

demands by its Canadian workforce. As well, many U.S. states have "right to work" laws, lower health and safety requirements, and much lower taxes. At least one state (Georgia) has been advertising these "advantages" to attract new investment from Canada.

### **5.3.2.1 Medicare:**

Fears that Canada's universal health insurance programme might be attacked have abated, partly because the program is explicitly generally available and partly because many Americans -- in government and in business -- have recognized that the Canadian method provides wider coverage and is more cost-effective than their own market-based approach<sup>128</sup>.

### **5.3.2.2 Unemployment Insurance Reform:**

For a variety of reasons, often diametrically opposed, most of the groups on both sides of the free trade debate have called for changes to, or enhancement of, unemployment insurance and employment assistance programmes. Some do so because current programmes are expensive, either for themselves or for the country in general, thereby raising taxes; others see the current system as reducing the incentive to work. Still others find UI to be either inadequate to meet the retraining needs of displaced workers or misconceived in that it mixes insurance coverage with other public policy goals, thus confusing the nature of the programme and making it unclear who should pay for which portions.

In recent years a number of studies and Commissions at both the federal and provincial level have examined the deficiencies of Canada's unemployment assistance programmes. Bill C-21, introduced in Parliament in June, 1989, represents a legislative response to some of those criticisms. If passed, the bill will alter the funding structure of the UI system, transferring the full burden to employers and employees. It will also shift the balance of total spending towards retraining and away from individual assistance.

The Government has justified the bill on the grounds that in a competitive, rapidly-changing environment, greater emphasis must be placed on retraining and says that the changes are desirable even if there were no FTA. More generally, it defends the legislation, along with the FTA, as different weapons to strengthen the Canadian economy. The Government denies that the changes proposed by Bill C-21 are a response to U.S. demands made during the free trade negotiations, but it is true that the changes to UI, if passed, would in fact bring Canada's system more into line with practices in many U.S. states.

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<sup>128</sup> At least two groups of U.S. legislators and their aides travelled to Canada to study the Canadian health care system in 1989 and many in Washington are considering using some of the so-called "peace dividend" to extend a similar programme to the United States. The AMA and the U.S. private health insurance industry have recently launched a public relations attack, attempting to discredit several aspects of the Canadian system.