makings of a similar scandal.)

Chauvinism is another impediment. Steelmaking may no longer be a source of national pride, but most governments believe they should demonstrate their patriotism by operating airlines, television broadcasting stations, telecommunications networks and the like. Even when these enterprises are not publicly owned, there are irksome and even meaningless restrictions on foreign ownership (as with airlines in the United States), often based on flimsy assertions of strategic national interest. That is why one of GATT's next objectives should be free trade in commercial companies. The subject has at least been opened up during the present negotiations, which originally set out to liberalize international trade in services (life insurance, for example).

The long-term need is for a clear distinction between the substantial and the insubstantial aspects of chauvinism. Governments subsidizing national airlines, for example, impoverish their own people (and, by insisting on reciprocity with foreign airlines, air travellers in general). That is folly. But the same governments have a right to insist on whatever standards of safety they choose. Similarly, governments may reasonably require that foreign providers of services should satisfy local rules of financial probity, that foreign employers of local labour should follow local practice if people have to be dismissed and so on.

Ambiguities in the protection of intellectual property are another serious impediment to the improvement of world trade. They have been given some attention in the past six years, but not enough. Rich governments have been pressing, with some success, for relief from the piracy of patents on drugs, semiconductor devices and other innovations. There are two difficulties: patent protection usually applies only nationally, while many developing countries have asserted the right to use others' patents for their domestic purposes. The second is part of the long-standing argument about the

transfer of technology from rich to poor countries.

Is it too much to ask that GATT should take up the cause of devising a genuinely international regime for patent protection? The sheer cost of the present arrangements, under which inventors must seek protection in every country in which they think they need it, is in itself a waste of resources. UNESCO in the past has tilted at this windmill, but that does not mean the cause is lost. But would developing countries now making free with other people's patents ever concede inventors' title? They might if that were traded for the abolition of the present restraints on poor countries' potential exports — the Multi-Fibre Agreement is merely the most notorious of them.

The best recipe for GATT's future is thus a more imaginative one. Negotiating an international patents regime would not be child's play. Abandoning rich countries' restrictive quotas on poor countries' exports would similarly require heart-searching and far-sightedness by the well-off states. But the outcome would be a much bigger step towards Adam Smith's beneficent division of labour than even what may emerge from the present round of negotiations. But a valuable side-effect would be the erosion of the cynicism by which foreign assistance is at present directed towards the improvement of the economies of developing countries, which are then told that their potential exports are not wanted. GATT has been a success so far. It could be a still bigger one. □

Cleaner gasoline

Oxygenated gasoline for US cars is meant to improve air quality in 38 cities.

For years while European nations have squarely faced the high cost of carbon with hefty taxes on gasoline for cars and trucks, the United States has, for political reasons, refused to levy a tax that would send a clear signal that gasoline is an expensive (and polluting) commodity that must be conserved.

Finally, in response to the Clean Air Act of 1990, the US government has required 38 cities with polluted air to sell cleaner but more expensive oxygenated gasoline during the winter months when concentrations of carbon monoxide rise because combustion engines work less efficiently in the cold. The oxygenated gasoline, the only kind that will be allowed in many areas, is expected to reduce carbon monoxide emissions by 15–20 per cent over three years.

Although the United States continues to resist higher gasoline taxes (President-elect Bill Clinton may change that), the result of mandatory consumption of oxygenated gas is the equivalent of a tax increase of as much as 10 cents a gallon, first because the cleaner gas costs 3–5 cents a gallon more and second because there is a small loss of fuel economy. In the Washington DC area, for instance, the cost of a gallon of gas will probably rise from an average of \$1.14 to \$1.24 a gallon.

This change in policy comes none too soon and should be a harbinger of more sensible (that is more extensive) gas taxing policies in the future. □