

5.3 Later

Within five years most of the major changes should be in place. Tariffs will have been eliminated for all of the Group B categories; those for Group C will be halved. The major investment effects will have occurred, and most other adjustments should be evident. From 1992 on it should be possible to obtain micro-data for the period from 1989, allowing for the study of the detailed process of restructuring of Canadian industry. Studies of restructuring through 1988 can provide a benchmark for comparison.

5.3.1 Formal Econometric Studies -

Models of the Canadian economy and specific industries will probably have to incorporate aspects of the FTA into the equations in order to "fit" the data. If this is done, then it is possible for the "counter-factual" case to be simulated, namely what would be the effect without the FTA implementation. A comparison of the two cases can help identify the FTA impact as well as to distinguish it from other structural changes that may occur.

5.3.2 Restructuring And Changes In Employment -

There is a growing capacity at Statistics Canada and Employment and Immigration Canada for the analysis of micro data on the behavior of groups of individuals and firms over time. For example, it is possible to trace the movements of people who have been laid off by firms to determine where they are re-hired or otherwise end up.

The gross changes in firm structures in an industry can also be studied. The entry and exit of firms, the growth, mergers, and down-sizing processes can be monitored by industry. The key will be to identify those firms which are most involved in the adjustment under the FTA.