METHODOLOGY — AN OVERVIEW

The scope of any research effort must be carefully chosen to assure that the results will justify the effort foregone in preparation and offer valuable insight in solving the problem at hand. For this study, the general problem is the re-formulation of a national trade strategy. Since industrial costs are both an aggregate economic phenomena and a critical concern of individual businesses, there is a primary and major issue of choosing an appropriate level of detail for study.

Our research for this project suggests that using relatively aggregate industry groupings helps solve the problem of consistency. Accordingly, we have analyzed the 30 industries listed below. By choosing an aggregate perspective, the study allows the reader to readily see the overall parameters of Canada's industrial competitiveness vis-a-vis the United States. This approach will facilitate a process for reviewing national policy options as it reveals general areas of strength and weakness. It should be noted, however, that while the aggregate approach is both comprehensive and consistent, it suffers from an "aggregation bias". Since the unit cost comparisons will be ratios of aggregates, there is the traditional problem of being unable to draw specific inferences from the economic statistics. That is, while the data may show clear trends, it is likely that no one company or industrial association would necessarily recognize these trends as being applicable to their particular market situation. The usual remedy to such an "averaging" problem is to press for more disaggregate statistics that reveal specific trends. At the finer level of detail, however, data availability and consistency become an issue. In addition, a great deal of disaggregation can create an overabundance of information and render a truly national, broadly-based assessment of policy impossible.