

industries must rationalize production and re-structure distribution systems to achieve the scale of operations and efficiencies that give rise to these benefits. As a result, a transition period would be required to allow benefits to build-up after the removal of barriers and the implementation of barrier removal should attempt to accelerate this process wherever possible.

A. FEDERAL AND PROVINCIAL GOVERNMENT PROCUREMENT POLICIES

The greatest benefits arising from the removal of government procurement barriers would be the stimulus this would provide for the development of larger scale more specialized industries that would achieve the efficiencies required to enhance their domestic and international competitiveness. This improved competitive ability would then enable these industries to take advantage of greater access to foreign markets that could be negotiated in international trade negotiations. It would also stimulate the use of technology and result in a more efficient use of capital in the Canadian economy. Although these benefits would generally occur on a national basis there would be a distinct regional benefit in the form of lower prices for government goods and services that had previously been purchased under procurement preferences, with consequent benefits to taxpayers in those regions. In other words, these government procurement policies are costly and inefficient methods of achieving regional development goals that could probably be achieved by other means with considerable savings to taxpayers if governments were able to purchase goods and services from the most efficient producers.

B. FEDERAL AND PROVINCIAL REGIONAL AND INDUSTRIAL ASSISTANCE PROGRAMS

The total savings of public dollars directly involved in grants and special contributions to Canadian business is estimated by some to be over \$11 billion annually. An obvious benefit would be the improved fiscal position of the total government sector in Canada. A favourable collateral impact is the likely provision of simpler fiscal systems. The complexity of the tax system today is largely due to the necessity to raise funds, coupled with the myriad non-discretionary assistance