In Seeking Common Ground: Canada-U.S. Trade Dispute Settlement Policies in the Nineties, Andrew D.M. Anderson provides a detailed analysis of the dispute settlement mechanisms contained in the Free Trade Agreement (FTA), the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT), the unfair trade claims that have arisen, as well as the bureaucratic and political processes that have been followed in an attempt to remedy such claims. The book covers Canada’s trade relationship with the United States over several decades and into the early 1990s. In particular, it is about the underlying power of vested interests and legal recourses that the two nations have available in the face of real or perceived violations of existing trade agreements. Anderson concludes there is significant imbalance in favour of the United States. The activities of this country have included persistent harassment of trading partners or entire industries that are in competition with politically-powerful US-based industries. The existing trade agreements and Canada’s bargaining power and economic strength in relation to the United States are inadequate to force trade-related disputes to be settled on the basis of economic reasoning rather than on the basis of dominance. As a result, trade liberalization is effectively restrained and more fundamentally, international trade theory is not evolving at the same pace as an increasingly complex global environment. Anderson also criticizes Canada for its failure to make its government policies better known and clearer to interested parties as well as the inability of federal and provincial levels of government to agree upon an effective international trade policy. In contrast, the United States’ system is well-organized and well-funded, with several powerful, high-profile government branches that receive direct support from the top levels of government administration.

Despite flaws and imbalances, Anderson contends that the FTA and NAFTA are essential to Canada. Without such negotiated agreements, Canada would be solely reliant upon the GATT, which contains weaker and less clearly defined dispute settlement mechanisms. Consequently, a powerful nation such as the United States has a greater ability to dominate and harass Canada, whose economy is almost exclusively reliant upon trade with the US. Anderson believes Canada can correct the imbalance by approaching new negotiations armed with hard economic facts. He believes that if such arguments are strongly presented, the United States could be shown that liberalization would bring greater benefits than their current adversarial and protectionist stance. In theory, Anderson is correct. However, in practical terms, he appears to be naive regarding possible US motives for its trade behaviour to date. The basis of the book is that nations should, in trade discussions, rely upon the lessons that economics has taught and will continue to teach in advancing the course of world trade.

Anderson’s fundamental argument for why the Canada-US trade relationship and the means for settling disputes is flawed is that consumers ultimately pay the price. He contends that consumer welfare has not been enhanced. To correct this situation, Anderson maintains that consumer interests should also be represented in any cross-border discussions in order to balance those of government, industry, and politicians. Unfortunately, Anderson does not fully define “consumer” interests. To economists the meaning is known, but in reality these interests are very broad and difficult to embody into one organized group. Anderson should have discussed this aspect more clearly since there are potentially important policy-making implications.

This book is of interest to anyone wishing to educate themselves on Canada-US free trade. Anderson handles an immensely complex topic in a straightforward and concise manner. The book is relatively short and is a useful reference guide for those
wanting a broad understanding of the actual agreements and arrangements involved in Canada’s trade relationship with its international trading partners. Anderson explains the subtleties of what is “fair” versus “unfair” domestic trade barriers and he guides the reader through a morass of legal terminology such as the meaning of “material” injury and what are “reasonable” sanctions in response. Anderson understands the legal implications of the documents that serve as the basis for what is commonly known as “free trade,” but in reality is a political and legal struggle between opponents mismatched in terms of power. On the other hand, Anderson frequently overstates his case against lawyers and expresses a desire for more economists to be brought to the forefront in guiding future policy and negotiations. The public may perceive this to be a self-serving argument, when the greater objective should be for lawyers, economists, and all other professionals involved in the process to behave responsibly and to look to the long run.

Overall, *Seeking Common Ground: Canada-U.S. Trade Dispute Settlement Policies in the Nineties* is a very useful book. It could have been improved through the use of fewer acronyms, less legalistic wording, and the correction of frequent grammatical errors. Nonetheless it is a valuable addition to the discussion of the evolution of international trade and how Canada can improve its relative position on a world scale. Anderson leaves the reader to determine how Canada can create the incentive for a powerful nation such as the United States to behave properly when there are immediate rewards for behaving expediently.

LINDA ANTON, Department of Economics, University of Calgary
The Environment and NAFTA: Understanding and Implementing the New Continental Law

This is another addition to the burgeoning, albeit still relatively young, legal policy literature on the links between environment and international trade. Most of the literature to date has focused on this link in the context of the GATT and the World Trade Organization. As the authors of this book demonstrate, however, the environmental provisions of the North American Free Trade Agreement (NAFTA) and the so-called “side deal” on environment (the North American Agreement on Environmental Co-operation, NAAEC) are more than worthy of examination, both in their own right and for the implications they may hold in the event of the evolution of a broader inter-American trading zone.

Although the title of the book suggests a discussion of the environmental implications of NAFTA, only two of the book’s fourteen chapters are devoted to a discussion of NAFTA per se. The primary emphasis is on the innovative provisions of the NAAEC, which, while concluded as a formally separate agreement following the NAFTA, was part of the price exacted by the US Congress for approving the NAFTA package (another key concession was the conclusion of a side deal on labour). The book also offers a useful and balanced introductory overview of the issues on the trade-environment agenda of the 1990s, issues that are largely common to both regional and multilateral trade fora.

As to environmental provisions in the NAFTA proper, the heart of these is found in the treatment of sanitary and phytosanitary measures, and to a lesser extent in the provisions relating to technical barriers to trade. The relatively brief treatment of these provisions in the book seems appropriate in that the NAFTA largely mirrors the results of the Uruguay Round (with some potentially significant textual differences which the authors discuss, and which they argue constitute an improvement on GATT law).

The more innovative environmental provisions of the NAFTA “package” are those in the NAAEC. As the authors demonstrate, the NAAEC is at least as interesting for its institutional architecture (which includes the creation of a trilateral Commission on Environmental Cooperation) as it is for the substantive obligations it imposes on the parties (which essentially relate to an undertaking to enforce domestic environmental law, and which most observers would concede are relatively modest). This architecture includes a role for public participation, which, while judged insufficient by some environmentalists, is nevertheless a significant innovation when compared to previous international trade agreements.

While the authors include in their discussion a lengthy analysis of the dispute resolution provisions of the NAAEC, it is unlikely that these provisions will see much use. More important to the success of the NAFTA/NAAEC approach to the environment will be the inclination of the political masters (who at the end of the day hold the real power under the NAAEC) to give the institutions free rein or hold them on a short leash. At least to date, the consensus in the environmental community is probably that the latter approach has held sway. The balanced discussion that Johnson and Beaulieu provide, however, indicates the potential of the NAAEC to open up the until-now generally closed world of international trade policy to the light of public scrutiny. As such, this is a book that should command the attention of both the trade policy and environmental communities.

Owen Saunders, Canadian Institute of Resources Law, University of Calgary
Fifty Years of Canadian Tradecraft: Canada at the GATT 1947-1997

This type of book should be reviewed by an economic historian with a law degree and an abiding interest in international politics. My background is as an economist who models trade agreements. The book is also the type of book to which a short review will do little justice. What follows are selected insights drawn from the book and a final brief summary.

The book focuses on GATT’s development as an institution and a set of rules, with special attention to Canada’s significant role in that development. In the process, it also gives an interesting overview of the evolution of Canada’s trade policy stance over the same period. It is in this latter light that I found the book most interesting.

An essential part of Hart’s definition of Canadian tradecraft is presented early on, in discussion of Canada’s participation in the Geneva “preparatory” session in 1946-47. These meetings prepared for the launch of the International Trade Organization (ITO) by, among other things, drafting the “provisional” agreement called the General Agreement on Tariffs and Trade (GATT). Hart notes:

Once in Geneva, they did what Canadian trade delegations have done ever since: they made themselves indispensable to the running of the conference ... They established that, for Canada, multilateral tradecraft entails a large role in the management of the negotiations.

The elaboration of this term continues through the remainder of the book.

In the discussion of Canada’s negotiating strategy in the early decades of the GATT, Hart also gives some insight into relations among GATT members. Canada came to have the reputation of being a “chiseller” in negotiations, demanding a lot and offering little in return. As a result of this strategy, Canada went from having lower than average tariffs in 1948 to among the highest tariffs in the industrialized world by the end of the Kennedy Round.

Because of the focus of the book, the coverage of the Canada-US Free Trade Agreement (FTA) is terse. A point stressed, however, is that the United States attached significant value to the FTA as a “demonstration project” for the then ongoing Uruguay Round talks.

Hart also observes that the GATT’s success is to some extent a contributor to the demands for non-commercial issues to be addressed there. Demands by environmental and human rights groups, for example, may be directed at the GATT/WTO partially because it is the only international organization whose dispute settlement and enforcement procedures are taken seriously. The World Trade Organization (WTO) may not be the natural forum for these discussions, but it’s the only one that really works. Looking forward, he notes:

The challenge facing the WTO and its members lies in convincing these societal interests that the obligation not to discriminate does not diminish a government’s capacity to regulate and address national problems.

The future success of the WTO will depend, in no small way, on its ability to respond to this challenge. Non-discrimination need not become the enemy of human rights or the environment, when domestic laws clearly target those problems, rather than “foreigners.”

For those of us who came to study the GATT only relatively recently, and who may take the establishment of the WTO (and its associated structure of rules) for granted, the book makes it clear what an astonishing achievement it is, and how painstaking was the process by which it arrived.
This book is an important reference for those interested in the process and context of multilateral trade policy making. It puts a large subject involving politics, economics, and international diplomacy into context, with special attention to Canada’s role.

RANDALL M. WIGLE, School of Business and Economics, Wilfrid Laurier University
Public Enterprise in an Era of Change

This publication includes an introduction by the editor plus 15 papers presented at a conference on public enterprise held in Regina in 1996. This conference was part of a comprehensive review process to consider the future of Saskatchewan’s Crown corporations. The first three papers present an overview of the political and economic environment in which public enterprises operate — Michael Adams examines the attitudinal changes of Canadians toward the public sector; Mike McCracken and Allan Tupper, respectively, consider economic and political changes that influence the operation of Crown corporations.

Whose interests do public enterprises serve and is this interest better served by restructuring or privatization are the focus of the papers by Allan Blakeney, Maude Barlow, and Michael Walker. David Heald draws upon his international experience to offer a framework for analyzing the way in which governments should deal with public enterprises; that is, whether they should privatize. He shies away, however, from any specific recommendations on the future of Crown corporations in Saskatchewan.

Papers by William Stanbury, Harold Chorney, and Robert Howse concentrate on issues of control and accountability and whether achieving these requires government ownership or regulation, at the very least. The social and economic roles of Crown corporations are discussed by Barb Byers who approaches the topic from the perspective of organized labour and James Pitsula who views it in a historical context.

The final three papers present three different perspectives on public enterprise. Howard Leeson provides a conceptual framework with which to assess the need for change. Brien Gray examines public enterprise from the small business sector’s perspective in Saskatchewan. Brett Fairbairn identifies the need for social and economic balance and explores the contribution that could be made by adapting some of the practices, structures, and operating ethos of the cooperative and non-owned sectors to the needs of the Crown corporations.

While these papers discuss and debate a host of issues around Crown corporations with frequent reference to those situated in Saskatchewan, the issue of privatization — its strengths and weaknesses — surfaces in all of them. Not surprisingly, critics of privatization argue for a more active involvement of the public sector in economic activity with suggestions for changing the existing corporations, not eliminating them, to improve efficiency and accountability. Supporters of privatization, on the other hand, espouse the merits of more private sector involvement to improve allocative efficiency and accountability.

As with any book where many authors write on the same topic, arguments often become repetitive, sometimes tedious and, all too often, reflect the political views of the author. In spite of this, however, the papers are generally detailed, thorough and carefully written, resulting in a publication that constitutes a useful and valuable contribution to the growing literature on the role of the private sector versus the role of the public sector in economic activity in Canada.

HARRY KITCHEN, Department of Economics, Trent University

This book is the fourteenth volume in a series published annually under the auspices of the Norman Patterson School of International Affairs at Carleton University. Since the series began in the mid-1980s, each volume has included a collection of essays, written by academics from such disciplines as economics, political science, and history. Together these review international events that have had an impact on Canada and examine this country’s policy initiatives and responses. The editors provide some coherence to the 12 to 14 essays in each volume by establishing a theme, frequently rather broad. For the 1998 edition, “leadership and dialogue” functioned as the subtitle and focal point for contributing authors.

In their opening chapter, the editors assert that the essays in this volume indicate that Canada, after the Cold War, finds itself to be a significant player on the global stage. Several of the essays go on to ask whether Canada’s prominence reflects a return to the action-oriented diplomacy of the “golden age” under Lester Pearson or will, instead, prove to be only ephemeral. Much of the current Canadian activist approach to several international issues, in the view of the editors, can be traced to the philosophical outlook of Foreign Minister Lloyd Axworthy and his espousal of the doctrine of soft power, introduced a decade or so ago by the American scholar, Joseph Nye.

The authors of the 13 essays valiantly strive to relate their contributions to the “leadership and dialogue” theme and, for the most part, they succeed. For example, the essays by Denis Stairs, Steven Lee, and John English analyze the renewed emphasis on consultation among stakeholders in foreign policy issues including non-governmental organizations, government departments, and Members of Parliament. In other essays by Robert Lawson, John Curtis, and Robert Wolfe, Jean Daudelin, and Edgar Dosman, Canada’s leadership opportunities are examined in relation to the land-mines agreement, the global trade regime and western hemispheric governance. In their essays, Alain Pellerin, David Long, and Paul Halucha point to some of the more disappointing examples of Canadian leadership in multilateral fora such as NATO’s struggle with enlargement, mapping out a tenable and realistic relationship between Canada and the European Union and the somewhat embarrassing back-peddling that Canada demonstrated in Kyoto, Japan, at the Conference on Global Climate Change.

Reviews of edited volumes routinely seem to describe the contributions as being of an uneven quality. In the case of this volume, that cannot be said. While all chapters cannot be rated as superb, they are all illustrative of sound scholarship, reflective analysis and they leave the reader with the sense that each author has profound knowledge of his/her subject. All the chapters are presented in such a way as to be of interest to other scholars and experienced government officials as well as casual observers of Canadian foreign policy. For those readers seeking additional information on the subjects covered in the volume, each essay concludes with comprehensive endnotes and a useful bibliography.

Professors Molot and Hampsen, along with the Norman Patterson School, are deserving of enthusiastic praise for providing us with another excellent volume in this valuable series on contemporary Canadian foreign policy.

Gerald E. Dirks, Department of Politics, Brock University
Global Television and Film: An Introduction to the Economics of the Business

This is an analytically sharp and clearly presented introduction to the microeconomics of the business of television, film, and video in the context of globalization. The first half of the book presents a discussion of complex issues on data from a wide variety of sources. More than 20 countries are compared regarding: background trends of the industry (most prolific film-making nations, average investments per feature film, market shares, penetration of VCRs in homes, leading distributors, countries most involved in co-production, levels of imported and domestic programming); volume and composition of trade (international trade in films, trade flows in television, profiles of imported and domestic programs in television for ten Western European countries); domination of US television, video, and film; film distribution (share of the movie market, box office shares); and a world program price guide. The second half of the book addresses arguments for and against government intervention as well as strategies for international co-production and chapters on evaluating mechanisms for resolving trade disputes, support and protection of public policy regarding the current worldwide decline of public broadcasting, and a final chapter on the emergence of new media and markets.

The authors open the book by arguing that positive and normative-oriented microeconomic studies have been lacking in the field. They argue the test of positive economics is to coherently and credibly fit explanations with facts. Positive microeconomics is founded on the utilitarian premise that the actor rationally seeks to maximize the profit motive. From this position they ask, why are cultural products traded so much? Why are some genres traded more than others? Why does the US dominate international trade? Is the dominance sustainable? Why are their export prices low and why do they vary? The answers to each of these questions are often categorical; that is, because investors can make money. In this sense the answers are often less interesting than the facts that are presented for demonstration. Normative or managerial macroeconomics seeks to know, on the basis of the facts, what ought to be done. The questions they propose under this approach include: Should governments intervene to protect or support cultural industries? What, if any, is the role of Public Broadcasting? Should governments oppose US pressures for more free trade? How should cultural industry reduce risk when developing projects? The answers here tend to be less categorical but again the most interesting aspect is the data that are presented to support the arguments.

At the core of the book the authors develop two key concepts to explain the pattern of US domination in trade of cultural products and to partially justify government intervention to protect cultural industries. These are the concepts of “cultural discount” and “external benefits.” A “cultural discount” arises when the importing market is less likely to accept the “the way of life” and especially the language differences in the film, video, or television program that is traded. “The interaction of the cultural discount and market size for a joint-consumption product is at the core of a microeconomic explanation of the competitive advantage bestowed on the country possessing the largest domestic market” (p. 40). The authors explain the concept with the use of an example of a one-hour drama program produced in Canada and the US. If the program cost $1.1 million to produce in each country and both could be sold at $1.1 million in the US and $100,000 in the smaller Canadian market, then the US would have no competitive advantage and both countries could make a small profit. However, if we factor in a 25 percent “cultural discount” for each product, only the American version would make a profit. “The US production would make a profit of $25,000 while the Canadian producer would take a loss of $225,000. Because of the cultural discount, domestic market size is important; only the US program would get made” (p. 40).
“Cultural discount,” the peculiar “joint-consumption property” of cultural products and control over distribution is how the authors explain US dominance in world trade of film, television, and video. They argue against the “media imperialism thesis” as overly reliant on “conspiracy theory” and out of step with the facts (p. 46). They also argue against Herbert Schiller’s charge against the US practice of dumping its product by offering cheaper offshore rates. They claim the charge is contradictory because the data shows this is now common practice by other producing countries (p. 68). However, they also argue that reaction to US domination in the form of government intervention and the application of appropriate cultural policy that interferes with the principle of free trade can be justified if the concept of “external benefits” can be demonstrated.

External benefits are defined in terms of the positive social effects that cultural products can have on consumers, for example, by making them better informed about issues that are tied to local contexts and thus by creating a more democratic citizenry. The authors argue against the subsidy of the Canadian (and other) film industries where the product seeks to reproduce an American lifeworld precisely because such films provide no visible “external benefits.” Subsidizing Canadian drama is justifiable not because of the “cultural discount” nor the external monopoly on distribution that disadvantage it, but because it provides “external benefits.” “If television programs or films do provide external benefits, the market will not work efficiently because the producers, distributors, and exhibitors who bring the product to market will not receive compensation for the provision of such benefits. Hence government intervention is justified to the extent it compensates this failure” (p. 4).

What I find interesting about a book on the cultural industries written from a business perspective, is how much conceptual baggage it absorbs indirectly from socio-critical communications studies and how (even though it exchanges normative claims for “critical” ones) it maintains some solutions to problems that complement the latter approach. On the one hand, as we have seen, the authors do not completely dismiss government intervention to protect cultural industries, as one might expect from a utilitarian approach. On the other hand, they are quick to point out logical contradictions and costs that accompany intervention. They do not promote a pure free trade ideology (read: the end of the nation-state sovereignty over economic matters) but they do conclude by insisting that normative solutions must promote what is often called in the industry — “the sovereign consumer” — against the burdens of government dictate. By adopting concepts like “cultural deficit” and “external benefits,” the authors are saved from defending the extreme conclusions of this neoliberal ideology. This mediation has the practical effect of opening a possible “dialogical space” between their work and the variety of socio-critical and communitarian approaches in contemporary communication studies.

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