

particularly the manufacturing sector – more competitive, less shielded from outside competition and better integrated into the global economy.

This reshaping of Canadian trade policy formed part and parcel of a broader re-orientation of Canadian economic policy towards greater reliance on market discipline and less reliance on government direction of Canadian economic life. While perhaps not always observed in the details of implementation, the philosophical orientation of the federal government since 1984 has been to reduce the role of government in the economy.² Decisions about what to produce, where to produce it and at what price to sell it are considered the prerogative of the private sector, with government's role limited to providing a supportive environment through appropriate framework and facilitation policies. The FTA was thus firmly grounded in domestic economic objectives. It sought to encourage Canadian industry to adjust and become more competitive by exposing it to greater competition from US producers. The reward for making these adjustments would be greater and more secure access to the much larger US market.

The re-direction of Canadian trade policy also reflected a pragmatic assessment of the capacity of multilateral trade negotiations to respond in a timely and thorough manner to Canadian domestic economic requirements. While Canada did not reject the multilateral approach – and indeed has been one of the more active participants in the Uruguay Round of GATT negotiations – it did determine that multilateral negotiations were no longer a sufficient means to achieve Canadian trade objectives. Canada thus adopted a two-track approach to trade negotiations in 1985, simultaneously pursuing its objectives in a bilateral agreement with the United States and in a multilateral agreement under the auspices of the GATT. In 1990, by agreeing to participate in the NAFTA negotiations, Canada not only confirmed its 1985 decision, but adjusted its two-track approach to a multi-tiered approach.

In all three sets of negotiations, Canada also indicated a willingness to expand the scope and content of trade negotiations. Not only did these negotiations cover the traditional subject matter of trade negotiations – trade in goods and measures directly affecting that trade either at the border or in the domestic market – but also trade in services, investment, intellectual property and similar trade-related issues. The Canada-US FTA includes chapters on investment, business travel and trade in services; Uruguay Round discussions include intellectual property as well as services and

² For a brief discussion of the re-orientation of Canadian economic policy see Michael Hart, "Canada Discovers Its Vocation as a Nation of the Americas," in Fen Osler Hampson and Christopher J. Maule, eds., *After the Cold War: Canada Among Nations 1990-91* (Ottawa: Carleton University Press, 1991).