

ous markets both in Canada and overseas. Without an effective competition policy, the smaller firms could be effectively crowded out of these larger, prosperous markets and even out of their own local markets by stronger established firms using unfair practices. This should not be allowed to occur.

In another vein, the small size of the least developed areas leaves them open to the development of internal monopolies — especially for goods and services that are not traded over long distances. During the early stages of development, these monopolies may be inevitable. But over the longer term, internal monopolies could in and of themselves distort the effective development of the areas of greatest disparity and stymie efforts to further their development.

An effective competition policy must therefore respect the development process in the least developed areas and yet assure efficient market operations. We understand that it is the government's intention to introduce in the near future legislation dealing with important structural aspects of the competition policy, including mergers, monopolies and conspiracies to restrict trade. In formulating the new competition policy, it will be important to bear in mind the needs and conditions in the least developed regions.

An effective competition policy is desirable for many reasons, one of which is that it can encourage economic development in the least developed regions.

Trade Policy

It is widely perceived that the National Policy of tariffs, by design or by accident, served to favour industrial growth in central Canada at the expense of development in the other regions. Although it seems fairly clear that, at least initially, this was the case, it is always difficult to know where truth leaves off and legend begins. Nevertheless, numerous commentators have suggested that by undoing existing barriers to trade, the economic development of Canada, and specifically of the least developed regions, could be accelerated.

Trade policy has, since Confederation at least, been a subject of great controversy in Canada, and we expect it to remain so. Keeping the debate alive, the Senate Committee on Foreign Affairs recently completed a study of the potential benefits of Canada's participation in a free-trade agreement with the United States, and we commend this report to all those interested in the subject.

Freer trade need not be restricted to trade between Canada and the United States. During the post-war period, with the help of the General Agreement on Tariffs and Trade, international trade has become much freer, and tariff-related barriers have declined in importance. This is a trend we welcome. Freer trade affords Canadians the opportunity to increase their output by competing as equals in international markets, a vital factor given Canada's small population. Moreover, freer trade enables Canadians to benefit from the lower cost and unique products of other economies. With freer trade, Canadians can derive greater benefit from comparative advantage, concentrat-