

From the end of 1980 to the end of 1986, the nominal exchange rate of the Canadian dollar against the U.S. dollar has depreciated roughly 13 percent. There has, however, been little movement in the real exchange rate -- adjusted for inflation -- because of higher wages and prices in Canada.

In recent weeks, the Canadian dollar has strengthened substantially against the U.S. dollar, by some 4 or 5 cents and its still rising. This move was certainly not resisted by the Canadian authorities.

Myth number four, which seems to be gaining currency in this country, is that public-sector activity or expenditure is synonymous with trade-distorting subsidies. This notion is inconsistent with economic theory; it is inconsistent with international trade law as embodied in the GATT codes; and it is inconsistent with U.S. trade law.

Underlying this myth, perhaps, is a certain inclination to equate differences with unfairness. Certainly that equation appears to find its way into the rhetoric of the "level playing field", on occasion. But differences in the degree of government involvement in