

If we were to look beyond the rather narrow analytical concept of price effects, production and employment effects on which most observers have concentrated, we would quickly conclude that the most important cost being imposed by the contingency protection system is the negative impact on competition in importing countries, in exporting countries as well, the slowing down of the rate of adjustment to changes in the location of industry, and beyond that, but no less important, the impact on the political structure of an increasingly bureaucratized system of trade regulation, with the increasing scope such a system gives to the covert exercise of special interests.

"Managed" trade, "administered" trade, discriminatory trade regulation, requires managers and administrators to make decisions as to quantities to be traded (under VER's and OMA's), decisions on the details of "undertakings" (under the anti-dumping provisions), and to negotiate these matters in detail with domestic producers, with foreign producers and with foreign governments. This bureaucratization inevitably involves the operation of special interests. There are many opportunities for favouring one group or one interest against another and for conferring benefits in return for benefits within the political process. These developments are inevitably somewhat opaque, even to practitioners, but are nonetheless real and their effects on political habits are long-enduring. It was one of the major advantages of a tariff-centered system that tariff rates conferred benefits on industries openly, to producers of specified goods, and at costs which could, with some ingenuity, be calculated. It did not allocate valuable rights to import to particular individuals or concerns, rights which individuals or concerns are almost invariably willing to secure by themselves transferring benefits to administrators and/or to their political masters.

In the private sector, the tariff system required far less managerial time and far less legal advice and lobbying. These activities are far from costless, particularly when one takes account of the alternative uses for these scarce resources.

The impact on the vigour of competition of the rise of managed trade regimes — which could be argued is at least a partial return to the trade policy system of the 1930s — has been focussed on by Tumlr; he has emphasized, too, the impact on the "international order" of the evolution of protectionist practices. The "costs" involved in this sort of policy development are difficult to measure but they are real, and oppressive. Tumlr has emphasized that the "new protectionism" is essentially a "new political phenomenon" and he draws attention to the extent to which in Europe there has been rather more enthusiasm for approaching industrial adjustment issues by "cartilization" than there has been in North America.<sup>34</sup>

If we try to draw together what can be said at this point about the "costs" of contingency protection, from the point of view of competition policy, we might construct a catalogue of categories of costs. What is clear is that not all of these have been assessed, but that, in the longer-run, the costs may be very high indeed.

1. One category of "costs" arises when one government prevails on the authorities of another country to compel exporters to restrict exports. This in practice creates an export cartel. In many jurisdictions such a cartel would be actionable under competition law, that is, it would be assumed to have such