

elasticities of supply and demand. Much work has gone into calculating such costs but there are considerable difficulties in securing reliable data and in reaching precise results.

For textiles, the various attempts to calculate the magnitude of costs imposed on consumers in certain industrialized importing countries, as against the adjustment that would be faced in the absence of restriction, was reviewed by Martin Wolf in 1982.⁹ One of the more factual inquiries has been conducted in regard to textile policy in Canada. This is a study for the World Bank carried out by Glenday, Jenkins and Evans in 1980¹⁰ analyzing the impact of tariffs and quotas on textile imports for a specific area of Canada (Sherbrooke, Province of Quebec). In the version of this study published by the North-South Institute, the authors state:

The economic benefits of delaying the layoff of an average vulnerable job in the Sherbrooke region is at most 36 per cent of a worker's present wage. With 1978 yearly wages estimated at about \$11,200, the benefits of maintaining this job over 5 years equals approximately \$20,000 in present value terms. The economic cost of protecting such a job in the clothing sector for 5 years by way of trade restrictions amounts to approximately \$30,400 in present value terms. Protecting employment by imposing trade restrictions therefore means a net loss to the economy of some \$10,400 per job. Any financial assistance to forestall layoffs over and above existing trade protection would only deepen this net economic loss. However, in the absence of such trade protection, government financial aid to ailing firms is likely to be much less economically inefficient.¹¹

More recently, the cost of textile import quotas for the U.S. was examined in a study published by the Bureau of Economics of the Federal Trade Commission, by Tarr and Morkre. This study concludes that:

the gross social cost to the U.S. economy of the import quotas consists of the sum of the rent and consumption distortion effects. In 1980 the gross social cost was between \$308 million and \$488 million, which represents the gross benefit to the U.S. of eliminating the quotas. The annual cost to U.S. consumers was estimated to range between \$318 million and \$420 million. Against these estimated benefits of removing the quotas, there is a cost of cancelling the quotas that stems from the cost of transitional unemployment . . . we estimate this cost is between \$17 million and \$61 million . . . per dollar of unemployment costs U.S. consumers would gain at least \$7 if the quotas were eliminated.¹²

We draw attention to these studies without agreeing that the orders of magnitude are correct; in our view these studies relating to the costs of textile restraints rest essentially on one data source: that is, the market prices for textile and apparel quotas being transferred between Hong Kong exporters. This approach was developed by Jenkins in his earlier 1980 Study for the North-South Institute¹³ and by Brian Hindley in a paper prepared for an informal meeting of Tokyo Round negotiators, academics and senior officials at Streza in 1978,¹⁴ and further developed by Tarr and Morkre in 1984.¹⁵ This assumes that the various prices realized for transferable quotas in Hong Kong indicate the value of all