

IV ADJUSTMENT PROCESS AND IMPLEMENTATION

On the basis of our foregoing analyses, it is apparent that there are costs as well as benefits involved in the removal of interprovincial trade barriers. These costs will require adjustments on the part of government, business and labour subsequent to and during the removal period. An adjustment process is needed as the benefits from a reduction in the barriers may not be distributed equally among regions and industries with consequent effects on employment and industrial structure. As a result, assurances will likely be demanded. The Canadian economy is continuously engaged in adjustment and has proven its resilience through such major economic events as the severe 1981-82 recession, the extreme volatility of commodity prices, major depreciation of the Canadian dollar and massive instability in interest rates, disruptive government policies such as the National Energy Program and threats to national unity from Quebec separatism. Within the context of these events, regions, industrial sectors and labour have adapted to these problems without massive underwriting of adjustments by governments, and without undermining the economic union and social fabric of the Canadian federation or disturbing Canada's trading relationships internationally.

The extent and nature of adjustments required will in large part depend upon how and over what period removal of interprovincial barriers is implemented. A critical dimension to the process is the time-frame within which affected parties can adapt to these changes. Costs are likely to be immediate while the benefits will be continuing and permanent. Therefore, a phased approach to implementation, perhaps involving transitional measures, would minimize the costs of removal yet assure the steady accrual of benefits. In the U.S.-Canada bilateral trade talks, this implementation process should be considered an important element in any agreements involving the removal of interprovincial barriers. The success of the implementation process will require a consultative framework encompassing both levels of government, industry and labour to ensure a cohesive and consistent analysis of the required adjustments. Such a framework could be used to develop