

levels. Another important side effect to this would be a decline in quota values from the highly inflated values generated under the restrictive supply management system which could result in major equity losses for producers that had purchased quotas at the high values. This impact would give rise to differential regional costs because of the uneven effects of marketing boards on the farm sector across the country with some provinces suffering much more than others because of a heavy concentration of farming activity in the areas affected by the removal of these barriers, for example, milk in Quebec and chickens and eggs in Manitoba. The removal of border controls on the flow of these agricultural products would also result in greater import competition in a number of regional markets as more efficient producers in other provinces and countries penetrated their provincial markets. All of this would add up to a decline in the viability of smaller farming operations and would result in unemployment in the farm sector as farmers are forced to shift into other occupations. The dismantling of subsidy and support programs would have similar regional impacts as production of the products concerned was rationalized nationally in accordance with comparative advantage among the regions of the country.

#### D. PROVINCIAL LIQUOR BOARD PRACTICES

The costs involved in the removal of provincial liquor board practices would be very similar to those associated with the removal of government procurement policies. There would be a negative regional economic and employment impact as production was rationalized on a national basis and distribution systems were re-structured to service the national market. For example, if the brewing industry rationalized its production facilities in order to be competitive with U.S. producers by replacing the existing 39 regional breweries with 12 large scale centralized breweries there would clearly be regional costs associated with this shift in production. The effect of this on employment has been estimated as a 63 percent net decline in brewery industry employment or a loss of 5,000 jobs across Canada when rationalization was complete with most of these losses occurring in various regions as production shifted to central Canada. The removal of mark-up and tax preferences would also result in lower profits and tax revenues for governments on their liquor