

proceed from the current economic situation to a fully employed situation with a minimum of delay while maintaining compatibility with acceptable cost and price stability. In addition to estimating long-run economic potential, however, the Council felt it was necessary to regularly reassess economic circumstances in the context of interim targets. This proposed framework of flexible performance indicators would be used, as the Council stated, "both as temporary objectives and as criteria for assessing progress". These national indicators are needed to ensure consistency among policies and to relate in a systematic way the past, the present and the future. They are particularly desirable in Canada in view of the wide regional disparities that exist and, in fact, necessary in view of the degree of decentralization of decision-making in the federal system.

The initial set of indicators proposed covers the years 1973 to 1975. They are meant to be used as an internally consistent group and not to be taken one by one in isolation. They are directed to both private and public decision-makers. In each of its subsequent annual reviews, the Council will revise and update these indicators in the light of actual developments in the economy. In addition to recommending the utilization of such a system of medium-term performance indicators, the Council made the following two recommendations as to the manner in which they should be used:

"... that each year one of the federal-provincial meetings of prime ministers or of ministers of finance be devoted to the medium-term performance indicators developed by the Economic Council of Canada and to an examination of their implications for the federal and provincial governments."

"... that a national economic conference be convened each year under appropriate auspices to bring together representatives of the various sectors of economic activity, both public and private, for assessing the medium-term economic prospects in the framework of performance indicators that will be published annually by the Economic Council of Canada."

#### 4.5.1.3 Research program

A number of other research projects are under way at the Council; the projects discussed here represent the over-all program. Research may be pursued further on some topics than others and the results disseminated in a variety of ways: some studies will form the basis of major Council publications, while others may be used in staff and special studies or as internal working papers.

**Canadian commercial policy study.** International trade has always been of great importance for Canada, and will continue to be so in the 1970s. During this decade Canada, like other trading nations, will be faced with the necessity of adjusting to the effects of a number of far-reaching changes in the international economy. This study will focus on some of the major commercial policy options that may be open to this country in the light of these changes.

This study will begin by setting out the advantages and disadvantages of the three basic possibilities — higher protection, status quo, and lower protection — but will be followed by a more detailed analysis of options of a multilateral, bilateral, and unilateral nature. Major emphasis will be placed on the economic implications of these various options, including their possible effects on the various regions and industrial sectors of the economy.

The study will then link up with a broader economic policy framework by considering the implications of possible commercial policy changes for other policy fields, with particular emphasis on commercial policy as part of a broader and more general industrial strategy. In this context, policies relating to science and technology, the rationalization of industries, and adjustments to absorb the impact of trade policy changes on particular regions, industries, and occupational groups, will be examined.

**The CANDIDE model.** The CANDIDE (CANadian Disaggregated InterDepartmental Econometric) model is a large-scale econometric model developed by agencies and departments of the Government of Canada over the past several years. On April 30, 1970 a submission to the federal Treasury Board was made by the Economic Council of Canada, with the support of Statistics Canada and the Departments of Finance, Regional Economic Expansion, and Manpower and Immigration, for funds to finance the development of a medium-term econometric model of the Canadian economy. The model is now operational and has provided the basis for the Council's review of the economy and its future prospects in the *Ninth annual review*. A complete technical description of the model is available in a series of CANDIDE Project Papers.

The Council will continue to play a leading role in the maintenance and improvement of the existing model and will provide considerable research resources for this purpose. Work on