

ing on doing those things they can do best. But they must be prepared to meet the challenges of international competition both abroad and within Canada.

Accordingly, the aim of government policy should be to encourage those industries in which Canada has a comparative advantage, and our regional development policies should contribute to this objective, not detract from it. As Professor Courchene pointed out, "Canada is reaching the stage where the amounts of money spent to counter... regional [disparities] and the policies deployed to prop up sagging industries are... endangering our international competitiveness." (4-30-5:8; 5A:20) It follows that regional development should be undertaken within a national context that recognizes the need for competitive cost and price structures in the international marketplace.

The movement toward freer trade is not, however, guaranteed to continue. In fact, the relative economic turmoil and strife of recent years has renewed calls for various forms of protectionism both in Canada and abroad. Quotas, procurement policies and other measures designed to restrict the free flow of commerce and capital have been used in recent years in Canada and by many of our major trading partners. Such measures should be resisted, because freer trade encourages general economic development; and anything that improves Canada's national economy will ultimately facilitate development in the special areas most in need.

While supporting the movement toward freer trade, we have also had to recognize that in very special circumstances it may be prudent to restrict access to Canadian markets for very short periods, either to stabilize Canadian markets and insulate them from short run shifts in international markets — a major concern in respect of basic commodities and agricultural products — or to permit Canadian industry a reasonable period of time to adjust to permanent shifts in international trading patterns brought about by the development of new processes or greatly increased capacity overseas. However, it is all too easy for such actions to become permanent features of our industrial landscape, and the result can be higher than necessary costs for Canadian consumers and industrial stagnation. These negative effects can far outweigh any possible benefits.

Such unwarranted costs can be avoided only by restricting the extent to which protectionist measures are used and by strictly limiting the periods over which they are employed. Accordingly, we would be prepared to accept restrictive trade practices, such as voluntary export restraints, quotas, special taxes and the like, only for very limited periods of time and in exceptional circumstances. They should be used in connection with other programs designed to bring about the industrial restructuring needed to eliminate the original cause of the trade restriction. To ensure that they are not extended, a termination or sunset date should be specified when the arrangement is put in place.

Regional development should be undertaken within a national context that recognizes the need for competitive cost and price structures in the international marketplace. Freer trade, by strengthening the national economy, will ultimately facilitate development in the less developed areas. When restrictive trade practices are found to be necessary, a termination date should be specified to ensure that the measure is not extended.