

integral part of the trade negotiations, even though it is a "common market issue" that should be exempt from negotiations for a free trade area. Furthermore, two of the Canadian concessions required to launch the negotiations — the dismantling of FIRA and the Mulroney promise to do away with compulsory licensing of drug patents — are classic examples of the increased pressures for policy harmonization that could be expected under a free trade deal with the US. Lipsey and Smith ignored these cases of policy harmonization, while failing to understand that the pressures for harmonization are rooted in the asymmetry in bargaining power. These problems cast significant doubt on the validity of their conclusions.

Conclusion

Perhaps the most important message from these four books is that a free trade agreement with the US necessarily

requires an active industrial policy to ensure that losing industries are allowed to adjust without resorting to protection, and that the remaining firms are encouraged to take advantage of US market opportunities, through forward-looking investment and managerial strategies. Without these conditions for adjustment, free trade would not generate any GNP gains, and could possibly lead to net losses. Therefore, it is of critical importance that Canadian policymakers recognize the powerful forces at work which could restrict Canada's use of the very (industrial) policies that are required to realize the GNP gains. This would enable Canadian negotiators to minimize any concessions that could compromise our full authority over industrial policy. In light of this, I feel uneasy about the laissez faire inclinations of the present government, which could allow it to trade-off our ability to practise industrial policy in exchange for assured access to the US market. □

Book Reviews

Geopolitical fudge

by Paul George

Paradox of Power: The United States in Southwest Asia, 1973-1984 by Maya Chadda. Santa Barbara, California: ABC Clio Inc., 1986, 278 pages.

Maya Chadda correctly states in the introduction to this disappointing book that "Southwest Asia is less a geographic than a strategic reality." The author then "attempts" to prove that strategic circumstances have generated a coherent US policy towards a region which successive US administrations have chosen not to treat as one. The task is, of course, impossible. The "region" is not a geopolitical unit: US relations with the countries of the area are bilateral, even today reflecting Middle Eastern, Persian Gulf or South Asian concerns.

Nevertheless, the author, a professor of Political Science at William Paterson College, New Jersey, sees the first-term Reagan administration's ventures in Southwest Asia as evidence of an orderly US policy in the region. (Lebanon? Iran? Pakistan?) Accordingly, Chadda takes us rapidly through the Nixon, Ford and Carter years to get to the heart of her thesis: that "the distinctive feature of President Reagan's administration is not a shift of policy toward Southwest Asia, but a heavy, unprecedented reliance on force and the threat of force to achieve US goals." This is simply preposterous.

The threat of force has always underwritten US policy in Southwest Asia. Whereas the force used to be British, or Iranian, or Israeli, the real issue is that it is now American. So the burning question is: How did the US come to be the region's defender? By devoting half of the book to the Reagan administration, the author gives scant attention to more than half of the story — and the indispensable half at that. There was no "overall policy" under Reagan's predecessors: current events in the region

support the conclusion that there still is none. The "paradox of power," if indeed there is one, is a simple function of the interaction between events beyond US control and US reactions to them.

There is a pressing need for solid academic analysis of the developing situation in Southwest Asia. Unfortunately, *Paradox of Power* provides nothing of substance to an understanding of events, nor should it be expected to. Official documents are sparsely used and no conversations with those involved in the decision-making processes are recorded in the preface. Numerous examples of an amateur level of research and poor editing destroy the credibility of the work and lead to the conclusion that sound scholarship has been sacrificed for the sake of "timeliness."

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