Analysis of Industry Dynamics

C.1 INTRODUCTION

By definition, a policy, such as FTA, which promotes industrial adjustment would be expected to result in changes in the structure of industrial activity and employment. One of the challenges is the measurement of such structural change. In this appendix, an outline will be provided about the major data sources which can highlight such changes as well as a brief overview of known analytical initiatives.

C.2 ANALYTICAL ISSUES

C.2.1 Employment

The issues for employment relate to job change, tenure, duration of unemployment and the scale of the gross flows between the three states: employed, unemployed and not-in-the-labour-force. Structural change would be presumably reflected in increases in these gross flows and might be reflected in shifts in job tenure or other measures.

C.2.2 Industrial Organization

Changes in industrial organization can be reflected in the birth or death of an enterprise or legal entity, or in a change in ownership. It can also be reflected in the degree of specialization or the orientation of shipments of a firm, or perhaps in the level of employment or investment as measures of factor utilization.

C.3 STRUCTURAL DATA SOURCES

C.3.1 Labour Force Survey (LFS)

The LFS could provide a basic set of statistics related to the gross flows. Until recently, the LFS publication provided a tabular presentation of the flows into unemployment. In the current issues, the presentation focuses on the reasons for leaving the last job. Job tenure is shown by industry and occupation. Duration of unemployment is shown by age, sex and region. The challenge is to determine econometrically the significance of movements in these series and to separate out the influence of factors other than FTA such as domestic demand, exchange-rate movements, tax changes, etc.