

regard to import cartels. This approach recognizes that governments, if markets are to thrive, must restrain the use of selective policy instruments, including antidumping, to improve the terms of trade for domestic firms.

In sum, the mis-use of trade policy as a substitute for international competition policy undermines the multilateral trading system. The net effect could even move beyond bilateral trade friction and result in a form of de-globalization if major countries retreat to defensive trade policy measures. This is the underlying theme in revisionist American trade policy thinking with regard to Japan and in U.S.-E.U. and E.U.-Japan tensions with regard to investment, local content rules, technology issues, etc. The de-globalization of business in the 1930s was marked by a high incidence of cartels which prolonged and intensified the Great Depression. Thus, the re-emergence of concern with international cartelization should be a positive signal to those interested in developing a more complete rules-based trading system.

In the NAFTA context, the cartel issue could be used to spark a policy reconsideration of the long term role of competition policy in an integrating free trade area and the role for competition policy in propelling such integration to support market forces.