

A valuable complement to effective trade policy surveillance in the GATT would be reform of domestic policy making in member countries. Because losses from structural change are highly concentrated and benefits widely diffused, improving public understanding of the full economic effects of protectionist measures, i.e. greater openness, could mobilize counterpressure.

Thus, the report of the group of "wise men" commissioned by GATT Director General Arthur Dunkel recommends a "protection balance sheet" designed to inform the public of the costs and benefits of trade policy actions. A recent study group chaired by Olivier Long, under the auspices of the Trade Policy Research Centre, proposes that domestic institutional reform, to increase transparency and reduce fragmentation of decision-making along sectoral lines, be included in the Uruguay Round. This could be achieved, for example, by negotiating the broad objectives for these institutions whose focus would be the domestic economy-wide impact of all forms of industrial assistance.

The relationship would have to be spelled out between policy-based surveillance and the rules-based surveillance linked to the dispute settlement function of