

Canada that the effects on particular workers or companies from implementing the FTA could not be separated from other global effects or from industry- or company-specific factors.

The Council recommended further that the emphasis of Canada's employment "safety net" be changed so that the system behaves more like a "trampoline", helping workers get back to work, primarily by improving skills training. To back up this suggestion the Council pointed to the high proportion of Labour Market expenditure that Sweden allocates to training, and recommended that Canada aim for the same mix. However, it ignored Sweden's commitment to full employment and its success in keeping its unemployment rate in the 2 per cent range. Not only do the unemployed in Sweden receive individual benefits at twice the rate of their Canadian counterparts, they are also offered four times the total retraining assistance. Simply altering the mix of the Canadian system is not, therefore, likely to provide the same results as in Sweden.

The *Report* does recognize the importance of Canada's UI "safety net", and suggests that the any additional programmes, and the increased competitive pressures the FTA may present to existing ones, will require the commitment of new resources to both broaden and strengthen the support provided. Instead, the changes proposed in Bill C-21 simply transfer monies within the system. Bill C-21 attempts to meet one of the Council's recommendations for an increase in the amounts available for training and retraining by reducing individual support levels.

Some critics of the FTA have suggested that the Council and the Government may both have sought to avoid proposals for specific adjustment programmes from a fear of United States complaint rather than an inability to identify more than a very few industries that might be affected. Such programmes would, of course, be subject to U.S. countervail even in the absence of the FTA.

However, trade agreements such as the GATT have generally provided for temporary protection for industries or workers threatened by new trade concessions or by temporary disequilibria in trade balances. As well, governments can have recourse to necessary adjustment assistance during those transitional periods without undue fear of retaliation. The FTA does not provide an exemption from existing countervail laws for adjustment programmes, even if specifically designed to ameliorate FTA dislocations, relying instead on the premise that programmes for structural adjustment will be "general" in nature, and therefore not subject to countervail.

International trade organizations such as the GATT have never reached a firm understanding of what constitutes a subsidy<sup>93</sup> and U.S. trade courts and commissions have produced varying rulings as to what constitutes a countervailable subsidy. While the test for a negative finding has often been the "general availability" of a programme,

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<sup>93</sup> See Section 2.3.2 Subsidy and Trade Remedies Working Group, above.