

Sector 7: Finance

The major inputs to the determination of interest rates are government financial requirements (i.e. the government balance), foreign interest rates and the exogenous supply of "high-powered" money. Foreign capital movements are primarily determined by economic activity and the requirement to finance the current account deficits.

Sector 8: Energy Sub-Model

The income and tax flows associated with the energy sector are calculated on the basis of institutionally determined energy pricing and royalty rules and exogenous assumptions about the world oil price and Canadian production. The energy sub-model serves three purposes. First, a balance between exports, demand and production assumptions is assured. Secondly, the correct disposition and impact of economic rents and tax flows is assured. Finally, consistency between the administered prices of oil and gas factor incomes is obtained. The principal linkages are to sector incomes (Sector 6) and domestic price formations (Sector 5).

In addition to the components of disaggregated sectors referred to above, the National Accounts aggregates are calculated, in constant 1971 dollars or current dollars as appropriate. Major economic indicators are also provided for summary purposes, giving an overview of the macroeconomic relationships elaborated in the Informetric Model.