

ing conditions in Canada may open up broader opportunities in the overall North American market. Where market potential exists, as Dr. Reuber suggested, Canada could follow up on the market surveys and assist the less developed countries "directly and indirectly to improve the quality of their production for export, to expand and improve their marketing systems, and to reduce transport costs."

92. A second, and related, measure which seems immediately practicable would be to direct Canadian trade commissioners posted in developing countries to work actively in the promotion of two-way trade. Assisting efficient exporters in these countries to gain access to the Canadian market is by no means in conflict with their primary responsibility for the promotion of Canadian exports and, indeed, should augment their effectiveness in that regard. The developing countries, at the same time, could benefit immensely from the expertise, contacts and resources of these officials.

93. A further need in Canada is for official vigilance to ensure that imports from developing countries are not adversely affected by restrictive or unfair business practices on the part of other suppliers. Beyond these specific measures, which are mainly applicable to items which do not compete with Canadian products, there are few simple or painless steps available to assist exporters in developing countries. It is in this field that some short-term Canadian interests come most clearly into conflict with the needs of the developing countries. It will be, therefore, the most serious test of the political will behind the Canadian commitment to development cooperation. As Mr. Strong said last September,

"Aid is in one sense the easy stage, the stage of buying time to do the more difficult job of changing the world trading patterns which are dictated today by the developed countries."

94. The problem, of course, is that of "low-cost imports"—such labour-intensive products as textiles, footwear, sporting goods, toys, clothing, and electronic tubes—in which developing countries are often highly efficient (i.e. low cost) producers by international standards. The effect of this competition is keenly felt by the affected industries in Canada, which unfortunately tend to be concentrated in the less-developed regions of this country. It is difficult to exaggerate the social and political importance of this problem, particularly in a period of widespread unemployment. These difficulties were recognized by the Subcommittee's witnesses but they stressed at the same time that the developing countries must have export outlets for light manufactures if they are ever to diversify their economies, industrialize, and eventually to reduce their present dependence on external assistance. It was also emphasized that delay in

rationalizing Canadian industry to take account of low-cost competition will probably increase the difficulty and costliness of eventual solutions. As Professor Reuber said, "The sooner this adjustment is undertaken in a purposive manner, the better for all concerned, in my view." (59) Or, in Professor Helleiner's words,

"We are likely to be better at types of production which involve high skill-levels, engineering, research and development, modern, progressive more capital-intensive industries. That is certainly where our future lies and the future of other industrial nations, and the sooner we begin to plan for that, the better for ourselves and, of course, the better for those nations who suffer from our short sightedness in not getting out of those in which we cannot compete." (p. 35-334)

95. It is also generally recognized that the burden of adjustment must not fall solely on the workers, firms, localities or regions directly affected, but should, through various measures, be equitably shared throughout the community. As Professor Helleiner said,

"There may be some transitional difficulties from granting access to semi-processed and manufactured goods, in particular, from poor countries. So the first step has to be an expanded adjustment assistance program to permit any industries which may be in transitional difficulties to adjust. These assistance programs have to provide both for the workers and for the owners of the capital. They could take the form of credits for various purposes, consulting, retooling, allowances of one sort and another for labour retraining and, if necessary, movement.

These industries, then will have to be encouraged to diversify, restructure, modernize, and before you have an effective adjustment assistance program of this sort, you are unlikely to get very much political support for a program of improved market access."

96. It has been pointed out that Canada has had important experience in the area of adjustment programmes (in connection with the Auto Parts Agreement). Also of major interest was the highly successful experience of adjustment in the European coal industry, and, in Britain, with the phasing out of large segments of the Lancashire cotton industry. In the latter case, as Professor Reuber said,

"This industry was transformed with relatively little disruption, once it was clearly decided to proceed. Few would now argue that the U.K. would be better off had it resisted these changes with more protective measures of various kinds."

97. The Subcommittee is fully conscious of the possible transitional costs involved in programmes of this kind, and of the need for very careful planning and timing. In Canada, of course, special attention must also be given to the implications of these changes for regional economic disparities. With careful planning, however, these mea-