

Ideally, the FTA would bring as many subsidy decisions as possible under the "rule of law" by establishing guiding principles, specific rules where possible, and objective procedures for applying the principles and rules to individual government programs that are alleged to be subsidies. This system could be beneficial for Canada, as it would reduce the possibility of decisions based exclusively upon the U.S. view of the proper relationship between government and private industry. The system would also commend itself to the United States, however, since it is consistent with a long-range interest of the United States in promoting stability and predictability in the world economy.

As the basis for this system, the FTA could set forth comprehensive normative principles as guides for determining which economic programs would be countervailable and which would not. These principles would be based upon the objective of establishing an effective open marketplace between Canada and the United States.

The agreed-upon principles could then be implemented in several ways: by setting forth in the