

Over the course of the free trade negotiations and during the 1988 election campaign the government indicated on numerous occasions that it would "provide generously for massive adjustment" (if required) and that it would "create the finest programmes that exist anywhere".

To assess what was required to meet this commitment to employment adjustment, the government appointed a select panel, the Advisory Council on Adjustment, to examine and recommend improvements to existing programmes and to make suggestions for new ones. The Council's report, *Adjusting to Win*, was released in March, 1989.

Rather than concentrating on adjustment for individuals, the report made recommendations to improve structural adjustment mechanisms more generally<sup>90</sup>.

The *Toronto Star*, in an article entitled, "For the new jobless, it's the same old story", suggests that this approach more often serves the needs of industry and not "those who are being adjusted -- the workers"<sup>91</sup>. The Council's proposals did not meet the expectations of many for new programmes which would provide direct benefits to displaced workers.

At the same time, the fact that the amount of money devoted by the national government to existing programmes, such as Labour Adjustment Benefits and the Program for Older Worker Adjustment, has not kept pace with inflation, has led many to label the current programmes as inadequate and in need of more improvement than the Advisory Council thought necessary or the government has proposed<sup>92</sup>.

After accepting the premise that much of the pressure for industrial restructuring in Canada comes from a rapidly changing world environment, and not specifically from the FTA, the Advisory Council moved on to suggest that adjustment programmes must be universal in order that all who are dislocated receive equal assistance.

The Council therefore decided against offering specific programmes for FTA-displaced workers. Instead, it adopted the view previously set forth by the Economic Council of

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<sup>90</sup> A basic definition of the term structural adjustment is the movement and reorganization of economic resources, within and between firms and industries in order to take advantage of emerging areas of comparative advantage and in response to structural changes in national and international economic systems. Recent examples of such changes range from rapid shifts in the relative price of oil to increasing international competitiveness and export orientation of the newly industrializing countries (NICs). Not only is this a broad definition in terms of the sources of structural change contemplated, but it also encompasses the allocative role of both government and market mechanisms. See SALEMBIER, G.E., 1985. Negotiating Structural Adjustment Internationally: Challenges for National Trade Policy, International Economics Program Discussion Paper 8504. Ottawa: IRPP, page 1.

<sup>91</sup> April 5, 1989.

<sup>92</sup> See Section 5.3.2.1 - Unemployment Insurance Reform, below.