developed within Canada's manufacturing sector during the 1970's, according to studies conducted by the Economic Council of Canada:

- Both exports and imports increased as Canadian firms reduced the number of their product lines and became internationally competitive on a much smaller range of products.

- Virtually all manufacturing industries experienced increases in their exports and imports. In about half the cases the rate of growth of exports exceeded that of imports; the reverse was true for the remainder. In no instance, however, did a whole industry tend to disappear or experience substantial contraction due to imports.

- In both expanding and declining industries the adjustment mechanism was mainly through variations in the rate of entry of new firms, rather than the rate of market exit by either scrapping or sale. This strongly suggests that the adjustment process is less traumatic than assumed by opponents of trade liberalization - particularly in terms of direct impact on employment.

- Foreign owned firms, on average, reacted neutrally to changes on trade flows during the 1970s when measured by their rates of entry to or exit from an industry, thus suggesting MNEs are more likely to react to trade liberalization through product rationalization rather than divestiture of their operations.

- Canadian owned firms, on the other hand, bore the brunt of increased import competition during the same period while, at the same time, took greater advantage of export opportunities. This observation suggests that the rationalization process which seems to accompany trade liberalization may benefit the competitive position of the domestic sector at the expense of the foreign sector.

- The adjustment process at the firm level was characterized by astonishingly high rates of market entry and exit, thus implying greater flexibility and continuous adaptability to exogenous changes by the manufacturing sector than traditionally thought.

- The relatively slight effects on unemployment suggested by the nature of the adjustment process were given some support by government surveys of laid off workers on three major import sensitive industries (clothing, textiles and electrical products) between 1974 and 1977. Results indicated that two-thirds found new employment and half of these (the median) within six to eight weeks; one third were still unemployed, with the median having been out of work between 13 and 16 weeks; and one third had left the labour force. Average periods of unemployment for members of the labour force who eventually had and had not found employment