B. Criteria

The issue of equality of concession will only be solved over time as subsequent trade data becomes available. But equality is not the sole criterion of one's bargaining success. The bargaining did not take place in a vacuum and its success must be weighed not in terms of probable results in a static world but in view of the changing trade environment.

1. *Industrial rationalization abroad*

U.S. negotiators were apparently not given any administration direction with regard to specific industry bargaining as this country has not formulated industry policy for balance of payments or other purposes. This lack of industry policy has not been the case in various countries abroad. Europe, traditionally less fearful of inter-corporate cooperation than the U.S., has seen aggressive government action to foster merger to improve international competitive ability. In the United Kingdom, the government has recently encouraged a joint venture among three large electronics concerns, with the Government holding a 10.5 percent equity interest. The result will be the world's largest non-U.S. computer firm which, while unlikely to enter the North American market, is surely aiming at a larger share of the United Kingdom and Continental markets. Auto manufacturing and banking have also seen recent major mergers in the United Kingdom. British efforts in such endeavors are backed by a government organization, the Industrial Reorganization Corporation.

In France, the government took an active hand in promoting the merger activity which reduced the number of electrical appliance makers from forty to three (two of which are discussing a merger) over a period of two years. The German government is encouraging integration of Ruhr coal producers and Italy offers tax benefits to encourage mergers. Such efforts are now even crossing national boundaries with the French and Germans removing impediments to mergers between firms in the two countries. Below is reproduced a table from the Wall Street Journal listing major 1967 mergers in Europe.

Japan too has been active on this front. Most important recently, in view of certain U.S. import fears, has been the announcement that Yawata and Fuji Steel will merge early next year resulting in the world's second largest steel firm, trailing only U.S. Steel.

These actions, of course, change the relative position of U.S. firms without regard to tariff cuts and come at a time when U.S. Government policy grows ever more skeptical of mergers.

Major 1967 European mergers

	Annual sales in millions
STEEL	
August Thyssen Hutte AG and Huttenwerke AG (Germany)	$2,000
Den Wendel et Cie, Union Siderurgicue Lorraine and Societe Mossellane de Siderurgie	796
ELECTRICAL EQUIPMENT	
General Electric Co. and Associated Electrical Industries Ltd. (Britain)	1,080
English Electric Co. and Elliott Automation Co. (Britain)	989
Brown, Boveri & Cie. and Sulzer Freres (Switzerland)	undisclosed
AUTOS	
British Motor Holdings Ltd. and Leyland Motor Corp. (Britain)	1,920
BANKS	
Barclays Bank Ltd., Lloyds Bank Ltd. and Martins Bank Ltd. (Britain)	11,700 (deposits)
Westminster Bank Ltd. and National Provincial Bank Ltd. (Britain)	7,200 (deposits)
DRUGS	
Glaxo Ltd. and British Drug Houses Ltd. (Britain)	240
Sandox AG and Dr. A. Wander AG (Switzerland)	420
SHIPPING	
Kieler Howaldtswerke AG, Howaldtswerke AG and Deutschewerft AG (Germany)	200