

the economy do not in themselves distort comparative advantage. Neither the GATT, nor U.S. trade law, equates public sector activity with trade-distorting subsidies.

To illustrate, let's look at medicare. It is sometimes suggested that Canada's system of publicly supported medical insurance represents a form of unfair trade subsidy. Frankly, that is a silly argument. It ignores the fact that Canadians pay for medicare and other forms of social welfare through higher taxes.

Similarly, the fact that an enterprise is publicly-owned does not in itself represent a trade subsidy. Some publicly-owned enterprises are run on an entirely commercial basis. Some are not. Some private enterprises, in some countries, receive subsidies. Some do not. So the test of subsidy is not whether ownership is public, or private, or mixed.

Myth number five, which I frequently encounter, is that the United States Government does not subsidize American industry or, in any case, does not subsidize to anywhere the same degree as Canada does.