

they need and whatever is left, no matter how unevenly distributed, is the property of the individual or corporation. Democrats, and to a greater extent, Canadians, tend to hold a different view. Taxes are to be applied uniformly and any deviation for whatever reason must be considered as a tax-expenditure, differing only from direct expenditures in that it is not made by first collecting tax due and then giving it back, but by not collecting the tax due in the first place. To those who accept the logic of tax-expenditures, the difference between them and grants as business incentives is simply instrumental. To those who do not agree, the difference is between government interference and the private use of private money. This ideological gulf has great political significance since it is claimed that Canada has a large interwoven web of subsidies while the U.S. is fundamentally an unrestricted market economy. Conversely, a trade agreement that restricts subsidies may or may not include tax-expenditures and, since the Canadian approach is largely one of providing incentives through direct expenditures, may hamper one country's policies while not affecting the other's.

The utility of these methods of providing business incentives is open to debate. Some Americans and Canadians share the view that grants help losers and tax-expenditures reward winners. The reality is far more complex and ambiguous. If anything, it might be said that grants tend to support risky and new (and innovative) ventures while tax-expenditures are of most use to well-established, large corporations. Partly, this argument about utility is at the base of the argument over active and passive