ing partners in thinking these issues through and in developing imaginative yet realistic options at both domestic and international levels.[11]

The Research Agenda

In the rapidly evolving and radically different world of trade and commerce in the 1990s, there is a compelling need for academic researchers to begin to explain what has happened in the past few years and to build the intellectual capital for future trade negotiations from a Canadian perspective. The 1980s saw great advances in new theoretical approaches to explaining international trade and investment, challenging some of the oldest and most established precepts of economic theory. Some of this was translated into policy prescriptions known as "strategic trade policy." While some of the more extreme claims of strategic trade policy were quickly debunked and disbanded, the enduring lesson is that there remains tremendous scope for new ways to explain the way the international economy now functions and the impact of various policy prescriptions.[12]

One example should illustrate the critical importance of this research. A decade ago, during preparatory discussion for the 1982 GATT ministerial meeting, no one had much inkling of what would be involved in negotiating rules about trade in services. Determined efforts by the United States, with some support from Canada and the UK, to inscribe services on the negotiating agenda, convinced governments and researchers alike that the issues were too complex for immediate negotiation and required extensive analytical work. In the intervening period, the literature involving trade in services has mushroomed and a number of generic agreements have been concluded.[13] The more limited result emerging from the Uruguay Round on

11 In *A New Special Relationship: Free Trade and U.S.-Canada Economic Relations in the 1990s* (Ottawa: Centre for Trade Policy and Law, 1991), Peter Morici explores some of the implications of the FTA in defining the changing relationship between Canada and the United States in the global economy.

12 The best introduction to strategic trade policy is Paul Krugman, ed., *Strategic Trade Policy and the New International Economics* (Cambridge: MIT Press, 1987). Nigel Grimwade, *International Trade: New Patterns of Trade, Production and Investment* (London: Routledge, 1989) integrates new theoretical considerations with the changing nature of international trade into a modern treatment of international trade. The debate is given a Canadian focus in Richard G. Lipsey and Wendy Dobson, *Shaping Comparative Advantage* (Toronto: C.D. Howe Institute, 1987) and Klaus Stegemann, "Policy Rivalry Among Industrial States: What can we learn from Models of Strategic Trade Policy?" *International Organization*, vol. 43, no. 1 (Winter, 1989), pp. 73-100.

13 The Canada-US FTA was the first trade agreement to provide general obligations regarding trade in services based on the basic GATT principle of non-discrimination. Since then, Australia and New Zealand have expanded their free-trade agreement to cover services. The EC-92 program also provides for a more open regime for trade in services among the EC member states.