In this volume Richard Harris discusses how new theories of international trade which stress the role of industrial structures relate to Canada's policy options toward her external environment. Professor Harris represents a new generation of Canadian economists who are blending their strong analytical skills with a commitment to policy-relevant research, and this volume is further evidence of their work. Richard Harris has already received praise in Canada and abroad for his work on applied general equilibrium analysis incorporating both scale economy and industrial organization.

In this volume, he argues that a coherent industrial policy, based on selected and limited forms of government action, is crucial to sustained long-term growth and employment in Canada, while at the same time keeping the social risks of such a policy within acceptable limits. Some of his conclusions — that free trade and an active industrial policy are complements, not substitutes, and that picking winning industries to promote is both viable and desirable — will be controversial. However, the importance of his closely reasoned arguments to the policy debate will be acknowledged by all. The research effort at the Commission is indeed fortunate to have his latest work on these issues made available in this way.

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