

13 Glen P. Jenkins. Costs and Consequences of the New Protectionism: The Case of Canada's Clothing Sector, Ottawa. North-South Institute, 1980.

14 Published as "Voluntary Export Restraints and the GATT's Main Escape Clause", 3 The World Economy, No. 3, November 1980.

15 Tarr and Morkre. Op. cit., p. 103 -- et. seq.

16 This issue is discussed by Wolf, op. cit. p. 471 who rejects the argument stated here but notes that "If future access to quota rights depends on current use, however, the above argument holds over the long term. It is then possible for a profit-maximizing firm to hold on to quota rights even though in the short term more money can be made by selling them and reducing exports. In this area quota premiums show the long-run rather than the short-run effect on prices." It is the case that in Hong Kong exporters have been required to use their quotas in order to have future quota rights; however, all decisions about quotas — whether to use or sell — are shifting short-run decisions, and it is therefore not clear that quota transfer prices indicate even long-run costs.

17 Apparel prices, that is, prices for mass-distribution items such as jeans or cotton shirts, have usually been higher in Western Europe than in North America, and consumption per head significantly lower. Thus in 1979-81, Hong Kong jeans were typically sold at retail in Canada for C\$17.-\$20.00; in the U.K. they were typically sold at £17-£25, a substantially higher price. Account should also be taken of the widespread availability of products at substantial discounts or sale prices, as high as 30% or 50% off marked prices; in the U.K. sale discounts average about 10% off marked price. These figures are taken from random observation; clearly it would be useful to have the results of a systematic comparative survey of import prices.

18 USITC. Economic Effects of Export Restraints, USITC 1256, June 1982.

19 USITC. Op. cit., Appendix A, pp. 28-40; see also the paper by C. Fred Bergsen, "On the Non-Equivalence of Import Quotas and 'Voluntary' Export Restraints", in Toward a New International Economic Order: Selected Papers of C. Fred Bergsten, 1972-74, Lexington, Massachusetts, 1975. The extensive references in Bergsten's paper provide a bibliography of earlier material on VER's and quota systems. Bergsten suggests that the appropriation of the rent of restraint by exporters could be regarded as "compensation" for "volunteering" to restraint exports — that is, as compensation in the sense of Article XIX. This was the approach followed by Canada in the 1960s.

20 USITC, op. cit. p. 25.

21 A.R. Moroz et al. A Quantitative Assessment of the Costs and Benefits of the Footwear Import Quota, Ottawa. Institute for Research on Public Policy, photocopy, p. 78.

22 A.R. Moroz, et al. Op. cit., p. 80.