were removed, the total exports of the developing countries studied would increase dramatically. In the case of China, Jamaica, Pakistan, Thailand and the Phillippines, exports would increase by at least 40%. Countries that have a high percentage of textiles and clothing in total exports would benefit even more; Bangladesh, Sri Lanka and the Dominican Republic would see their exports more than double. The benefit could exceed the amount of ODA given to countries such as China and Sri Lanka by more than 400%.[59]

In light of the considerations discussed in this Paper, there are a number of broad policies that Canada can promote, both bilaterally and multilaterally, in order to better foster economic growth in the developing countries.

- Given the complexity of the growth process in these countries and the necessarily modest direct impact of external economic assistance to developing countries, Canada should work to develop comprehensive projects and programs to reinforce existing economic structures and institutions, if functioning efficiently, or to reform these structures and institutions, if not functioning efficiently. Judgements should be made on a case-by-case basis. As Nicholas Stern has noted: "There is no substitute for detailed work in the countries themselves."[60] Aid funds can partially substitute for domestic resource mobilization, but only in the short to medium-term. The simple dependence on aid does not represent a catalyst for sustained growth; rather, it represents temporary growth which will cease when aid flows are eliminated or scaled-down. Local, sustained commitment is essential. Consequently, aid should be carefully tailored to countries and sectors within those countries that are best able to utilize aid funds with the ultimate goal of self-sustaining growth. The achievement of sustainable growth momentum in such economies and sectors can, in turn, have a dynamic impact throughout a given economy and with regard to neighbouring countries.

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[59]World Bank, "Global Economic Prospects and the Developing Countries 1993," mimeo, pp. 76-7. The OECD supports this argument, noting that the cost of existing barriers to developing economies exceeds the total value of aid flows. See DAC, op. cit., p. 37. Both the World Bank and the OECD use static estimation exercises which do not include the dynamic effects of increased investment, better technologies, etc. that would result from decreased trade barriers. Inclusion of these dynamic effects would likely increase the net benefits to developing countries.

[60]Nicholas Stern, "Public Policy and the Economics of Development," *European Economic Review*, Vol. 35 (1991), p. 267.