

SERVICE INDUSTRIES -- TELECOMMUNICATIONS AND FINANCIAL SERVICES, FOR EXAMPLE -- ARE VIEWED AS THE "COMMANDING HEIGHTS" (TO USE THE OLD MARXIST PHRASE) OR INFANT INDUSTRIES (IN TRADE PARLANCE) OF FUTURE GROWTH AND DEVELOPMENT AND THEREFORE MUST BE REGULATED AND GUIDED BY GOVERNMENT. MOREOVER, ESTABLISHING A MULTILATERAL DISCIPLINE ON SERVICES WILL INEVITABLY INVOLVE DEALING WITH THE INVESTMENT ISSUE WHICH, IN THE VIEW OF THESE TWO COUNTRIES (AND MANY OTHERS), MUST ALSO BE SUBJECT TO A DEGREE OF GOVERNMENT REGULATION AND CONTROL.

THE REAL QUESTIONS -- AS YET UNANSWERABLE -- ARE WHETHER THE TWO TRACK PROPOSAL WILL INDEED PROVIDE SOME INSURANCE AGAINST TRADE-OFFS AND, PERHAPS MORE IMPORTANTLY, HOW THE ISSUE OF GATT COMPETENCE, TO BE CONFRONTED AT THE END OF THE NEGOTIATIONS, WILL AFFECT THE BASIC ECONOMIC QUESTION CENTERING ON THE SCOPE AND NATURE OF THE ROLE OF GOVERNMENT IN THE DEVELOPMENT PROCESS.

WHETHER THE NEGOTIATIONS ON SERVICES -- WHICH MUST, OF COURSE, INCLUDE TRADE-OFFS IN THE FINAL PACKAGE -- CAN SATISFY THE DOMESTIC SERVICE LOBBIES IN THE U.S. AND ELSEWHERE IN THE OECD REMAINS TO BE SEEN. THIS WILL BE CRUCIAL, AT LEAST IN THE U.S., FOR MAINTAINING SUPPORT BY CONGRESS FOR THE ROUND.