- The long-term growth implications of Structural Adjustment Programs (SAPs) through the World Bank and the International Monetary Fund (IMF) should be better understood. There is little evidence to suggest that the structural adjustment programs of the IMF are detrimental to the short and medium-term growth prospects of an economy. Longer-term growth prospects of countries under SAPs, however, remain relatively unstudied. These programs do appear, however, to lower investment rates in both physical and human capital over the short-term.[61]

- Canada should push multilaterally, and on a regional basis where appropriate, for decreasing tariffs and NTBs that restrict the importation of many products from developing countries (e.g., textiles, clothing and certain agricultural products). The results of the Uruguay Round of Multilateral Trade Negotiations represent steps in the right direction in this regard. Although the evidence presented above does not offer unambiguous support for the export-led growth hypothesis, the elimination of trade barriers would allow for a more efficient international movement of resources, thus enhancing growth prospects in cases where developing countries were able to exploit competitive export opportunities.

[61] Proponents of the so-called growth-oriented critique of structural adjustment policies have failed to provide convincing evidence of their negative effects on growth rates. However, a number of methodological problems exist in judging the success or failure of such programs. For example, economies are usually exhibiting poor economic performance before they go to the IMF for help, making it difficult to differentiate between the effects of previous macroeconomic economic experience with the direct effects of IMF programs. Nonetheless, a number of studies, including some by IMF economists, show that the effects of IMF programs on growth rates tend to be mixed in the one to three year period immediately following implementation of programs. See Killick, et al., op. cit.; Manuel Pastor Jr. "The Effects of IMF Programs in the Third World: Debate and Evidence from Latin America," *World Development*, Vol. 15, No. 2 (February 1987), 249-62; Donal J. Donovan, "Macroeconomic Performance and Adjustment Under Fund-Supported Programs: The Experience of the Seventies," *IMF Staff Papers*, Vol. 29, No. 2 (June 1982), 171-203; and Thomas M. Reichmann and Richard T. Stillson. "Experience with Programs of Balance of Payments Adjustment: Stand-By Arrangements in the Higher Tranches, 1963-72," *IMF Staff Papers*, Vol. 25, No. 2 (June 1978), 293-309. Some of these studies have also noted that physical investment rates tend to fall in the period immediately following implementation of such programs. In addition, government expenditures are usually curtailed as part of such programs, which often impacts negatively on education expenditures. Thus, longer-term growth rates could be hindered, unless the adjustment leads to a more stable and sustainable environment, socially as well as economically. Although these studies are limited to the effects of IMF programs, similar remarks apply to SAPs funded by the World Bank.