

industries might be a mutually acceptable compromise on an otherwise-vexing issue.

o Negotiations could take place after a major Canadian review had been made of cultural support policies, with a view to distinguishing between those policies that really have the desired effects and those that merely transfer income to people who would be in the industry anyway. Policies that had little effect, or that were actually counterproductive, could be "bargained away" and exemptions sought only for those policies that really were judged to be effective.

o Bargaining could take place in the context of a policy change that provides Canada with a strong initiative to focus its subsidies on nationality-specific activities while buying nonspecific cultural output -- such as mass-audience television programs -- as cheaply as possible.

Policy-harmonizing pressures certainly will exist in the cultural area. The above list -- which is only illustrative of some possible Canadian positions -- suggests two basic points. First, unless blanket exemption can be negotiated, Canadian policymakers are going to have to do some hard thinking about their own cultural support policies. Second, Canada's ability to subsidize and otherwise support a range of cultural activities need not be compromised in any well-orchestrated set of FTA negotiations, although specific methods of attempting to do so may be ruled out.

Policy Areas Outside the Scope of the FTA

Some policy areas lie outside of the scope of any previous FTA agreement and would not be subject to post agreement economic pressures. Two prominent policy areas are monetary and fiscal policies and broad-based social