

As frequently noted in this Report, the 1980s have been a period of intense industrial adjustment and restructuring throughout the world. The Free Trade Agreement adds a particular source of pressure, challenge and opportunity to the forces playing on Canada. Just as it is difficult to separate the reaction of economic actors in Canada to the FTA from their reaction to world-wide forces more generally, so is it difficult to characterize the response of policy makers to adjustment pressures as solely, or even primarily, FTA inspired.

This section, therefore, carries out a general survey of "response and initiative" since the inception of the FTA -- without trying to conclude if the FTA was the particular cause or not -- primarily focused on the federal government but addressing the reactions of other levels of government, the private sector and various interest groups in subsequent subsections.

The FTA was and is a federal government initiative -- part of the government's attempt to support a competitive economy -- and how it encourages and facilitates adjustment, and ameliorates its costs, is fully a part of the FTA package.

4.1 THE CANADIAN GOVERNMENT

Together with the presumed benefits of free trade, the process of adjusting to new competition -- restructuring (as discussed in Section 3.0) -- generally brings a number of specific negative effects that many believe the federal government should play a primary role in ameliorating. This has principally been done through the provision of social services such as unemployment insurance.

As important as providing social safety nets is, the federal government can also play a major role, often with the provinces, in the provision of fundamental public goods that foster and support adjustment: communication policies; support of education, training and retraining; labour mobility policies more generally; primary research and policies of assistance and encouragement to commercial R&D necessary to keep Canadian industry at the forefront of the new competitive environment; and support to local levels of government in providing a whole panoply of policies of assistance to industrial location and development. There is, of course, a widely divergent range of opinion over how great a role the government should play in each of these matters.

4.1.1 Employment Adjustment Programmes:

As an economy responds to restructuring pressures, the skills and training of displaced workers may not be adequate or relevant to the new jobs created. The government promised that it would aid in this transition, which is a natural and expected part of adjustment to an expanded market, by providing new and enhanced employment adjustment programmes for those experiencing dislocations as a result of the FTA.