Chapter III above). The other broad range of "public interest" criteria are dealt only at the second stage, when the President is required to decide what he does with the ITC proposals for import relief.

In parallel with the proposal that competition policy considerations should be to the forefront of Article XIX domestic procedures is the proposal to make an adjustment criterion part of the scope of inquiry. The question to be asked, before considering import relief, is: How does the domestic industry propose to adjust to import competition? There is, too, the related notion that assistance for adjustment should as a matter of course be available as an alternative to import relief on the U.S. model. It we assume that subvention is likely to be less costly and less trade diverting, and less self-perpetuating than import relief, then it is important that provisions for adjustment assistance, either to rationalize production or to exit the industry, must be available as a formal alternative. In this aspect the U.S. system is much in advance of other "safeguard" arrangements.

A Self-Denying Ordinance?

But these are modest proposals. What is of overwhelming importance, one is tempted to say, the only thing that matters, is that governments adopt a self-denying ordinance with regard to Article XIX surrogates. We will be rid of discriminatory textile restriction, steel cartels, limitations on trade in autos, video tape recorders, and so on, only if governments, as part of domestic economic policy, decide they should draw back from the use of these extra-GATT devices. This will not happen quickly, and will not happen as a result of international pressure, nor of international negotiation. It will happen only as governments come to realize that their economies cannot afford the costs, in terms of the burdens of protection and in terms of the increased rigidity of the economy resulting from "managed" trade.

The case has been made that for steel, for example, legitimate demands for changes in terms of access could have been dealt with by the use of Article XIX, rather than (for imports into the U.S.) of Article VI. Had that route been chosen by the U.S. rather than opting for quotas outside the system (the first set of steel arrangements with Japan), and if European countries had been prepared to abandon discrimination against Japan, and rely on GATT Article XIX, the adjustment of the steel industries in importing countries might have been greater, and the burden on steel users less than has been the case. One could, of course, make a case that steel, given the problem of structural over-capacity on top of the typical cycle of a large-scale capital-intensive industry, and given the appearance of new centres of production and resulting rapid changes in the pattern of world trade, is the sort of trade problem which the draftsmen of Article XIX really did not envisage; that may be, but that is not to say that Article XIX could not have been adequate if governments had chosen to live by the rules.

This is not perhaps the place to conduct a full discussion of the problems of the "safeguard" system. However, it is important to keep in mind that there are modest reforms possible which might go a long way to restoring the authority of the international rules. The most promising reform is that advocated by the U.S. in the Tokyo Round, and urged since: that all XIX actions