more prominent. Maintaining an attack on them should be a major feature of the next phase of American foreign trade policy. It will not be a simple matter. The wide variety of nontariff barriers is the beginning of the difficulties—but only the beginning.

The Kennedy Round has made people familiar with American Selling Price and European taxes on automobiles which discriminate against large cars. Buy American rules in this country and comparable government procurement practices in Europe are well known to businessmen. Marking and labelling regulations, laws about trademarks and patents, packing regulations, rules about health and safety are all examples of things that can be barriers to trade. Some of these nontariff devices, like ASP, work by enhancing the effect of tariffs or making it difficult and costly for goods to pass through customs. Trade by government agencies can be conducted so as to bar as well as to promote transactions, and to protect domestic production or discriminate between one foreign supplier and another. Any number of taxes and other kinds of charges may in one way or another impede trade, including perhaps some which for generations economists said were neutral in their impact.

It is not only variety but motive that makes the analysis of nontariff barriers difficult. Some are used overtly to restrain imports. Others are used only covertly, under the guise of performing some other function, once perhaps their real purpose. In still other cases, the impediment to trade results from the legitimate pursuit of some honest public purpose.[2] Gray areas abound and the categories overlap. Where barriers are overt, the questions are about the will and means to negotiate. In the second category, more demonstration is necessary though the negotiating problem is similar. In the third case, however—the barriers that are incidental to something else—matters are more complicated. One has first to find the cases, then judge how much damage is really being done to foreign trade, and where. Then comes a process of finding ways to reduce the damage to trade without seriously interfering with the pursuit of the legitimate aims of the policy. That being done, there comes a weighing of the inescapable damage to trade against what is needed to pursue the purpose for which the regulations were imposed, a choice in which domestic and foreign interests may well conflict.

Taxes may be found in any of these categories. Those that are plainly subterfuges for tariffs will of course not pass muster under GATT or any other sensible international agreement about trade barriers. But as tariffs fall, many kinds of once-innocent taxes begin to look suspicious, especially for the discrimination they may hide. In recent years, long-established principles about the effect of "indirect" taxes on international trade have been called into question. Economists are questioning the facts and theories on which the rules about taxes in GATT and in other agreements are based. Their doubts coincide to a considerable degree with the businessman's commonsensical and untutored reaction that if his goods have to pay a tax on entry into a country while his competitor's goods are exempted from the same tax when they are exported, he is at a disadvantage. After years of work, the six countries of the European Community have decided to

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[2] I notice that officials of the U.S. Government have recently been in Paris discussing the new automobile safety regulations with their European counterparts who, in turn, have to enforce national safety and other regulations which are incompatible with one another.