

## F. PROVINCIAL RESOURCE PRACTICES

Costs associated with the removal of barriers arising from provincial resource practices are similar to those involving regional development and industrial assistance programs. Specifically, provinces may be sensitive to an alleged loss of autonomy over their resource base and downstream sector enhancement. Certainly, the National Energy Program (NEP) has created a mood of caution and suspicion when governments meet to deal with resource issues. Provincial government fiscal autonomy and manouverability is likewise threatened, especially as the tax bases could be significantly reduced in regions characterized by resource harvesting, extraction and processing. There will also be negative employment aspects. Significant, however, will be the large losses on abandoned plants and infrastructure facilities. The latter is characterized by a high percentage of public funding, financed long term into the future and is non transferable physical capital which truely constitutes "sunk" costs. In a freer trade world, another dimension of the costs associated with removing barriers due to resource practices is Canadian ownership and control of the resource itself. These are not easily tradeable rights of citizens and the benefits of foreign market access are not readily discernable through the cloud of nationalistic sentiment. Generally, the costs of removing these barriers are immediate, could be significant in some regions and will involve political identity.

## 3. BENEFITS OF REMOVAL

The benefits of removing interprovincial trade barriers arise primarily from the freer flow of goods and services between the regions of Canada and the potential this provides for the creation of a more efficient rationalized industrial structure in the country that is capable of competing with international producers both in domestic and export markets. Benefits would also be enhanced by a strengthening of regional industrial bases through achieving greater access to U.S. markets in trade negotiations. By their nature these benefits will be national in scope and permanently available to Canadians once they have been achieved. The benefits take time to be realized as