

succeeds in negotiating limitations on U.S. contingent protection and elimination of U.S. government procurement preferences, Canada would have to make similar commitments. But this is what an FTA is all about.

Harmonization pressures that are of concern are those that could affect policies directed at domestic goals rather than at gaining an unfair advantage in international trade. These pressures can be expected to come either from economic forces set up by the FTA or from political agreements made in the bargaining process. It is important to distinguish between them.

#### Economic pressures

The institution of an FTA may change the rules of the trading game in a way that creates undesired economic flows of factors or of goods and services. Canada then would need to modify its policies in order to stop such flows. These are the economic pressures for policy harmonization and we call them "post-agreement pressures". To study them rationally, we need to be able to predict the new economic forces set in play by an FTA.

#### Negotiating pressures

More important, perhaps, the negotiations themselves may cause Canada to harmonize its policies, or its institutions, by agreements made at the bargaining table. These negotiating pressures could have four distinct sources.

The first source of negotiating pressures is a correct appreciation of the economic forces set up by an FTA which, if they are not addressed at the bargaining table, could put pressure on Canada to harmonize some aspects of its policies. These can be rationally anticipated and analyzed, and