

5.1.4 Partial Lists -

To date, a common approach has been to rely on anecdotes about investment decisions, plant openings and closings, new hires and layoffs, or other changes and to attribute them to the FTA. This approach can be used, but it should only be done if some attempt is made to classify the partial information into categories that include the FTA effect as one of several possible explanations.

Plants open and close all of the time - for all kinds of reasons. For all industries, about 15 per cent or 100,000 firms "die" each year, and are replaced with roughly the same number of "births". In manufacturing, 10 per cent or 4,000 openings and 4,000 closings occur each year.

It would be useful to have a grouping of the various openings and closings by industry, with an indication of whether that industry was expected to be positively affected by the FTA, negatively affected, or little affected. If reasons for the plant opening or closing were provided, these should be included in the listing. Similar lists for years before the FTA would also be helpful, providing some guide as to whether the direction or pace of change is similar or distinctly different. Since data for more rigorous examination may not be available for several years, this tabulation of partial information in an organized manner should be undertaken with adequate resources. Results will also help to guide more in-depth research later.

Similar lists with the same caveats could be maintained for expansions and contractions of employment, mergers and acquisitions, changes in ownership, etc.

The interpretation of such changes is also important. The FTA is a structural policy, implying changes (both positive and negative) for different industries. Determining the "net effect" of such changes is likely to require more sophisticated techniques and the availability of more detailed information (see below).

5.2 Begin Soon

In 1990 and 1991, several additional activities can be undertaken to extend the information available on the FTA. (At the same time, activities noted above would be continued.) With the passage of time both the visible effects may emerge more clearly and the supporting database will be richer.

5.2.1 International Trade -

The data on exports and imports can be exploited further by analyzing the data: