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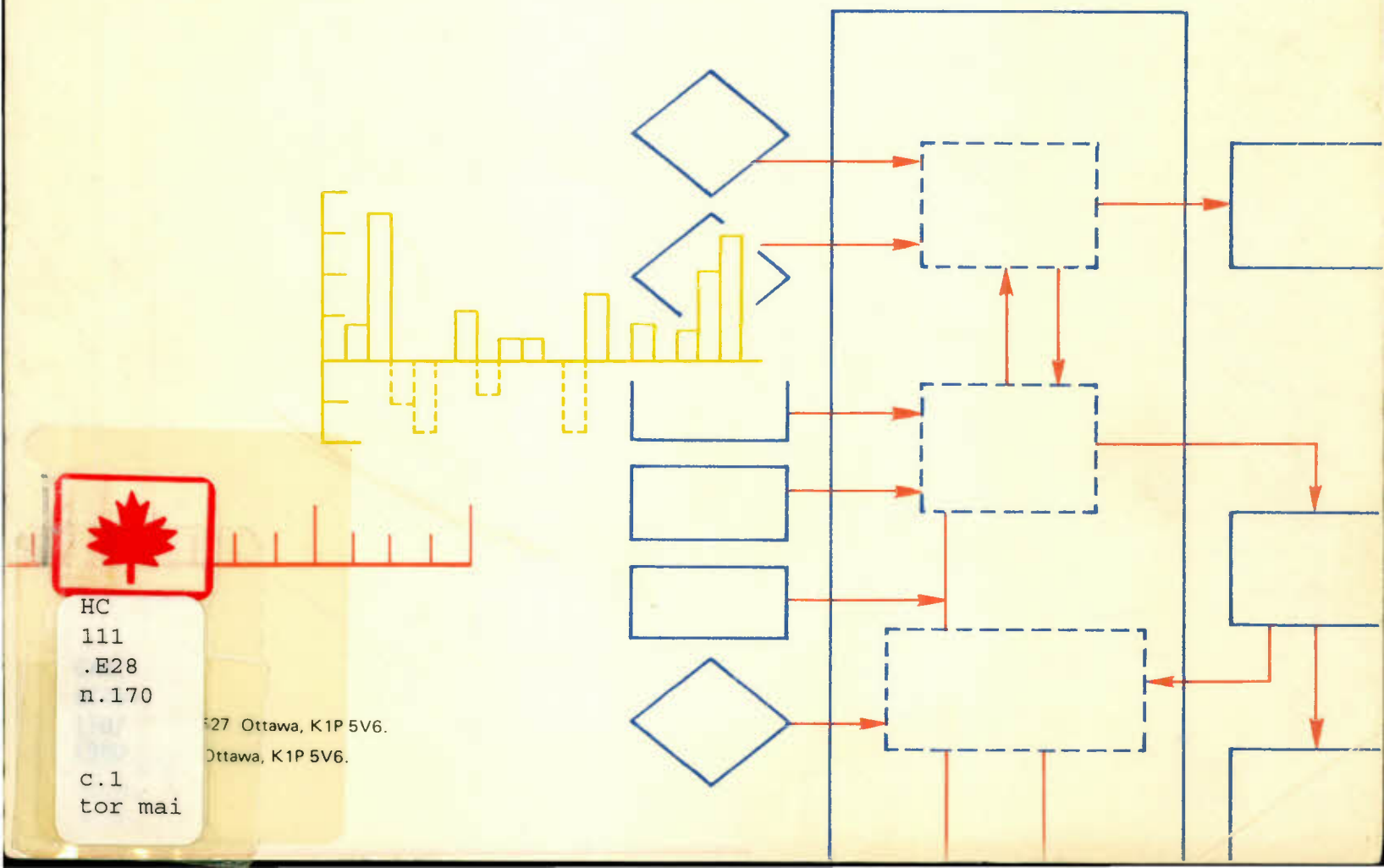

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DISCUSSION PAPER NO. 170

Impact of Foreign Prices & Interest Rates on Canadian Economy under Alternative Monetary and Exchange Rate Regimes

by
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and
J. D. Whillans

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Résumé

Le principal objectif du présent document consiste à analyser, à l'aide du nouveau modèl CANDIDE 2.0, les répercussions des politiques monétaires américaines à court et à long termes, aussi bien en régime de taux flexibles qu'en régime de taux flottants dirigés. Nous avons également examiné le rôle de la politique monétaire intérieure dans l'économie canadienne en régime de taux de change fixes et de taux flexibles.

Voici quelques-unes des principales conclusions de notre étude :

1. Nos résultats viennent appuyer l'opinion traditionnelle selon laquelle, en régime de taux de change fixes, les autorités monétaires ne peuvent poursuivre avec succès une politique monétaire indépendante de celle de leurs partenaires commerciaux, tout effort en vue d'accroître la masse monétaire étant à peu près compensé par de plus grands déficits de la balance des paiements.

Par contre, en régime de taux de change flexibles, la politique monétaire est plus efficace pour accélérer la croissance de la production et de l'emploi. Cette croissance accélérée de la production ne s'obtient toutefois que moyennant

des prix plus élevés, conséquence des hausses de salaires et de la dépréciation du dollar canadien.

2. D'après nos résultats, les répercussions des taux d'intérêt américains sur l'investissement, la DNB, l'emploi, la productivité et la dette publique sont moins graves en régime de taux de change flottants purs qu'en régime de taux de change flottants dirigés. Toutefois, les répercussions de la politique américaine en matière de taux d'intérêt sur le taux d'inflation au Canada sont pires dans le cas d'un régime de taux de change flexibles. Même si dans chaque cas la situation se détériore, tant du point de vue du revenu réel que de l'inflation, nos résultats indiquent qu'il existe une relation d'arbitrage entre la croissance de la production et l'inflation.

3. Toujours d'après nos résultats, en régime de taux de change flottants purs, les autorités monétaires peuvent déterminer le taux d'inflation à long terme au Canada indépendamment des pays étrangers. Cependant, les économies américaines et canadiennes demeurent interdépendantes durant le processus d'ajustement, même en régime de taux de change flexibles, par les termes de l'échange et la montée des salaires et des prix.

Abstract

The main objective of this paper is to analyze the impact of U.S. short-and long-term monetary policy under both flexible and managed floating systems, using the new CANDIDE Model 2.0. We have also examined the role of domestic monetary policy in the Canadian economy under both fixed and flexible exchange rate systems.

The following are some of the important findings of our study:

1. Our results support the traditional view that under the fixed exchange rate regime, monetary authorities cannot successfully pursue an independent monetary policy from its trading partners -- an effort to increase money supply will be almost offset by increases in the balance of payments deficit.

In contrast, in the flexbile exchange rate regime, monetary policy is more effective in producing an increased growth in output and employment. However

the increased output growth comes at the cost of higher prices induced by increased wages and a depreciation of the Canadian dollar.

2. Our results suggest that the impact of U.S. interest rates on investment, GNE, employment, productivity, and government debt is less severe in a pure floating exchange rate regime, compared to the managed floating system. However, the impact of U.S. interest rate policy on the Canadian inflation rate is worse in the case of flexible exchange rate regime. Even though real income and inflation are less favourable in both cases, our results indicate a trade-off between output growth and inflation.

3. Our results imply that under a pure floating monetary authorities can determine the long-run rate of inflation in Canada independent of others. However, the United States and Canadian economies are interrelated during the adjustment process, even under the flexible exchange rates, through the terms of trade and the wage-price spiral channels.

INTRODUCTION

It is often maintained that under flexible exchange rates, even a small open economy like Canada can conduct its monetary policy independent of its major trading partners, and that under flexible exchange rates economic disturbances originating outside Canada can be absorbed by changes in the exchange rate, so that they do not have disturbing effects on the Canadian economy. However, in recent years (especially in the post-oil embargo period), we did see a high degree of synchronization in fluctuations in unemployment and inflation among the countries in the world. Of course, this is partly because the flexible exchange rate system we observe in reality is not purely floating, but a highly managed regime.

In spite of high unemployment and sluggish economy, in the last two and half years, the Bank of Canada has raised its lending rate several times (approximately 700 base points), in response to increase in U.S. short rates, caused by changes in U.S. monetary policy to support the U.S. dollar in the world money market. The alternative monetary policy is not to raise Canadian short rates (especially in view of the sluggishness in the economy), but to allow the Canadian dollar to vary in response to variations in capital flows

caused by the narrowing of the U.S. - Canadian interest rate differentials. Canada, being a small open economy, depreciation of the dollar would raise the prices of traded goods (exports and imports), resulting in a higher inflation. This in turn could set in motion a wage-price spiral, which could further depreciate the dollar (the vicious circle hypothesis). The objective of this paper is to analyse the impact of the U.S. short- and long-term monetary policy on Canadian economy under both flexible and managed floating systems, using the new CANDIDE Model 2.0. This would enable us to evaluate the trade-offs involved in persuing the alternative monetary and exchange rate policies. The following are some of the specific objectives of this paper:

a) To outline the basic structure of the financial sector of the new CANDIDE Model 2.0.
b) To discuss some of the important linkages between the real and the financial sectors of the model.
c) To evaluate the effectiveness of monetary policy in Canada under both fixed and flexible exchange rate regimes.
d) To evaluate the impact of U.S. short term monetary policy under both flexible and managed floating systems.
e) To investigate the role of foreign inflation, caused by U.S. monetary policy on Canadian economy under both accommodating and nonaccommodating (following a monetary rule) monetary policy.

The plan of the paper is as follows:

Section II discusses the structure of financial sector of the new CANDIDE Model 2.0.

Section III discusses the important feedbacks between real and financial sector of the CANDIDE Model 2.0.

The role of monetary policy in the Canadian economy under both fixed and flexible exchange rates is analysed in Section IV.

Section V examines the impact of U.S. short-term monetary policy under both flexible and managed floating systems.

The role of foreign inflation in the Canadian economy under alternative monetary policies is examined in Section VI.

Finally, the important findings of this study are summarized in the last section.

II FINANCIAL SECTOR OF CANDIDE 2.0

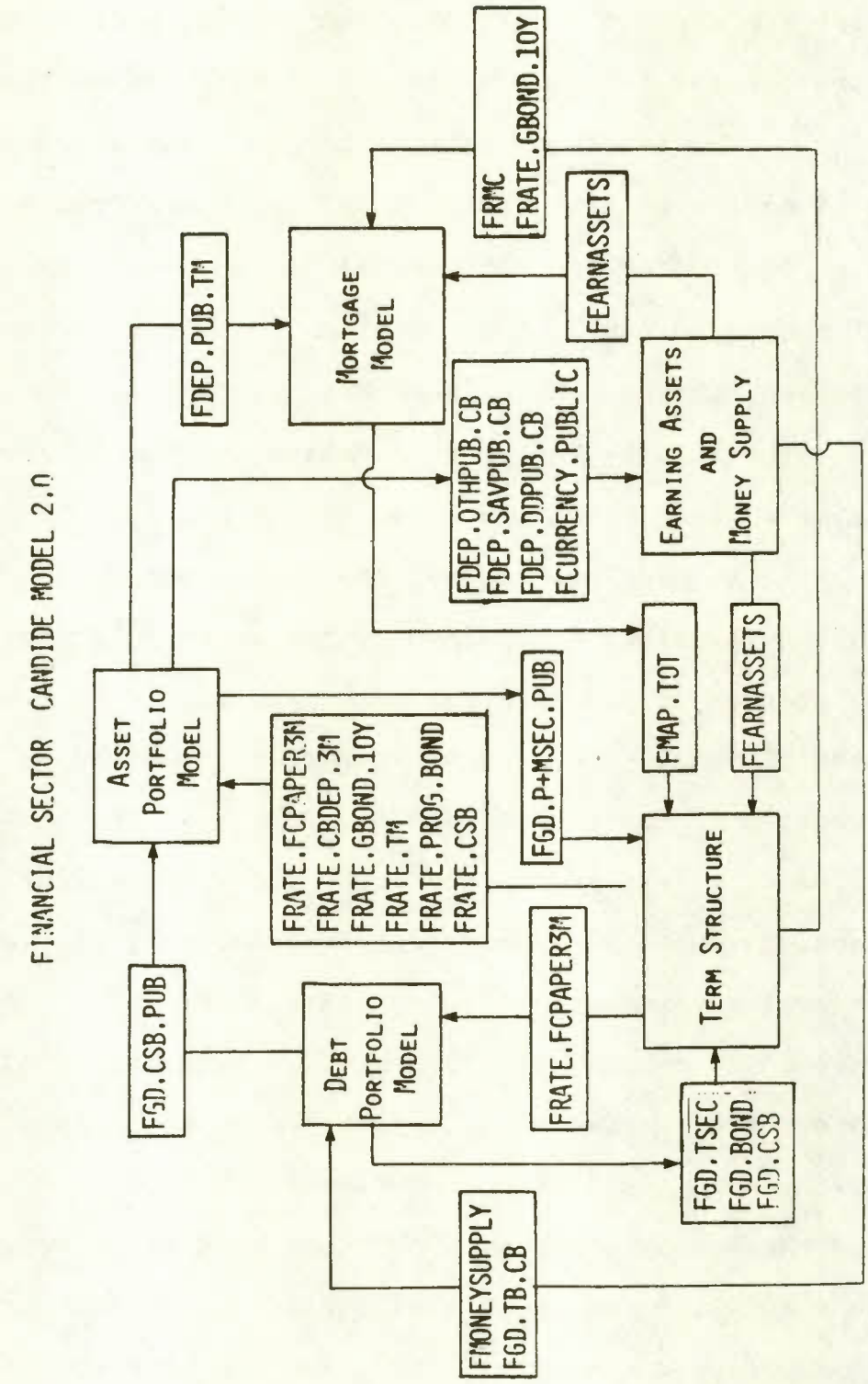
In this section, we will discuss in some detail the structure of the financial sector of the new CANDIDE Model 2.0. The new CANDIDE Model explicitly incorporates the budget constraints of all levels of government. This in turn enables us to incorporate all the important feedbacks between the real and financial sectors of the system. The following six blocks constitute the financial sector of the CANDIDE Model 2.0: a) debt portfolio model, b) asset portfolio model, c) earning assets of chartered banks, d) mortgage model, e) term structure of interest rates, and f) exchange rate and official settlement balance.

The debt portfolio model determines both the level and the composition of federal government debt in each time period. Both the federal deficit (extended definition) and the deficit on exchange fund account play a key role in determining the net additions to federal debt levels.

Given the interest rates vector, income, prices, and the total financial assets, the asset portfolio model determines the composition of assets of nonfinancial public. The total portfolio increases in response to increases in the deficits of federal and provincial governments.

In the mortgage model, mortgage approvals of various financial institutions are modelled. Mortgage approvals of each financial institution in general are determined as a function of the stock of its mortgage assets, its last year's approvals, differential between the mortgage rate and the long -

FIGURE 1


FINANCIAL SECTOR CANDIDE MODEL 2.0
FMONEYSUPPLY
FGD.TB.CB
FGD.CSB.PUB
DEBT PORTFOLIO MODEL
ASSET PORTFOLIO MODEL
FRATE.FCPAPER3M
FRATE.FCPAPER3M
FRATE.CBDEP.3M
FRATE.GBOND.10Y
FRATE.TM
FRATE.PROG.BOND
FRATE.CSB
FGD.TSEC
FGD.BOND
FGD.CSB
FGD.P+MSEC.PUB
TERM STRUCTURE
FMAP.TOT
FEARNASSETS
EARNING ASSETS AND MONEY SUPPLY
FDEP.OTHPUB.CB
FDEP.SAVPUB.CB
FDEP.DDPUB.CB
FCURRENCY.PUBLIC
FEARNASSETS
FDEP.PUB.TM
MORTGAGE MODEL
FRMC
FRATE.GBOND.10Y

term government bond rate, and its total assets (as determined by the asset portfolio model of the nonfinancial public). Mortgage approvals influence the housing starts both directly and indirectly (by influencing the mortgage rate).

The asset composition of nonfinancial public in conjunction with the primary and secondary reserve requirements (as required by Bank of Canada) determine the earning assets of chartered banks, high-powered money, and the money supply. However, in the case of monetary growth rule, money supply is determined by the Bank of Canada and the interest rate is determined by the asset portfolio model.

As mentioned above, the asset composition of nonfinancial public is mainly determined by the asset substitution caused by changes in the interest rate structure. In the new CANDIDE Model, the main short rate is modelled as a reaction function of the Bank of Canada. The Bank of Canada is assumed to react to changes in the U. S. short rates, inflation rate, earning assets of chartered banks, and debt levels of the federal government. All the other short rates in the system respond to changes in this rate, in addition to other intervening variables. The long rates are mainly determined by the main short rate (reaction function), U. S. long rates, and the supply effects. Each long rate can also be interpreted as a supply equation of that particular debt instrument (normalized on interest rate), and the corresponding demand equation coming from the asset portfolio model.

The exchange rate model determines both the official demand for foreign exchange as well as the value of Canadian

dollar vis-a-vis the U. S. dollar, both under fixed and flexible exchange rate regime. In the fixed exchange rate regime, most of the pressure in the exchange market is transmitted as changes in the official settlement balance. In constrast, in the flexible exchange rate case, most of the adjustment comes through changes in the value of the Canadian dollar. In the flexible exchange rate system, relative inflation rates and the short term capital flows are the important determinants of the exchange rate .

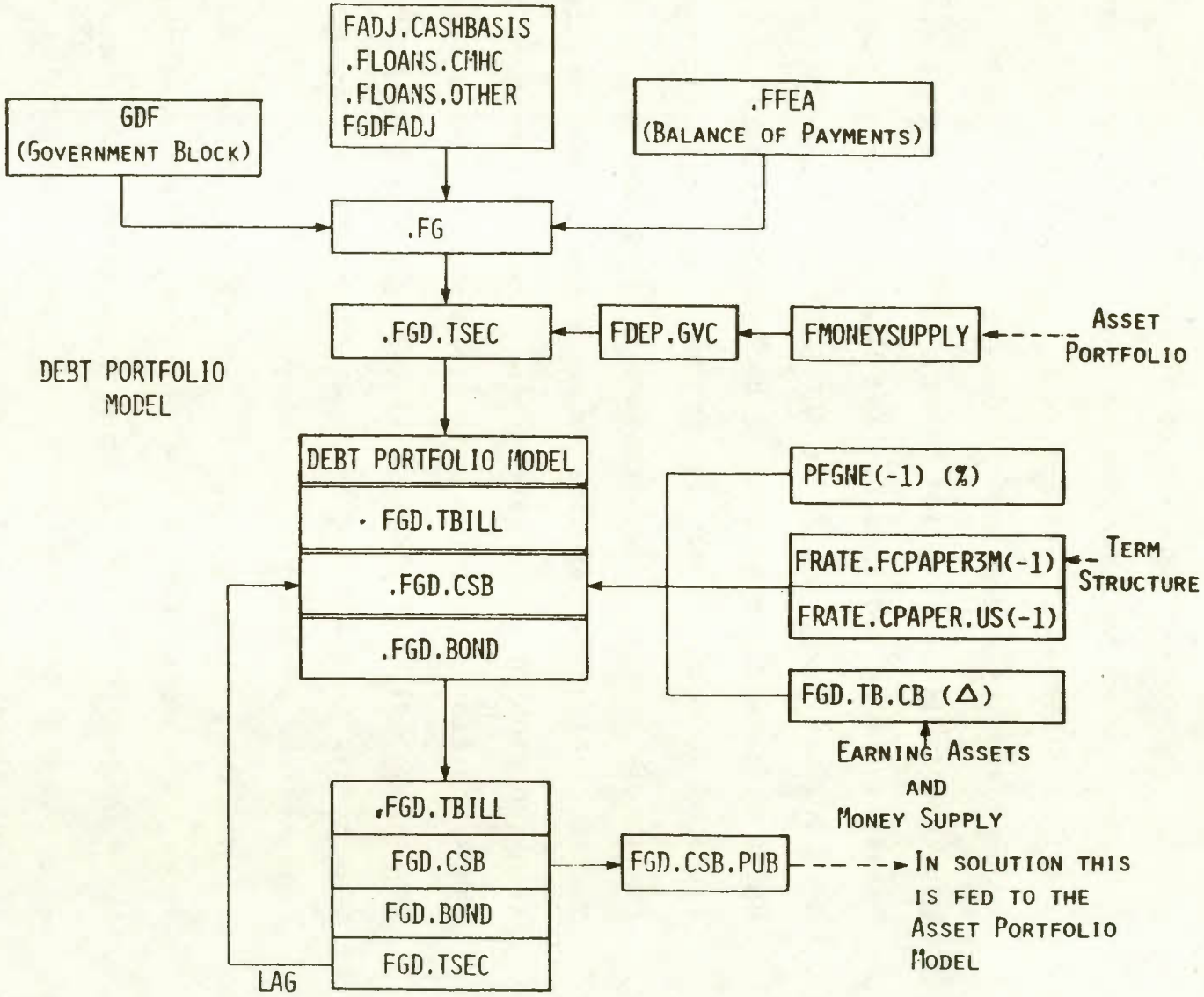
Level and Composition of Government Debt

The debt portfolio model of CANDIDE 2.0 (illustrated in Figure 2), explicitly integrates the federal government budget constraint, ensuring that changes in federal financing requirements are met by money creation or debt issue. Explicit specification of this constraint within the financial sector represents a significant and sophisticated adaption of the traditional Keynesian model that enables more consistent modeling of and reactions to, fiscal and monetary shocks. This constraint provides the link between monetary and fiscal policy that ensures there are appropriate injections of money and bonds into the system, consistent with the

government financing requirements. The omission of such constraint , argued by various economists, has led to an overstatement of multipliers associated with fiscal policy as the traditional Keynesian analysis does not take account of the displacement of private spending or crowding out that occurs when expenditure is financed by bond issue. Additionally, the budget constraint represents a major feedback through which the real side of the model can effect the financial sector.

Total financing requirements (.FG) are derived as the sum of federal deficits (GDF), various government loans to CMHC and Crown corporations, adjustments to cash basis (FADJ.CASHBASIS), and advances to the foreign exchange fund (.FFEA). This latter element is an account of the Government of Canada, which is drawn down by the Bank of Canada acting as the government's agent, for purposes of intervention in international exchange markets. These advances are obligations of the federal government which require financing. Their inclusion directly in the budget constraint forms an

FIGURE 2


FADJ.CASHBASIS
.FLOANS.CMHC
.FLOANS.OTHER
FGDFADJ
GDF
(GOVERNMENT BLOCK)
.FFEA
(BALANCE OF PAYMENTS)
.FG
.FGD.TSEC
FDEP.GVC
FMONEYSUPPLY
ASSET
PORTFOLIO
DEBT PORTFOLIO
MODEL
DEBT PORTFOLIO MODEL
· FGD.TBILL
.FGD.CSB
.FGD.BOND
PFGNE(-1) (%)
FRATE.FCPAPER3M(-1)
FRATE.CPAPER.US(-1)
TERM
STRUCTURE
FGD.TB.CB (Δ)
EARNING ASSETS
AND
MONEY SUPPLY
.FGD.TBILL
FGD.CSB
FGD.BOND
FGD.TSEC
FGD.CSB.PUB
IN SOLUTION THIS
IS FED TO THE
ASSET PORTFOLIO
MODEL
LAG

important link between the foreign and financial sectors of the model.

The total financing requirements are split into two components; that proportion financed by money creation and that financed by various debt instruments. This was accomplished by modelling the demand for deposits by governments (FGD.GVC), and letting the difference between total financing requirements and that financed by running down deposits (the change in FGD.GVC) determine the amount which must be financed by various debt instruments. The level of government deposits in the Canadian institutional setting is a short-run, secondary tool of monetary policy. The level of these deposits is determined behaviourally as a function of government expenditure and transfers or cash requirements and the rate of return on 90-day finance company paper. The change in their level is then subtracted from total financing requirements to determine the amount that must be financed by debt issue.

The composition of new federal debt issue (and hence the composition of the debt levels) is determined by the debt portfolio model. This model treats government as a rational economic agent, which reacts to considerations of cost minimization and economic welfare in deciding the allocation of its debt. The approach developed here is similar to that suggested by Tobin and Brainard in the specification of an asset portfolio model. Equations for

the three debt instruments -- Canada Savings Bonds (.FGD.CSB), Government Securities (.FGD.BOND), and Treasury Bills (.FGD.TBILL) -- are estimated using a modification of Zellner's seemingly unrelated regression technique (utilizing the generalized inverse) which dynamically imposes consistency constraints across the equations. The first constraint ensures that when an explanatory variable such as inflation causes the government to issue less Canada Savings Bonds, this decrease will equal the increase in Government Securities and Treasury Bills. The other constraint imposes the condition that the sum of the proportion of debt held in each instrument is equal to one, or that an increase or decrease in financing through these instruments will create no more or no less debt than is required. The government's decision as to the composition of new debt issue is influenced by the rate of inflation, the change in the level of Treasury Bills, the ratio of Canadian to U.S. interest rates, and the change in the lagged stock of government debt instruments.

Recent literature has drawn attention to the impact of the government's deficit financing on economic activity[1]. The decomposition of government debt allows this channel of monetary or financial policy to be explicitly incorporated into the financial model specification by introducing the stock of the specific asset into its interest rate equation.

This "preferred habitat" formulation of the term structure of interest rates implies the stock of any asset can cause the structure of rates to differ from the structure implied by the simple expectation theory of the term structure as a result of imperfect substitution.

Implicit in the financial model specification outlined so far is the division of the economy into three sectors: the nonfinancial public, the financial intermediaries and the Bank of Canada. Consideration of the T account of this last sector, which ensures that assets equal liabilities, clearly focuses on the link between the debt portfolio and money creations. The T account insures that increases in assets such as governments securities and treasury bills held by the Bank of Canada, must be matched by corresponding increases in currency and reserves (with their attendant implications for a multiple expansion of the money supply). Indeed in the Canadian institutional setting, it is the "open market operation" which constitutes the primary instrument of monetary influence. Debt issued by government (B_T) is held by the nonfinancial public (B_P), the financial intermediaries (B_b) of the Bank of Canada (B_{BC}).

$$B_T = B_P + B_b + B_{BC} \qquad (1)$$

In the case of securities held by the Bank of Canada, there is a direct correspondence with the money supply, as the T account implies

$$B_{BC} = C + R \qquad (2)$$

where C equals currency and R equals reserves. Thus,

$$B_T = B_P + B_b + (C + R) \qquad (3)$$

In flow terms this may be expressed as

$$\Delta B_T = \Delta B_P + \Delta B_b + \Delta(C + R) \qquad (4)$$

which is the standard budget constraint. Clearly one approach to modelling financial activity is to determine demand for money, in the asset portfolio, and then by obtaining the supply of money, determine the short rate implied by equating the two. This approach however was not adopted in the specification of CANDIDE 2.0. The demand for money is determined in the asset portfolio, but the short rate equation or reaction

function developed in the term structure of interest rates submodel, is viewed as the normalized supply equation. This approach is partly dictated as a result of the observed historical behaviour of the Bank of Canada, over the sample period, where clearly interest rates were set by the central bank, in response to the balance of payments, and exchange rate pressure. This approach amounts to assuming that the money supply is set to obtain the desired interest rate.

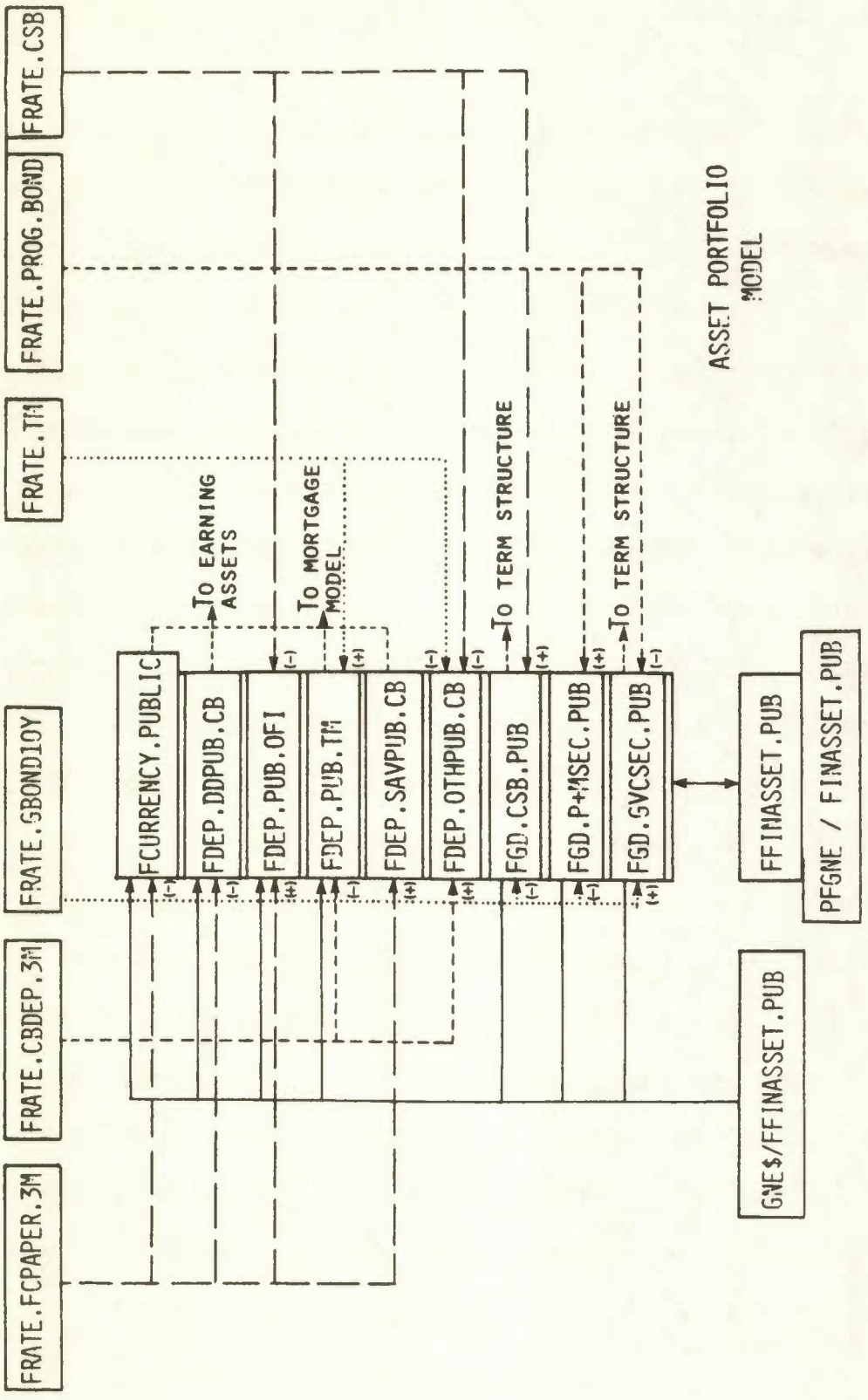
The interaction of the asset portfolio model and the interest rates determined in the term structure model in solution simultaneously determines the levels of currency,demand deposits, and savings deposits, held by the nonfinancial public. Applying the appropriate reserve ratios we can then derive the currency plus reserves component of equation 3. As the total flow of ΔB_b could be determined residually.

The T account of the central bank, ensures that increases in assets are matched by increases in liabilities. The CANDIDE 2.0 model determines the level of treasury bills issued by the government in the debt portfolio model, and the level held by chartered banks in the earning asset and money supply model by applying the secondary reserve ratio to the levels of deposits. The residual between the two is neccessarily held by the Bank of Canada, and hence provides an asset which must be matched by a corresponding liability (C + R).

The Level and Composition of Assets of the Nonfinancial Public

The demands of the nonfinancial public for the range of financial assets, is dealt with in the asset portfolio (Figure 3). The approach undertaken here is a specific application of the Brainard-Tobin model, incorporating dynamically those considerations imposed by the balance sheet identity. The model developed here consists of nine demand equations, one for each of currency (FCURRENCY.PUBLIC), demand deposits at chartered banks (FDEP.DDPUB.CB), other notice deposits at chartered banks (FDEP.OTHPUB.CB), deposits at trust and mortgage loan companies (FDEP.PUB.TM), deposits at other financial intermediaries (FDEP.PUB.OFI), Canada Savings Bonds held by the public (FGD.GVCSEC.PUB), and provincial and municipal bonds held by the public (FGD.P.+MSEC.PUB), savings deposits at chartered banks (FDEP.SAVPUB.CB). Asset substitution in this approach is the primary channel through which both monetary and fiscal policy (deficit financing) effect the economy. The explicit structural approach adopted here was aimed at capturing the nature of asset substitution through the consistent estimation of a multi-asset portfolio demand model.

FIGURE 3


FRATE.FCPAPER.3M
FRATE.CBDEP.3M
FRATE.SBOND10Y
FRATE.TM
FRATE.PROG.BOND
FRATE.CSB
FCURRENCY.PUBLIC
FDEP.DDPUB.CB
FDEP.PUB.OFI
FDEP.PUB.TM
FDEP.SAVPUB.CB
FDEP.OTHPUB.CB
FGD.CSB.PUB
FGD.P+MSEC.PUB
FGD.SVCSEC.PUB
To EARNING ASSETS
To MORTGAGE MODEL
To TERM STRUCTURE
To TERM STRUCTURE
ASSET PORTFOLIO MODEL
GNE$/FFINASSET.PUB
FFINASSET.PUB
PFGNE / FINASSET.PUB

This specific application of the Brainard Tobin model, while incorporating the inter-equation consistency constraints implied by the balance sheet, is adapted to incorporate a stock adjustment model, where the speeds of adjustment are the same for every asset and the consistency constraints hold during the process of adjustment. Consider, for example, a simplified asset-portfolio model, where the demand for each asset is a function of interest rates and wealth. The consistency constraints imposed by the balance sheet imply that, if changes in interest rates induce the nonfinancial public to alter the composition of their portfolios, an increase in the amount of one asset held must be accompanied by a decrease in the amount held of at least one other asset. Practically, this implies that the coefficients on like interest rates must sum to zero. Similar considerations are held for all other variables entering the asset demand equations (prices, income, et cetera) with the exception of net worth. Clearly, the sum of the coefficients on net worth must be unity, implying that as net worth rises the increase in assets held cannot be greater or less than net worth. Furthermore, these constraints must apply not only in equilibrium but through the process of adjustment as well. Sparks (1974) has shown that it is possible to estimate a system of equations, incorporating these constraints, through the application of a variation of Zellner's seemingly unrelated regression technique employing the generalized inverse. This approach was utilized here.

The asset portfolio model allocates total financial assets held by the nonfinancial public in a consistent fashion among those assets constituting the portfolio. Clearly as specification of the portfolio model provides n + 1 equations to solve for n independent variables, one must be excluded. The omission of this equation, however not only allows the solution of the system, but the injection of the excluded asset determined from outside the submodel induces growth in the total portfolio. In CANDIDE 2.0 we determine both Canada Savings Bonds and provincial and municipal securities from the federal and provincial budget restraints. In the Canadian institutional setting deficits incurred by junior governments can be financed solely by bond issue, either domestically or abroad. The total flow of provincial securities, available to be held by the public, is derived as the deficit minus that financed by from the pension surplus. The amount held domestically is derived by stochastically modelling the amount held abroad, and subtracting it from the total flow. The supply of Canada Savings Bonds, determined in the debt portfolio model, is an appropriate asset to exclude as changes in its issue very closely match changes in the amount of this asset held by the public. The injection of both these assets, determined exogenously, to the submodel causes the total portfolio to grow.

Exclusion of these asset demand equations in solution, however, gives rise to a problem referred to as the "asset multiplier", where insertions of assets into the portfolio give rise to a multiple expansion of total assets. An appreciation of why this problem occurs can be gained from consideration of the following simple static-asset portfolio model:

$$A_i = \alpha_i \underset{\sim}{r} + \gamma_i A \qquad (1)$$

where $i = 1...6$

Equation 1 exempliflies a demand equation for asset$_i$ where $\underset{\sim}{r}$ is a vector of interest rates and A is the level of of total assets. Total assets then equals:

$$A = \sum_{i=1}^{6} \alpha_i \underset{\sim}{r} + \sum_{i=1}^{6} \gamma_i A$$

where

$$\sum_{i\ 1}^{6} \alpha_i = 0 \quad \text{and} \quad \sum_{i\ 1}^{6} \gamma_i = 1$$

In solution,

$$A = \sum_{i\ 2}^{6} \alpha_i \underset{\sim}{r} + \sum_{i\ 2}^{6} \gamma A + A_1$$

where A_i is the sum of provincial securities and CSB's simpliying

$$A(1 - \sum_{i=2}^{6} \gamma_i) = \sum_{i=2}^{6} \alpha_i \underset{\sim}{r} + A_1$$

$$A = \frac{\sum_{i=2}^{6} \alpha_i \underset{\sim}{r}}{(1 - \sum_{i=2}^{6} \gamma_i)} + \frac{A_1}{(1 - \sum_{i=2}^{6} \gamma_i)}$$

From this equation, it can easily be seen that an increase in A_1 effects A depending on the parameter $1 - \sum_{i=2}^{6} \gamma_i$.

If the omitted asset constitutes 20% of the total portfolio total assets would increase 5 times. The excluded assets in this case makes up about 50% of the portfolio, implying that the multiplier in this static model would be about two. In actuality only in the long run does the multiplier reach two as a result of the considerable dynamics, (stock adjustment) incorporated in the model. Some cases may be made that these increases are attracted from those assets excluded from the portfolio, such as corporate bonds. However, spurious increases in the asset portfolio that do arise from this source will tend to bias multipliers in an upward direction as this will give rise to spurious increase in personal interest income.

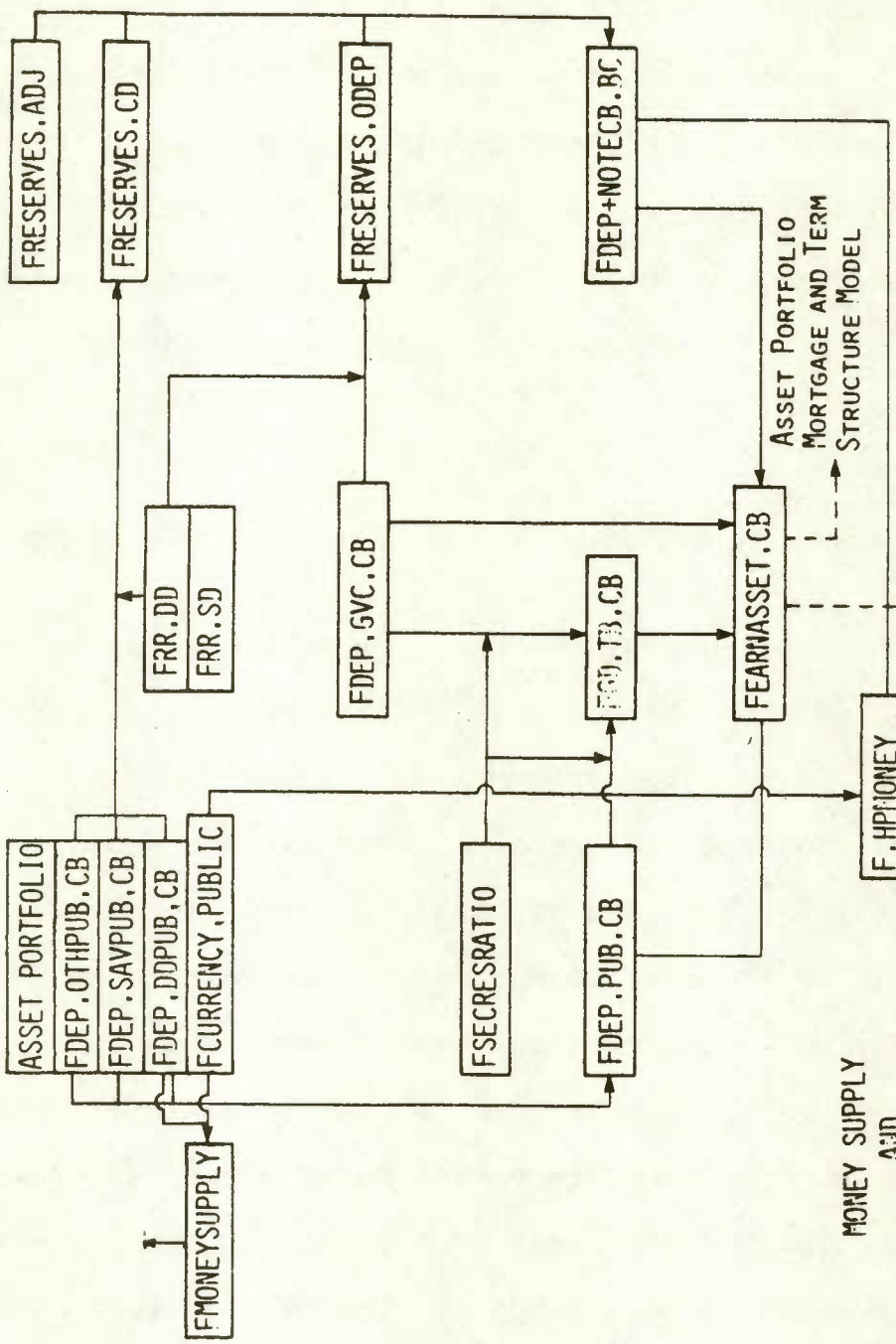
The exclusion of a large asset, combined with the dynamics of the stock adjustment process considerably reduces the size of this multiplier. The ultimate solution to the problem lies in the complete integration of savings and portfolio decisions. If the change in total assets could be derived in a fashion consistent with savings decision, the multiplier would be reduced to zero(crowding out) .

Money Supply and Earning Assets
Of Chartered Banks

The Money Supply and Earning Asset submodel (Figure 4) is aimed at providing information on the asset side of the banking system's balance sheet, without explicitly modelling their asset portfolio decisions. This is achieved by utilizing the balance sheets of the simple 3-sector model proposed above. The levels of chartered bank assets held by the nonfinancial public are simultaneously an asset of the public and a liability of chartered banking systems. The simple T-account identity that assets equal liabilities allows us to treat total liabilities, demand deposits (FDEP.DDPUB.CB), savings deposits (FDEP.SAVPUB.CB) and other term and notice deposits (FDEP.OTHPUB.CB) derived in the asset portfolio model of the public, plus the deposits of government in the chartered banks (FDEP.GVC.CB) as equal to the total assets of the chartered banks.

To derive the assets which the bank has available to invest or loan out we must subtract both primary and secondary reserves which they are required to hold by law from their total assets. This is done by simply applying the primary reserve ratios to demand, savings, other notice and government deposits, to derive the total reserves held by the Bank of Canada (FDEP+NOTECB.BC). The secondary reserve ratio impels the chartered banks to hold a portion of their assets in the form of treasury bills. This is derived by multiplying the total deposits of the chartered banking system (including

FIGURE 4


FRESERVES.ADJ
FRESERVES.CD
FRESERVES.ODEP
FDEP+NOTECB.BC
FRR.DD
FRR.SD
FDEP.SVC.CB
FEARNASSET.CB
ASSET PORTFOLIO
MORTGAGE AND TERM
STRUCTURE MODEL
ASSET PORTFOLIO
FDEP.OTHPUB.CB
FDEP.SAVPUB.CB
FDEP.DDPUB.CB
FCURRENCY.PUBLIC
FSECRESRATIO
FDEP.PUB.CB
F.HPMONEY
FMONEYSUPPLY
MONEY SUPPLY
AND
EARNING ASSETS
TO
TERM STRUCTURE
AND
MORTGAGE
MODELS

government) by the secondary reserve ratio. The calculation of the earning assets of the chartered banks over which the banking system has freedom of choice, can thus be obtained by subtracting from the sum of total public and government deposits, the primary and secondary (reserves).

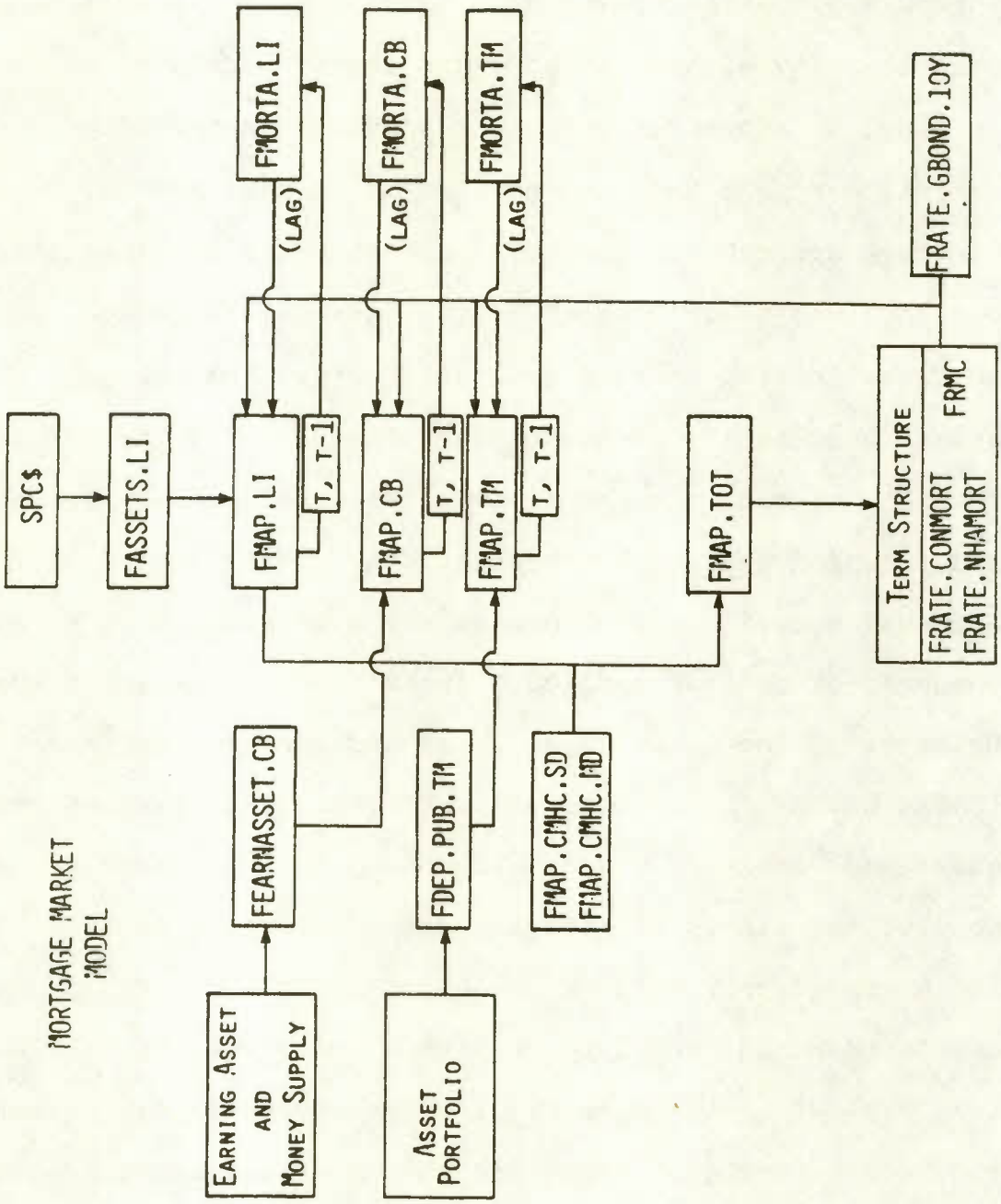
In addition, we can derive the narrow definition of the money supply (M1) as currency plus demand deposits, and the concept of high-powered money as currency plus reserves.

The Level and Composition of Mortgage Assets & Approvals

The structure of the mortgage market model (Figure 5) is predicated upon the proposition that this particular market is effected by noninterest rationing (financial power). This amounts to assuming that demand always exceeds supply, as the criteria for mortgage approval is based on considerations in addition to the cost of capital. This postulated disequilibrium in the mortgage market generates observations on the supply curve but not necessarily on the demand curve. The mortgage market model attempts to explicitly model the supply of mortgages or mortgage approvals, which can then be used as an argument in the reduced form mortgage rate equation and is a determinant of major significance in the residential construction sector.

The majority of mortgages in the Canadian institutional setting are approved by life insurance companies

FIGURE 5


MORTGAGE MARKET MODEL
SPC$
FASSETS.LI
FMAP.LI
T, T-1
FMAP.CB
T, T-1
FMAP.TM
T, T-1
FMAP.TOT
FMORTA.LI
(LAG)
FMORTA.CB
(LAG)
FMORTA.TM
(LAG)
FRATE.GBOND.10Y
TERM STRUCTURE
FRATE.CONMORT
FRATE.NHAMORT
FRMC
FEARNASSET.CB
FDEP.PUB.TM
FMAP.CMHC.SD
FMAP.CMHC.MD
EARNING ASSET AND MONEY SUPPLY
ASSET PORTFOLIO

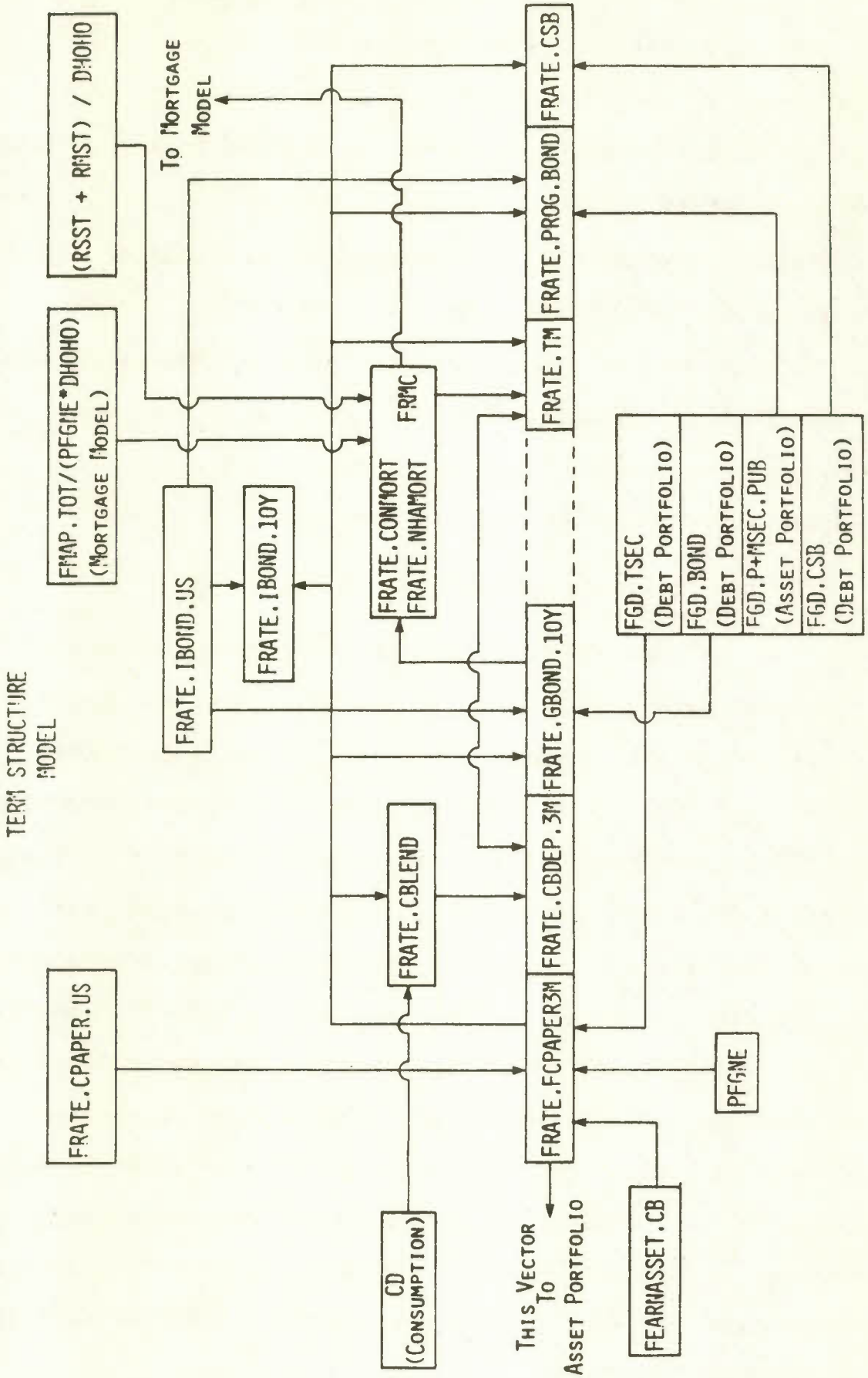
(FMAP.LI), chartered banks (FMAP.CB), and trust and mortgage companies (FMAP.TM). Each of these is determined behaviourally within the mortgage market model, to which is added an exogenous component, mortgage approval of Central Mortgage and Housing (CMHC), to derive total mortgage approvals. Each of these elements is stochastically modeled, and is influenced by the level of funds available to these institutions to be loaned out -- the mortgage assets held in the previous year, the ratio of the mortgage rate to the rate of return on an alternative asset (government bonds), and a lagged dependent variable. The specification of these approval equations incorporates the availability of credit channels of monetary policy. Credit conditions are introduced by entering the deposits at trust and mortgage companies (FDEP.PUB.TM) from the asset portfolio model; earning assets of chartered banks (FEARNASSET.CB) from earning assets and money supply; and assets of life insurance companies (FASSETS.LI) into the mortgage approvals equations of trust and mortgage companies chartered banks, and life insurance companies, respectively. The level of mortgage assets is stochastically determined as a function of mortgage approvals this year and last, reflecting the difference between approval and dispersement and a lagged dependent variable.

The levels of mortgage approvals so derived, influence economic activity through two channels. They become an important argument in the reduced-form equations of both conventional and NHA mortgage rates, which directly influence the user cost of capital calculations of housing starts equation. This cost of capital channel is supplemented in the housing starts equations by introducing direct mortgage approvals. An increase in mortgage approvals influences housing starts directly, and indirectly through the cost of capital.

Term Structure and Interest Rates

The term structure and interest rate submodel (Figure6) is an application of the Modigliani and Sutch preferred habitat theory. This line of analysis argues that individuals have a desired type on maturity structure of their asset portfolio. This desired structure of their portfolio implies a certain inflexibility or imperfect substitution among assets. Such a theoretical framework is symmetric with the analysis implied by Tobin's "General Equilibrium" approach adopted in the asset portfolio model by placing emphasis on the substitution between assets. It indicates that the supply of a particular asset is likely to influence its own rate to a greater extent than that implied by the traditional "expectations theory". Alternatively, these equations may be viewed as supply equations, normalized on interest rates.

FIGURE 6


TERM STRUCTURE MODEL
(RSST + RMST) / DHOHO
To Mortgage Model
FMAP.TOT/(PFGNE*DHOHO)
(Mortgage Model)
FRATE.IBOND.US
FRATE.IBOND.10Y
FRATE.CONMORT
FRATE.NHAMORT
FRMC
FRATE.TM
FRATE.PROG.BOND
FRATE.CSB
FRATE.CPAPER.US
FRATE.CBLEND
FRATE.FCPAPER3M
FRATE.CBDEP.3M
FRATE.GBOND.10Y
FGD.TSEC
(Debt Portfolio)
FGD.BOND
(Debt Portfolio)
FGD.P+MSEC.PUB
(Asset Portfolio)
FGD.CSB
(Debt Portfolio)
CD
(Consumption)
This Vector To Asset Portfolio
FEARNASSET.CB
PFGNE

The term structure model determines the rate on 90-day finance company paper (FRATE.FCPAPER.3M), 90-day deposits at the chartered banks (FRATE.CBDEP.3M), long-term government bonds (FRATE.GBOND.10Y), deposits at trust and mortgage companies (FRATE.TM), provincial bonds (FRATE.PROG.BOND), Canada Savings Bonds (FRATE.CSB), the industrial bond rate (FRATE.IBOND.10Y), the conventional and NHA mortgage rates (FRATE.CONMORT and FRATE.NHAMORT), and the bank lending rate (FRATE.CBLEND). The central short rate is the rate on 90-day finance company paper which is determinedby a behavioural equation which is viewed as the reaction function of the Bank of Canada. This function attempts to capture the central bank's responses to changes in the economic environment. Explicit recognition of the degree of independence of a small country in a world economy, is captured by introducing the U.S. interest rate in the reaction function of the Bank of Canada.

A distributed lag of the GNE price deflator influences positively the level of the short rate. Here, monetary authorities are assumed to react to increases in inflation,and tighten the monetary policy by increasing short rate. This in turn will increase the long rates and depress the economic activity via the traditional cost of capital channel and moderate inflationary pressures in the economy.

The level of outstanding debt issued (FGD.TSEC), determined in the debt portfolio, reflects the realization

by the bank that higher debt financing on the part of the government can only be accomplished at the cost of higher interest rates. The level of earning assets constitutes another channel of monetary policy and reflects the bank's concern with the availability of credit.

The term structure equations enter the short rate in Almon polynomial distributed lag form into all interest rate equations except the bank 3-month deposits, and the mortgage rates.[2] The lending rate of chartered banks is determined as a distributed lag of the short rate and the consumption of consumer durables (CD), the latter being a proxy for loan demand. The rate offered on three-month deposits at chartered banks is a function of what rate they receive on loans, and the degree of competition from trust and mortgage companies reflected by the rate on their deposits. The implicit mark-up on three month deposits is squeezed by increased competition from trust and mortgage companies.

The mortgage rate equation can be viewed as mentioned earlier as reduced form equations. The supply of mortgages is introduced as total mortgage approvals per household (FMAP.TOT/RHOHO). Demand affects the rate through housing stock per household (RSST.RMST/DHOHO). Competition

with government bonds (FRATE.GBOND.10Y) ensures that the short rate affects the mortgage rate indirectly.

The industrial bond rate (FRATE.IBOND.10Y) is another crucial rate, because it is this rate which constitutes the traditional Keynesian cost of capital link between the real and financial side of the model, as it is used in the calculation of user cost. This rate is made simply a distributed lag of finance company paper rate and the U.S. short rate. Here again considerations of capital mobility necessitates the inclusion of the U.S. rate on industrial bonds as an important determinant of the industrial bond rate. The specification of a term structure model of the form envisioned here allows a more accurate portrayal of the twists in the structure of interest rates that may be brought about by monetary and external influences. The effectiveness of monetary and fiscal policy, and the accuracy of the model's response to internal and external monetary shocks, is determined to a great degree by how we capture these shifts in this term structure.

Preferred habitat theories of the term structure of interest rates indicate that the supply of an asset influences its own rate as a result of imperfect substitution. The failure to consider this implication may result in a serious overstatement of a model's multiplier properties.

To capture this "crowding out" effect, the stock of assets were introduced directly into their respective rates. The decomposition of the government debt portfolio allows total financing requirements to be introduced into the short rate, while the level of government bonds and Canada Savings Bonds are introduced in their respective rates. The supply of provincial and municipal securities from the asset portfolio model influence its rate.[3]

The specification illustrated above essentially assumes that the reaction function supplies enough money to accomodate the specific interest rate target. In this case the reaction function or short rate equation is viewed as the money supply function normalized on the interest rate, while the demand for money is determined by the equations for currency and demand deposits in the asset portfolio model. As illustrated in figure 1, this means the monetary authorities have a target r_1 which combined with the money demand function M^D determines the money supply M1.

More recent monetary history has seen the Bank of Canada set its targets, in terms of monetary growth "bands" or "fans". To accommodate this development given the existing structure of the model necessitated some simple modifications. Money supply is exogenized at the policy targets, while the demand equations for currency and demand deposits are combined and solved on the short rate. Given the money supply M1 we solve this interest rate equation (normalized demand) for the interest rate r_1.

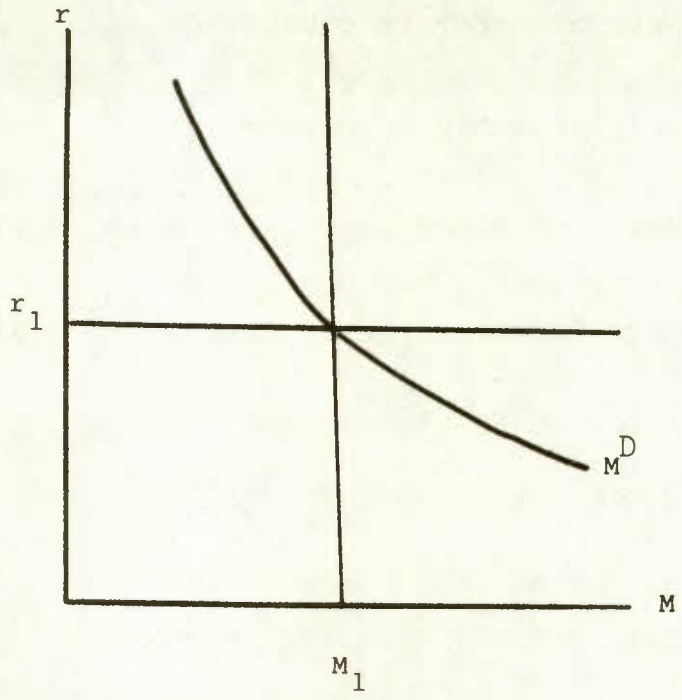


FIGURE 1

Exchange Rate Determination

The exchange rate model developed in CANDIDE Model 2.0 is an adoptation of the monetary approach to the balance of payments. This approach treats exchange rates as the relative price of two monies.

$$S = (M_A^S/M_B^S) * (M_B^D/M_A^D) \qquad (2.1)$$

where S = country A's currency in terms of country B's currency (A$/B$):

M_A^S = the supply of money in country A;

M_B^S = the supply of money in country B;

M_A^D = the demand for money in country A $\left[M_A^D = f(Y_A, P_A, r_A, W_A)\right]$

M_B^D = the demand for money in country B $\left[M_B^D = g(Y_B, P_B, r_B, W_B)\right]$

WA the net wealth of country A and

WB the net wealth of country B.

Equation 2.1 can be written in a general form as:

$$ln(S) = \alpha + \beta(lnM_A^S - lnM_B^S) + \gamma(lnY_A - lnY_B)$$

$$+ \delta(lnr_A - lnr_B) + \xi(lnW_A - lnW_B)$$

$$\beta > 0; \quad \gamma < 0; \quad \delta > 0; \quad \xi < 0$$

However, CANDIDE Model 2.0 develops a somewhat more structural approach, which recognizes the role of capital flows, government intervention (both through direct intervention and indirectly through domestic monetary policy), observed over the historical period, and explicitly introduces a more "rational" concept of price expectations.

The model takes the current account balance from the import and export sectors of the model and stochastically models long-term capital movements. The official settlement balance (below-the-line item) is viewed as the official excess demand for spot exchange, or the supply of reserves.[4]

Subtracting from this the basic balance and the allocation of special drawing rights, the balance on short-term movements is determined residually.

The principal equation in the exchange rate model is the expected exchange rate. This equation makes the expected exchange rate primarily a function of the ratio expected prices domestically, to prices in the United States, and the level of reserves held. In a fixed regime movements in the expected exchange rate depend primarily on the level of reserves, while in a flexible regime the level of reserves is supplemented by the ratio of expected domestic to U.S. prices. The domestic expected inflation is determined as a distributed lag of past monetary growth and the past inflation. This represents a more "rational" approach to the determination of price expectations.

The expected exchange rate is the principal argument in both the spot and forward exchange rate equations. This expected rate may be viewed as the normal or long-run exchange rate, implied by the monetary approach. The spot rate, however, in this specification may deviate; from the long-run rate in a flexible regime for reasons of government intervention, or short-run capital movements. These latter considerations are captured by introducing under a flexible regime short capital movements, as well as the percentage change in the short rate into the equation for the spot exchange rate. The forward rate responds to changes in the expected rate and the interest rate differentials between the U. S. and Canada.

These equations are estimated to exhibit different responses, under either fixed or floating exchange regimes, as indicated above. The official demand for spot exchange equation exhibits this differential behaviour. Under a fixed regime it reacts to the percentage change in prices, and the target exchange rate. As the exchange rate (CAN$/US$) rises above its target, more reserves are supplied. Under a flexible regime the movements in the official excess demand for spot exchange cushion the movements in the spot rate. This implies that the flexible exchange regime indicated, may more accurately be characterized as a managed or dirty float. Under a flexible regime expected exchange rates react to the past rate, relative (US/CAN) prices and the level of reserves. In the fixed regime they react only to the level of reserves. The spot rate reacts to the expected rate under a fixed and flexible regime, and is supplemented by intervention and capital flows under a flexible regime.

For example, consider the fixed regime. An upward movement in the exchange rate (CAN$/US$) induces support of the dollar, or a decrease in foreign exchange reserves. This support affects the expected exchange rate, putting downward pressure on this rate in the following period. The movement in the expected exchange rate induces a corresponding movement in the spot rate. Accompanying this is a reduction in the financing requirements of the federal government, as support of the dollar means spending foreign

dollars and accumulating domestic dollars, which could be used for deficit financing purposes.

Under a flexible regime, the rise in the exhange rate (CAN$/US$) again induces support for the dollar. The expected exchange rate, however, is determined, as mentioned above, by the ratio of expected prices in Canada to prices in the United States and the exchange rate in the previous period, as well as the level of reserves. The spot rate is determined primarily by this expected rate, but an increase in short capital flows induces devaluation. As short capital flows are determined residually, as discussed above, the support induced by the original increase (depreciation), induces a cushioning of the change. In the flexible regime, exchange rate movements in the medium term are determined primairly by movements in the expected exchange rate and the movements in basic balance, and the movements in basic balance.

III LINKAGES BETWEEN THE FINANCIAL SECTOR AND THE REST OF THE SYSTEM IN CANDIDE 2.0

A perpetual and salient concern of the large-scale econometric model builder is the effective and cognate portrait of the fundamental structure and characteristics of the system of equations created. Clearly, as a result of the enormity of CANDIDE (approximately 830 behavioural equations,1531 identities) a detailed exposition of the complete system would be inappropriate as such technical discussions would probably not provide the clear, simple, understanding necessary for those not associated or familiar with model building. We have, therefore, developed a textbook-like caricature of this mammoth model, into which the discussion of the financial model can be set to allow an appreciation of the integration of the real and financial sides of the model. This representation captures the major structural and behavioural relationships, abstracting from the sectoral disaggregations incorporated in the actual model. This caricature is represented as the 52-equation model portrayed below, the exposition of which will indicate where the portrait deviates from reality. In the analysis to follow, the signs of coefficients are indicated above the independent variable.

Equations 1 to 10 determine the components of Gross National Expenditure in constant dollars. The consumption function of our basic model, represented in equation 1 , typifies the basic functional relationship between dependent and independent variables exhibited by the

Simplified Structure of CANDIDE 2.0

(1) $C = C[\overset{+}{Y_d}(L), \overset{-}{\dot{P}c}, \overset{+}{POP}]$ — Consumption Function

(2) $I = I[\overset{+}{\frac{P_I}{r_L}}, \overset{+}{Y(L)}, \overset{+}{K(L)}]$ — Investment Function

(3) $K_t = (1-\delta)K_{t-1} + I_t$ — Capital Stock

(4) $G_{EF} = G_{EF}[\overset{+}{TRF/_P}, \overset{-}{URATE}, \overset{+}{\dot{P}_y}]$ — Government Expenditure, Federal

(5) $G_{EP+O} = G_{EP+O}[\overset{+}{TRP/_P}, URATE, \overset{+}{\dot{P}_y}]$ — Government Expenditure, Provincial

(6) $EXP = EXP[\overset{+}{Y_{RW}}(L), \overset{+}{\frac{P_F}{P_y}}]$ — Exports

(7) $IMP = IMP[\overset{+}{Y(L)}, \overset{-}{\frac{PF}{P_y}}(L), \overset{+}{C}]$ — Imports

(8) $HS = HS[\overset{+}{MAP/_{P_y}}, \overset{+}{POP20+}, r_{MORT}, HSTOCK]$ — Housing Starts

(9) $I_R = I_R[\overset{+}{HS}]$ — Investment Residential

(10) $Y = C + I + G_{EF} + G_{EP} + EXP - IMP + I_R + \overline{INV}$ — GNE Identity

(11) $MH = MH[\overset{+}{Y(L)}, \overset{-}{[\frac{W}{P}(L)]}, \overset{-}{K}, \overset{(+-)}{t}]$ — Manhours

(12) $H = H[\overset{(-)}{\frac{W^*}{P}(1-\tau)}, URATE, \overset{(+-)}{1/_{POP}}]$ — Hours

(13) $L^D = MH/H$ — Labour Demand

(14) $PARTRATE = f[\overset{(+-)}{URATE}, \overset{(+-)}{(\frac{W^*}{P}(1-\tau)}, \overset{-}{CWR}, \overset{-}{ENROL}, \overset{+}{UID}]$ — Participation Rates

(15) $L^S = POP * PARTRATE$ — Labour Supply

(16) $URATE = \frac{L^S - L^D}{L^S}$ — Unemployment Rate

Labour Market

(17) $\dot{W} = \dot{W}[\overset{-}{URATE}, \overset{+}{\dot{P}^e}, \overset{+}{\dot{W}_{US}}, \overset{+}{PROD}]$ — Wage Rate

(18) $\dot{P}^e = \dot{P}^e[\overset{+}{\dot{P}_c}(-1), \overset{+}{\dot{M}(L)}]$ — Inflationary Expectations

(19) $P_y = P_y[\overset{+}{\dot{W}(L)}, \overset{-}{PROD}(L), \overset{+}{P_F}(L), \overset{+}{r_L}]$ — Domestic Industry Price

(20) $P_c = P_c[\overset{+}{P_y}, \overset{+}{P_F}]$ — Consumption Prices

(21) $P_g = P_g[\overset{+}{P_y}, \overset{+}{P_F}]$ — Government Prices

(22) $P_I = P_I[\overset{+}{P_y}, \overset{+}{P_F}]$ — Investment Prices

Wages + Prices

(23) $P_F = P_F^* * REXCAN$

(24) $G_{EF\$} = G_{EF} * P_g$ — Government Expenditure Goods + Services + Wages Federal

(25) $G_{EP+O\$} = G_{EP} * P_g$ — Government Expenditure Goods + Services + Wages Provinc

(26) $G_{TPF\$} = G_{TPF\$}[\overset{+}{UE}, \overset{+}{P_C}, \overset{+}{BENEFITS}, \overset{+}{GTR_F}]$ Transfers Federal

(27) $G_{TPP\$} = G_{TPP}[\overset{+}{UE}, \overset{+}{P_C}, \overset{+}{BENEFITS}, \overset{+}{GTR_F}]$ Transfers Provincial

(28) $G_{INTF} = [\overset{+}{DEBT_F}, \overset{+}{r_L}]$ Interest Payments, Federal

(29) $G_{INTP} = [\overset{+}{DEBT_P}, \overset{+}{r_L}]$ Interest Payments, Provincial

(30) $GTR_F = \tau_{yF}Y + \tau_{cF}\pi + T_{sF}C\$$ Total Revenue, Federal

(31) $GTR_{P+O} = \tau_{yP}Y + \tau_{cP}\pi + T_{sP}C\$$ Total Revenue, Provincial

(32) $GTE_F = G_{EF\$} + G_{TRF\$} + \overline{G_{SUBF\$}} + G_{INTF}$ Total Expenditure, Federal

(33) $GTE_{P+O} = G_{EP+O\$} + G_{TPP+O\$} + \overline{G_{SUBP\$}} + G_{INTP\$}$ Total Expenditure, Provincial

(34) $GDF = GTR_F - GTE_F$ Deficit Federal

(35) $GDP = GTR_P - GTE_P$ Deficit Provincial

(36) $INT_P = INT[\overset{+}{A}, \overset{+}{r}]$ Interest Paid to Persons

(37) $Y\$ = (W*MH) + INT_P + G_{TP} + OTH$ Sources of Personal Income Identity

(38) $Y_d = Y\$ - [GRT_F + GTR_P]$ Personal Disposable Income

(39) $DEP.GVC = f[\overset{+}{G_{GS}} + G_{TP}, \overset{-}{r_S}]$ Demand for Money by the Government

(40) $\dot{DEBT}_F = GDF + BALOFS + \overline{REST} - [DEP.GVC-DEP.6VC(-1)]$ Liabilities Financed by Debt Issued

(41) $DEBT_F = DEBT_F(-1) + \dot{DEBT}_F$ Stock of Debt

(42) $M^D = M^D[\overset{+}{A_{PUB}}, \overset{+}{Y}, \overset{-}{r}, \overset{+}{P_y}]$ Demand for Money by the Public

(43) $r^S = r^S[\overset{+}{DEBT}, \overset{+}{P_y}, \overset{+}{r_{US}}, \overset{-}{CBA}]$ Short Rate, or Reaction Function

(44) $r_L = r_L[\overset{+}{r_S}(L), \overset{+}{r_{USL}}, \overset{+}{DEBT}]$ Long Rate on Industrial Bonds

(45) $r_{MORT} = r_{MORT}[\frac{\overset{-}{MAP}}{P_y}, \overset{+}{HST\emptyset CK}, \overset{+}{r_S}]$ Mortgage Rate

(46) $MAP = MAP[\overset{(-)}{MAP}(-1), \overset{+}{r_L}, \overset{(+)}{ASSETS}, \overset{(-)}{MORTA}]$ Mortgage Approvals

(47) $CAPF_L = CAPF_L[\overset{+}{r_L}, \overset{-}{r_{US}}, \overset{-}{I_{RW}}]$ Long Term Capital Flow

(48) $BALOFS = BALOFS[(\overset{+}{REXCAN}-\tau), \overset{-}{\dot{P}_y}, \overset{-}{REXCAN}]$ Official Excess Demand for Spot Exchange

(49) $REXCANEXP = REXCANEXP[\overset{+}{\dot{P}^e/P_{US}}(L), \overset{+}{REXCAN}(-1) \overset{+}{BALOFS}]$ Expected Exchange Rate

(50) $REXCAN = f[\overset{+}{REXCANEXP}, \overset{+}{CAPF_S}, \overset{-}{\dot{r}_S}]$ Exchange Rate

(51) $CABAL = (EXP*P_F)-(IMP*P_F)$ Current Account Balance

(52) $CAPF_S = BALOFS - CABAL - CAPF_L$ Short Term Capital Flows

numerous consumption functions endogenous within the model. In actuality within CANDIDE, the savings functions are initially determined from which total consumption is residually determined. This total consumption is broken into about 40 consumption categories utilizing these consumption functions. Yet as the functional relations indicate, consumption can be characterized as determined by movements in permanent income (distributed lag of disposable income Yd), prices of consumption goods (P_C), and demographic changes (POP).

The investment function is the traditional Jorgenson user-cost-of-capital approach derived from the first order conditions of the simple Cobb-Douglas production function. In CANDIDE, investment is disaggregated by 44 industrial sectors and by machinery and equipment, and structures, giving 88 investment equations. A user cost formula was calculated endogenously, incorporating the industrial bond yield, the industry-specific price of the investment, effective tax rates, depreciation rates, tax credits, and capital cost allowances. This calculation constitutes the rental price of capital which is supplemented by a lagged distribution of industry-specific output and capital stock in the behavioural relation. The essential nature of these relationships is captured in our simplified model, where investment is a function of prices (P_I), the long interest

rate (r_L), a distributed lag of output Y(L), and capital stock K(L). The interest rate in this specification, of course, represents traditional keynesian cost of capital channel of monetary policy.

Capital stock is created within CANDIDE at the 44-sector level and disaggregated into machinery and equipment and structures to correspond to investment. This is done by cumulating investment while depreciating the existing capital stock at its respective industry-specific depreciation rate (δ). This is captured for our simple model in equation 3 , where K_{t-1} is the lagged capital stock and I_t is investment in this period.

Constant dollar government expenditure components of the GNE identity are disaggregated within CANDIDE into hospital, Canada and Quebec Pension Plan, administration costs, Federal defence, Federal non-defence, Provincial and municipal expenditures. Within these categories they are further disaggregated into expenditure on goods and services, wages and salaries, and capital consumption allowance. These expenditure equations can be viewed to some extent as government reaction functions, depending on the levels of real revenue, the unemployment rate, and the rate of price change. For the purposes of our simplified model, equation 4 federal expenditure, and equation 5 provincial plus other expenditures, are separated to allow consideration of the differential impacts of the deficits of different levels

of government. The simplification to two equations preserves the nature of the more complicated structure underlying it.

The foreign trade sectors within the CANDIDE 2.0 model consist of the import and export blocks. The many equations within these blocks are collapsed to behavioural relationships in our simplified model (equations (6) and (7)), yet these remain the essence of the actual relationships. Exports are behaviourally determined as a function of a distributed lag of foreign activity ($Y_F(L)$) and the relative foreign versus domestic prices (P_{F/p_y}), and a cyclical variable the unemployment rate.

Residential construction within CANDIDE is determined by modelling single and multiple housing starts and completions, deriving the stock of dwelling units, and then utilizing the information on multiple and single starts to determine housing expenditures, on single, multiple and others, respectively. Our simplified model captures the essence of this system in equations 8 and 9 . The housing starts equations contain mortgage approvals reflecting the credit availability channel, as well as the mortgage rate which reflects the cost of capital. These two important channels are supplemented by demographic considerations and housing stock, which then becomes the primary argument in residential construction expenditure.

Inventories in our simplified model are exogenous. The inventories block within CANDIDE, however, has inventory

change equations for manufacturing durables, non-durables, forestry, mining, wholesale and retail trade, and other industries, which, when combined with the lagged stocks, determine the level of inventories. These inventories are re-classified into two categories: raw materials and finished goods, using a fixed weighting scheme. Our simplified model ignores the structure of the underlying model as this sector is notoriously hard to model, and because its relevance for monetary simulations is limited.

Equation 10 is the GNE identity. The CANDIDE model converts the vector of GNE components into constant dollar output (value added) classified by 44 industrial sectors. This "output conversion" is achieved by utilizing the 1971 input-output relations accounting for the changes in fixed input-output by the simple, well known, autoregressive adjustment technique. The other sectoral models for investment, man-hours, hours employed, wages, and sector prices, were constructed around this sectoral disaggregation level. Our simplified model ignores this sectoral disaggregation and treats these blocks of equations as if they were collapsed into one. In actuality, this simplification distorts only the differential temporal responses, characteristic of a more disaggregated model. As there are great similarities in the specification of equations within these blocks, the single equations representing each of the above-mentioned sectors does not distort the aggregate functional relationships unduly.

The man-hours equations represented by equation 11 are either inverted Cobb-Douglas production functions or first order conditions of CES production functions. They are functions of a lagged distribution of output (Y(L)), a distributed lag of real wage rate $[\frac{W}{p} * (1-\tau)]$, capital stock (K), and a time trend to obtain the technical progress parameter. The hours equations are mainly a function of real after-tax wages, the unemployment rate, and the inverse of population. The inverse of population is meant to capture the trends in the data. Adjustments of desired labour demand to actual are partially accommodated by adjustments in hours worked. Deviation from trends is influenced by labour market tightness (URATE) and the after-tax real wage tax $[\frac{W}{p} * (1-\tau)]$. Combining the results of these two equations, dividing man-hours by hours, gives us labour demand.

Labour supply is modeled in the demographic sector. The CANDIDE 2.0 model incorporates the endogenous determination of population segmented by age (5-year cohorts) and sex. Various aggregations of these cohorts provide the source populations for obtaining both labour force and births by specific age groups. Births are endogenously determined as the product of the female source population and the associated birth rates, the latter of which is also modeled endogenously. Labour supply is determined as the sum of the product of seven different endogenously determined participation rates and their corresponding source populations.

The simple model portrayed above preserves the basic functional relationships of CANDIDE, where the participation rates are determined by the unemployment rates (URATE), after-tax real wage $[\frac{W}{P} * (1-\tau)]$, child:women ratios (CWR), enrolment rates (ENROL), and unemployment insurance dummies (UID), illustrated in equation (14). Once labour supply and demands are ascertained, we can simply derive the unemployment rate as an identity as shown in equation (16).

Wage rates are determined within the CANDIDE 2.0 model, on an industry-specific basis, to correspond to the level of sectoral disaggregation on the production side of the accounts. These equations exemplified by equation 17 , are simple inflation augmented Philips curves, where the percentage change in wages is made a function of labour market tightness -- the unemployment rate of males aged 25 to 54 -- supplemented by a variable intended to capture expectations of price inflation. The price expectations variable in equation (18) implies that expectations are functionally determined by the past year's rate of inflation and the percentage change in the money supply over the past two years. This innovation allows expectations to be formed by a more "rational" process than does the traditional approach of introducing a distributed lag of past inflation into each wage equation. Several equations contain the rate of change in productivity (PROD) or the U.S. wage rate ($W_{U.S.}$) where they are deemed appropriate, but for the majority of the equations, the simple augmented Phillips curves were maintained as they yielded

superior model performance. Price expectations, which generally enter the wage equations with a coefficient close to one represent a major channel through which the financial model affects the real side of the model. Increases in the money supply stimulate a growth in expectations with a one-year lag which directly affects wage determination within the model. Price expectations is as well an important explanatory variable of the exchange rate model discussed above. An increase in the money supply operating through price expectations should cause a depreciation of the Canadian dollar.

The wage rates determined in this fashion are then used to do a primary input into the "price conversion process". This process consists of four parts: the determination of value added prices; the conversion of these utilizing the basic input-output relationships from industry prices to commodity prices; conversion by means of a bridge matrix from output by input-output commodity classification to GNE commodity classification; and finally adjusting these "pseudo prices" for constant coefficients in the conversion matrix.

The first step in this process is represented by equation 19 . Each sectoral value added price is determined as a function of wage rates and productivity, ocassionally supplemented by imported prices and user cost (here represented by the long interest rate). Money supply increases

affect value added prices through the price expectations channel (wages), and the depressing effect of a fall in interest on user cost.

While the simple equation 19 captures the essence of a process actually determined at a sectoral level, the next three equations meant to portray "price conversion" are again a considerable abstraction for the real process underlying it. It is easier to think of the final demand prices as a weighted average of value added prices and import prices, where the weights are the import content of that particular commodity. The commodity prices for government and investment prices are derived in a similar fashion in price conversion. The foreign price in Canadian dollars is obtained by multiplying by the endogenously determined exchange rate (equation 23).

Current dollar government expenditure by level of government on goods and services, and wages, may now be derived as the simple product of the constant dollar expenditure and its corresponding price P_g (equations 24 and 25). Total current dollar expenditure by level of government is obtained by adding to this expenditure on transfers, subsidies and interest payments. Transfers constitute a major portion of the CANDIDE 2.0 government expenditure sub-model. Transfers to persons by government can be categorized in the aggregate into Canada and Quebec Pension Plan benefits, Federal, Provincial and Local transfers.

Within CANDIDE 2.0, each of these is subdivided further and stochastically determined at the specific program level, consisting of some 20 equations. Federal transfers, for example, are determined at the sum of family and youth allowances, pensions of World War 1 and 2, war veterans' allowances, unemployment insurance benefits, government pensions, old age security payments, other transfers, and terminated items. The two equations 26 and 27 thus constitute rather heroic simplification of the actual model. These simple equations, however, represent some of the major factors influencing transfers. At both levels, transfers are indexed where these indexing factors (P_c) were applied to the various benefit rates to maintain their real value. Total revenues of the various levels of government constrains their ability to spend, and the level of unemployment influences through unemployment insurance payments the level of Federal transfers.

Interest paid by governments (equations 28 and 29), is a function of the stock of debt ($DEBT_F$, $DEBT_p$) and the levels of the various interest rates (r_L). This component of government expenditure becomes a crucial consideration to the consistent modeling of the ramifications of government financing decisions. This link between the real and financial model ensures that an increase in debt financing increases government expenditure associated with interest payments of that debt throughout the future. This combined

with subsidies, which are here treated exogenously ($G_{SUBF\$}$ and $G_{SUBP\$}$), and the above-mentioned components of current dollar expenditure are summed in equations 32 and 33 to derive total expenditure by level of government.

Equations (30) and (31) are again rather drastic simplifications of the actual model underlying in CANDIDE 2.0. In our simple model, total revenue is determined by the multiplying income, by the respective Federal and Provincial tax rates (π_{YF}, π_{YP}) to obtain income tax revenues, adding corporate taxes derived by multiplying corporate tax rates (π_{CP}, π_{CP}), times profits (π), and then adding sales and manufactures taxes. In actuality, CANDIDE 2.0 determines revenues in a much more sophisticated fashion than indicated here. Income taxes are determined in the "tax calculator" by deriving the distribution of assessed income of tax filers and taxing them at the rates indicated by their income bracket, after allowing for deductions and exemptions. Corporation taxes at the Federal and Provincial levels are explained in a manner similar to that indicated above in the simplified equation, as a function of taxable income and corporate tax rates, applied to the appropriate consumption aggregates. This brief outline by no means gives justice to the multi-equation government revenue model which determines revenues at the Federal, Provincial and local levels, income taxes, corporation taxes, indirect sales and

manufactures taxes, royalties, gasoline taxes, liquor board profits, and a plethora of other indirect taxes. However, this simple model does give an indication of structural relationships within the model. Combining this revenue information with expenditure information, we can now derive the deficits by level of government (equations 34 and 35).

The sources of personal income identity (equation 37), is another way of looking at GNP from the income side. It is viewed as the sum of wage bill (W*MH), interest payments to persons (INT_p), and transfers to persons ($G_{TPF\$} + G_{TPP\$}$). Within the CANDIDE model, however, a few other components are added, such as farm income, unincorporated business income, transfers from corporations and from abroad as capital assistance and dividends which are treated exogenously here (OTH). Wage bill is simply the product of wage rates and man-hours, and transfers are divided as described above. Interest paid to persons, however, is another channel through which the financial sector affects the real side of the model. Interest paid to persons (equation (36)), is a function of the vector of endogenously determined interest rates, and the stocks of assets held by the non-financial public. Disposable income can then be derived as total income minus taxes, as illustrated in equation 38 .

Equations 39 to 52 attempt to provide a more simplified overview of the financial and exchange rate models of CANDIDE 2.0. The extensive exposition of the underlying

model undertaken in the previous section makes unnecessary further elucidations. While considerable liberty has been taken in the simplified depiction, effort has to be made to maintain the essential structural relationships inherent in the analysis of the previous section.

The debt portfolio model is illustrated in equations 39 , 40 and 41 . The change in the demand for government deposits (DEP.GVC) derived from equation 39 , subtracted from total financing requirements, Federal government deficit, minus advances to the foreign exchange fund, plus other exogenous components mentioned above (REST), determines change in debt outstanding (equation 40). Combined with last year's stock, this determines the outstanding stock, which directly influences interest rates, government interest payments, and interest paid to persons. Equation 43 describes the money demand equation which in this caricature symbolizes the asset portfolio model. Equations 43 , 44 and 45 are the three important interest rates of the term structure model. The short rate (r_s) is viewed as the reaction function of the Bank of Canada, while the long rate (r_L) is determined as a function of the short rate and the U.S. rate, the traditional keynesian cost-of-capital channel. The mortgage approvals (equation (46)), represents the mortgage market model. Approvals influence housing starts (equation 8), and the mortgage rate (equation 45).

The final five equations portray the balance of payments/exchange rate model discussed in the previous section.

IV WORKING OF MONETARY POLICY IN CANDIDE 2.0 UNDER BOTH FIXED AND FLEXIBLE EXCHANGE RATES

Preceding the discussion of the impacts of foreign prices and interest rates on the Canadian Economy, it seems appropriate initially to draw together the structure discussed in previous sections, and provide an analysis of the workings of monetary policy in CANDIDE 2.0 under both fixed and flexible exchange rate regimes. It is often maintained that under flexible exchange rates a country can pursue its monetary policy independently of monetary policies taken by other countries and also that under flexible exchange rates economic disturbances originating from other countries are absorbed by changes in exchange rates, so as not to have disturbing effects on national economies.[5] In contrast, under fixed exchange rates, the rate of variations in the money supply in each country are no longer an effective policy (variable) as attempts to adjust domestic money supplies are partly offset by deficits in the balance of payments.[6] In this section, we will study the impact of monetary policy in CANDIDE 2.0 on real income, the unemployment rate, price expectations, inflation, the exchange rate, the budgetary position for all levels of government and government debt levels, in the short, medium

and long-runs, under both fixed and flexible exchange rate regimes. A brief discussion of key channels of monetary policy embodied in the structure of CANDIDE 2.0 would enable the reader to appreciate the following analysis of money supply shock for both the fixed and flexible exchange rates.

The standard Keynesian or cost of capital channel indicates then an increase in the money supply will lower the short rate. This induces a fall in the long rates of lesser magnitude (due to the influence of foreign long rates) maintaining term structure relationships. This fall in long rates will reduce the cost of capital (user cost) resulting in an increase in business investment and GNE.

$$M_S \uparrow \rightarrow r_S \downarrow \rightarrow r_L \downarrow \rightarrow I \uparrow \rightarrow Y \uparrow$$

The cost of credit channel operates on housing market as well. The fall in mortgage rates (through term structure relationships) will increase the housing starts and thus causing growth in residential investment and GNE.

$$r_S \downarrow \rightarrow r_{MORT} \downarrow \rightarrow HS \uparrow \rightarrow I_R \uparrow \rightarrow GNE \uparrow$$

An increase in money supply will also increase mortgage availability through an increase in the earning assets of chartered banks, and other financial institutions. This in turn will further stimulate the housing starts and produce growth in residential investment and GNE.

$$M_S \uparrow \rightarrow MAP \uparrow \rightarrow HS \uparrow \rightarrow I_R \uparrow \rightarrow GNE \uparrow$$

Thus in the short run, an increase in the money supply operating through the cost of capital and credit availability channels will increase investment and generate the standard multiplier consequences on the components of final demand (consumption, imports and government expenditure).

This increase growth in GNE coupled with the fall in all interest rates will exert downward pressure on all prices initially. An investment led growth will stimulate labour productivity as a result of short run returns to labour and as well as substitution of capital for labour. The value added price equations are negatively related to productivity, and such an increase in productivity will depress prices. Additionally, the fall in interest will induce a fall in the cost of capital, further dampening prices.

$$Y \uparrow \rightarrow PROD \uparrow \rightarrow P_{RDP} \downarrow \rightarrow PGNE \downarrow \rightarrow CPI \downarrow$$

$$\underset{\sim}{r} \downarrow \rightarrow P_{RDP} \downarrow \rightarrow PGNE \downarrow \rightarrow CPI \downarrow$$

The full impact of money supply increase on price expectations will build up over two years. These price expectations cause wages to rise, increasing personal income, and stimulating growth in GNE. The resultant

higher growth in wages, with a lag, drives sector prices up through increases in unit labour cost. This in turn will push up all the final demand prices, reducing real income in the economy and exerting downward pressure on the growth of GNE. Increases in GNE prices will also increase interest rates and depress investment in the second and subsequent rounds.

$$M_S \uparrow \rightarrow p^E \uparrow \rightarrow W \uparrow \rightarrow Y_d \uparrow \rightarrow \text{GNE} \uparrow$$

$$W \uparrow \rightarrow P_{RDP} \uparrow \rightarrow \text{CPI} \uparrow \rightarrow Y_D \downarrow \rightarrow \text{GNE} \downarrow$$

$$P_{RDP} \uparrow \rightarrow P_{GNE} \uparrow \rightarrow r_s \uparrow \rightarrow r_L \uparrow \rightarrow I \downarrow \rightarrow \text{GNE} \downarrow$$

Expectations of higher inflation, induced by increases in the monetary growth, cause the exchange rate to depreciate (as predicted by the monetary approach to flexible exchange rates), which in turn results in higher foreign prices. This increase in import and export prices will put upward pressure on all domestic prices.

$$p^E \uparrow \rightarrow \text{REXCAN} \uparrow \rightarrow P_m, P_e \uparrow \rightarrow \text{PGNE} \uparrow \rightarrow \text{CPI} \uparrow \rightarrow Y_D \downarrow \rightarrow \text{GNE} \downarrow$$

The depreciation of the dollar will stimulate exports and discourage imports. However, the higher level of activity (induced by investment) will increase imports and thus the net effect on imports and current account balance on goods is ambiguous, and depends upon the relevant elasticities.

$$REXCAN \uparrow \rightarrow EXP \uparrow \rightarrow GNE \uparrow$$

$$REXCAN \uparrow \rightarrow IMP \downarrow \rightarrow GNE \uparrow$$

$$GNE \uparrow \rightarrow IMP \uparrow$$

The dynamics of wage-price mechanism determine the movements in the real wage. The impact of monetary growth on the unemployment rate may be considerably mitigated by growth in the labour supply induced by a higher real wage. The initial increase in real wage might draw additional participants into the job market (particularly secondary labour force), resulting in no improvement in unemployment rate. This in turn will weaken the wage-price dynamics (absence of Phillips Curve effect).

$$M_S \uparrow \rightarrow r \downarrow \rightarrow I \uparrow \rightarrow GNE \uparrow \rightarrow L^D \uparrow$$

$$P^E \uparrow \rightarrow W \uparrow \rightarrow \frac{W}{CPI} \uparrow \rightarrow L_S \uparrow \rightarrow URATE?$$

The fall in interest rates should also lead to a fall in capital inflows.

$$\underset{\sim}{r} \downarrow \rightarrow L.\ CAPf \downarrow$$

In summary, an increase in money supply will depress interest rates and increase economic activity in the short run. Initially there may even be downward pressure on

prices as a result of the effect of increased productivity and decreased interest rates on sector prices. However, through price expectations wages and prices increase in the medium run. An increase in price expectations will depreciate the dollar, resulting in further upward pressure on domestic wages and prices. These increases in prices will put upward pressure on interest rates, which in turn will depress investment. The initial reduction in interest rates will help all levels of governments reduce their debt burden. To the extent wages and prices move similarly in the system will determine the extent of neutrality of the monetary shock.

For studying the impact of monetary policy under both the fixed and flexible exchange rates, we have increased the money supply 1% above the control solution (sustained increase) in the two experiments. However, the design of the experiment differs in the two cases. In the flexible exchange rate case, the two components of money supply are exogenized, however, the exchange rate is endogenously reacts to inflation, capital inflows, and interest rates.

In the fixed exchange rate case exchange rate is exogenized and money supply is endogenous. In the flexible exchange rate case, exchange market pressure will be reflected in exchange rate and the pressure on official settlement balance will be negligible. In contrast, in the fixed exchange rate case, exchange market pressure will be

borne entirely by the official settlement balance. A detailed description of the experiments is given in the Appendix.

SIMULATION RESULTS -- FLEXIBLE RATES

Simulation results for selected indicators, of the flexible exchange rate senario are given in Table 2.0. The results are self-explanatory, in view of the above discussion on expected key responses of money supply increase in CANDIDE 2.0, under flexible exchange rate regime. However, we will discuss the responses of certain key variables in the system.

The following are some of the important findings:

a) As expected, in response to reductions in the user cost of capital (via interest rates) business fixed investment has increased. Gross fixed capital formation has increased 0.19% above control solution in the initial year (1978) and this increase has built up to 1.43% for 1983. By the end of the simulation period, this growth had declined slightly to 1.27%. The elasticity of capital formation to the industrial bond yield has increased from 0.15 in 1978 to 0.5 in 1983 and then starts declining.

b) Both due to reductions in the cost of credit (reductions in the mortgage rate) and as well as increase in the availability of credit (through increases in the mortgage approvals) total housing starts have increased by

about 3000 units. The elasticity of housing starts with respect to both the mortgage rate and the credit availability seems to be small. It increased from 0.3 in 1978 to 0.5 in 1981.

c) Due to both short-run returns to labour and the substitution of capital for labour, labour productivity has increased compared to the control solution. Productivity growth has increased from 0.06% in 1978 to 0.65% in 1985.

d) Price expectations have increased by 0.3% per annum, over the simulations period, starting 1979.

e) As expected, the Canadian dollar has depreciated by about 1% compared to the control solution. This in turn has increased both import and export prices by 1% above the control values.

f) The increase in nominal wage rate has built up over time -- by the end of the simulation period, the nominal wage rate is 2% above its control value.

g) As expected, the impact on the official settlement balance is very small. otherwise, monetary authorities could not have controlled money supply effectively -- money supply is almost 8% above the control solution by the end of the period.

h) Due to reductions in all the interest rates, the interest payments of all levels of governments have declined. By the end of the period, interest payments are reduced by almost 7%. This in turn has helped governments

to reduce their debt levels -- total federal government debt level has been reduced by 6.6 billion dollars (5.20%) by the year 1985.

i) Due to the productivity and the interest rate effects, the GNE deflator and CPI have increased only mildly -- in the initial year they have increased by only 0.30%. However by the end of the simulation period, GNE deflator and CPI are above the control values by 0.80% and 0.70% respectively.

j) As a result of the weak response of prices to wages, there is no upward pressure on interest rates over time. If the prices were more responsive to wages in the system, the initial decline in the interest would have been somewhat offset by later increases in the interest rates in the system. Due to these factors, the short rate has only increased by 20 basis points by the end of the simulation period -- in 1978 short rate is 100 base points below the control compared to 83 base points in 1985.

k) The real wage rate is above the control in all almost all years (with the exception of 1978). By the end of simulation period, the real wage has increased by 1.3%.

l) Due to increases in the real wage, labour supply has increased by almost the same amount as the increase in employment, resulting in virtually no change in the unemployment rate. In the absence of real wage gain, unemployment rate would have declined by 0.2% per annum.

In the subsequent rounds, this reduction in unemployment in turn would have put upward pressure on wages and prices in the system.

m) As expected, real exports have increased by 0.16% by the end of simulation period, which implies an export elasticity of 0.2 with respect to exchange rate depreciation.

In the case of imports, price effect has dominated the income effect, resulting in the reduction of real imports to Canada - results imply that the import elasticity of price is much higher than export elasticity. The net result of this is to improve the current account balance.

n) As expected, in response to reduction in the domestic interest rates, the long term capital inflows are reduced. However, the effect of the investment boom has dominated the interest rate effects in the case of direct foreign investment in Canada resulting in a net inflow of direct investment.

In summary, due to the slow response of prices to wages, and also partly due to large import content of final demand items, there is not enough downward pressure on real variables over time through interest rates and reduction of the purchasing power. If we extend the simulation period for another 10 to 15 years, we might get results close to neutrality -- an increase in money supply does not effect the real variables in the long run.

FIXED EXCHANGE RATE CASE

In this experiment, we have exogenized the spot exchange rate equation and kept their values at the control levels. Furthermore, the value of TDUMFIX (dummy for fixed exchange rate regime). This will activate the official settlement balance equations.

The two components of money supply are increased 1% above the control solution (sustained increase). Unlike in the flexible exchange rate case, here we have not exogenized the two components of money supply. Instead, these two components are adjusted upward by 1% (sustained increase). Using the control value, level adjustments are worked out. In the second and subsequent rounds, money demand does react to changes in income, assets of public, interest rates and balance of payments. The short rate has been adjusted downward to reflect the increase in money supply growth.

The simulation results for selected economic indicators for the fixed exchange rate case are recorded in Table 1. The following are some of the important findings:

a) As expected, the attempts to increase domestic money supply are mostly offset by a deficit in the balance of payments. By the end of the period money supply has increased only 2.5% compared to 8% in the flexible exchange rate case.

b) As hypothesized earlier, balance of payments (TBK.BALOFS$) deficit has increased considerably. This in turn has reduced the domestic component of federal debt by almost 20 billion dollars by the year 1985. This coupled with lower interest rates have reduced the government interest payments by almost 16% by the end of the period.

c) Due to huge reductions in the stock of government debt, there is virtually no upward pressure on interest rates over time. The short rate is 110 base points below control both at the beginning and at the end of the simulation period.

d) Both due to reductions in interest rates and government debt levels, personal interest income has fallen in the shock solution, by 1.34% by the end of the simulation period. This in turn has reduced the real consumption by 0.6% in 1985.

e) Most of the interest rate effects on investment are offset by reductions in the economic activity caused by reductions in the real consumption -- investment has only increased by 0.2% in 1985, compared to 1.3% for the flexible exchange rate case.

f) The reduction of government debt has reduced the financial assets of public by 5.5% in 1985. This in turn has reduced the mortgage availability through reduction in the assets of financial institutions.

The credit availability has dominated the interest rate effects in the housing market as housing starts have declined by 2.5% by 1985.

g) Even though GNE has declined only by 0.4% by 1985 total employment in the economy has declined by 20 thousand. This decline could be attributed to changes in the composition of final demand items, shifting output from low to high productivity sectors.

h) Since the real wage in the systems has almost remained constant, there is virtually no change in labour supply. This coupled with a decrease in labour demand, has increased the unemployment rate on average by 15 basis points. This in turn through Phillips Curve has put a downward pressure on nominal wages -- nominal wage rate has declined by 0.4% in 1985. Both the GNE deflator and CPI have also declined by 0.5%, in 1985. This similarity of movements in wages and prices is mainly arrived by the lowering of capital costs through reduction in interest rates.

i) As in the flexible exchange rate case, reductions in domestic interest rates have reduced the long term capital inflows.

COMPARISON OF RESULTS

Here, we will compare the impact of monetary growth on some key real and monetary variables in the system, under both the fixed and flexible exchange rates.

For the purpose of comparison, we have presented the results in graphical form. All the monetary and real variables are plotted in Charts 1 and 2, respectively.[7]

MONEY SUPPLY

See from Chart 1, in the flexible exchange rate case, money supply is above the control value (0.94%) and this discrepancy has increased over time by 1% per annum -- by the end of the simulation period money supply has almost increased by 8%.

As opposed to this, in the fixed exchange rate case, money supply has only increased by 2.5% by 1985. As expected, most of the increase in money supply is offset by huge increases in the balance of payments deficit (see TBK.BALOFS$) in Tables 1 and 2).

PRICES

In the flexible exchange rate case, GNE deflator are has increased by 0.8% by the end of simulation period. This

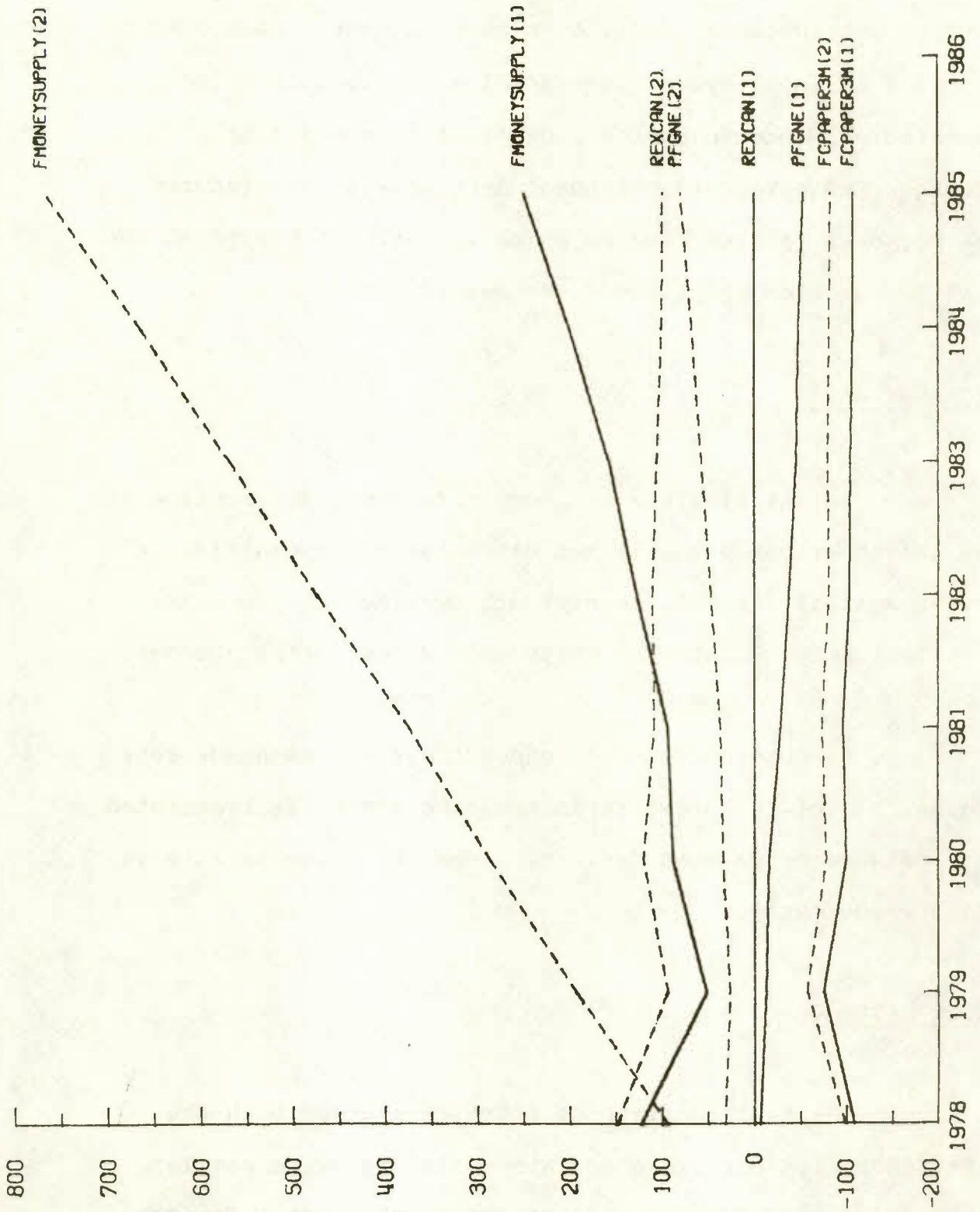

FIXED(1) VS FLEXIBLE(2) EXCHANGE RATES
FMONEYSUPPLY(2)
FMONEYSUPPLY(1)
REXCAN(2).
PFGNE(2).
REXCAN(1)
PFGNE(1)
FCPAPER3M(2)
FCPAPER3M(1)
800
700
600
500
400
300
200
100
0
-100
-200
1978
1979
1980
1981
1982
1983
1984
1985
1986

CHART 1

is consistent with increase in the growth of money supply. In sharp contrast, GNE deflator has declined by 0.54 per cent in 1985, under the fixed exchange rate regime. This is partly contributed by decline in nominal wages, caused by an increase in unemployment rate and lower growth in price expectations induced by the reductions in money supply growth. Reduction of government debt levels have reduced the personal interest income which in turn has depressed the real consumption and lowered the demand for labour.

EXCHANGE RATE

In the flexible exchange rate case, an increase in the growth of money supply has depreciated the Canadian dollar against its U.S. counterpart by almost 1 per cent. This in turn has pushed up wages and prices in the economy.

As opposed to this, under the fixed exchange rate regime, all of the pressure in exchange market is translated into balance of payment deficit, since the exchange rate is fixed exogenously.

SHORT RATES

The final pattern of short rate under both the fiexed and flexible exchange rate worlds is quite similar. The reduction of government debt levels have put a downward

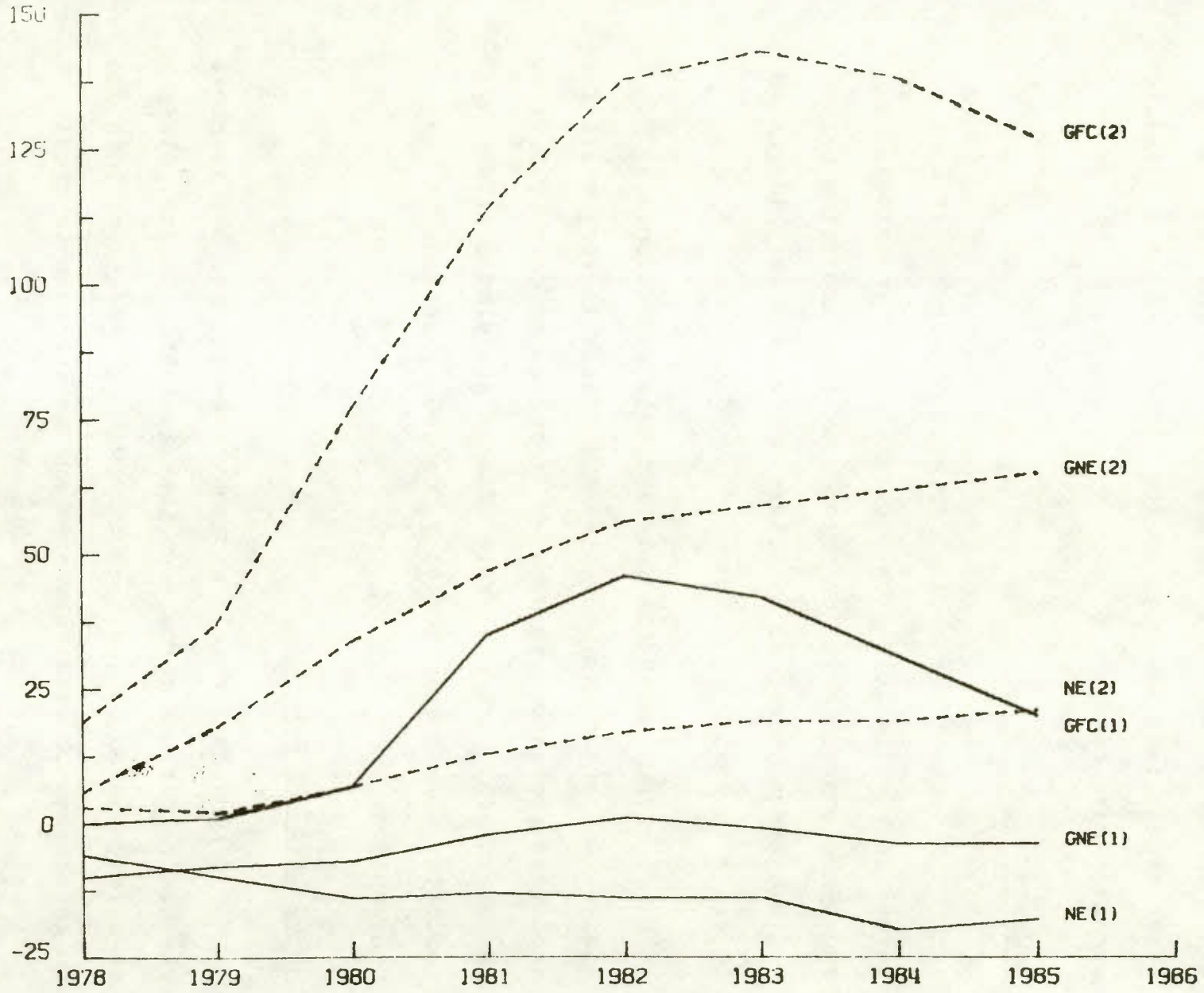

FIXED(1) VS FLEXIBLE(2) EXCHANGE RATES
150
125
100
75
50
25
0
-25
1978
1979
1980
1981
1982
1983
1984
1985
1986
GFC(2)
GNE(2)
NE(2)
GFC(1)
GNE(1)
NE(1)

CHART 11

pressure on interest rates in the two cases. However, this pressure is very large in the case of fixed exchange rate, since the reduction of government debt in this case is at least three times as large as the reduction in the flexible exchange rate case.

INVESTMENT

Gross fixed capital formation increase is much larger in the flexible exchange rate case. Investment is above the control solution throughout the simulation period -- investment increased by 0.19% in 1978 and this increased to 1.27% in 1985.

Even though the interest rate reduction are similar in both cases, investment increase is very small for the fixed exchange rate case -- it increased only by 0.2% by the year 1985. Interest rate effects are almost offset by the reduction in economic activity, caused by decline in real consumption.

GROSS NATIONAL PRODUCT

In the flexible exchange rate regime, GNE is above the control values throughout the simulation period. This is mainly caused by increase in business investment both due to reductions in interest rates and an increase in credit

availability. By the end of the simulation period GNE has increased by 0.65%.

In contrast, for the fixed exchange rate experiment, GNE is slightly reduced -- 0.04% in 1985. This is caused by reduction in the consumption expenditure as a result of reduction of personal interest income.

EMPLOYMENT

Primarily due to increases in consumption and investment expenditure, labour demand has increased by 20 thousand by the year 1985 in the flexible solution.

In sharp contrast to this, labour demand has declined by 20 thousand in 1985 for the fixed exchange rate -- inspite of virtually no change in GNE from the control values. However this could be explained in terms of changes in output composition -- output has shifted from low productivity to high productivity industries.

In summary, our results suggest that under the flexible exchange rates monetary authorities could influence the economic activity. However, there is a trade-off between inflation and real economic growth.

Opposed to this, under fixed exchange rates monetary authorities cannot successfully pursue an independent monetary policy from other countries -- an effort to increase money supply will be offset by an increase in the balance of payments deficits.

V Impact of U.S. Interest Rates on Canadian Economy

Inspite of high unemployment levels and the sluggish performance of economy, in the last one and half years the Bank of Canada has raised its lending rate several times (approximately 700 base points), (in response to increases in U.S. short rates), mainly to protect the Canadian dollar value against its U.S. counterpart. The alternative monetary action by the Bank of Canada would be not to raise Canadian short rates via increasing its lending rate, but to allow the Canadian dollar to take the brunt of adjustment of narrowing Canadian-U.S. interest rate differentials. The argument put forward against the second alternative is that Canada being a small open economy, the depreciation of the Canadian dollar due to narrowing interest rate differentials would raise the domestic inflation rate via an increase in the prices of traded goods -- exports and imports. This in turn would set in motion a wage-price spiral, which would further depreciate the Canadian dollar; this in turn would depress the purchasing power of Canadians and result in the worsening of stagflation, if not produce a recession.

In this section, using the CANDIDE 2.0 model, we will do a detailed analysis of the impact of short term increases in U.S. short rates on investment, economic growth, exchange rate, wages and prices, and inflation -- unemployment (employment) trade-off in the short, medium and

long-run under the above two alternative monetary and exchange rate policy scenarios. This would enable us to see the extent of the synchronization from US short term monetary policy developments under both flexible and managed float exchange rate regimes. This would also help us to understand the trade-off involved in following one policy alternative vis-a-vis the other.

For this purpose, we have run these two simulations: a) managed floating -- Bank of Canada is assumed to increase short rate in response to narrowing interest rate differentials caused by changes in US short term monetary policy, b) flexible exchange rates -- Bank of Canada is assumed not to raise short rates in response to interest rate developments in U.S., instead to allow the adjustments to come through the exchange rate.[8]

Simulation Results:

Managed floating case:

The simulation results for the managed floating case -- where the Bank of Canada is assumed to raise Canadian short rates in response to increase in U.S. short rates, are given in Table 5. This experiment could be interpreted as the tightening of monetary policy -- raising interest rates would reduce the money supply. The following are some of the important findings portrayed in Table 5.

a) The increase in U.S. short rates and long rates by 300 and 100 basis points respectively, for three years beginning in 1978 initially raise the Canadian short rates by 250 basis points, and Canadian long rates by 115 basis points. These initial values for the short rates build until 1980, thereafter diminishing drastically until the initial impact is reduced to almost zero by 1983. The long rates have increased by almost 160 base points by 1980 again diminishing dramatically in 1981 to have virtually no impact by 1984.

b) Due to increases in user cost of capital (caused by higher interest rates) investment has declined for most of the simulation period -- investment has declined by 0.7% initially and this impact has built up to 5% by 1981 and declines gradually thereafter. By 1984, the lagged capital stock effects have dominated, resulting in an increase in investment.

Similarly, for most of the simulation period, GNE is well below control values. By 1981 real GNE has declined by almost 1.6% and thereafter this decline is reduced gradually until by 1984 GNE has recovered to its control value.

c) Both due to lower economic activity and lower investment levels, labour productivity has declined -- in 1981 labour productivity is 1.6% below the control value.

d) An increase of all interest rates has pushed up the government debt service payments. This coupled with higher transfer payments, higher unemployment levels has increased budget deficits necessiting more borrowing by all levels of government. By the end of the simulation period, the federal government debt level has increased by about 5 billion dollars.

e) Both due to higher interest rates and lower productivity, all the prices in the system have increased -- in 1985 the GNE deflator is 0.8% above the control value.

As opposed to this, nominal wage rates are below the control by a small amount -- the real wage loss of almost 4% up to 1980. However, by the end of the period, the original real wage is restored. Wages did not follow prices mainly because of higher unemployment rates created by the investment led slowdown in economic activity.

f) An increase of financing requirements by all levels of government (especially provincial and municipal governments) has resulted in additional borrowing from abroad, increasing the net inflow of long term capital into Canada. This in turn has resulted in a slight appreciation of the Canadian dollar.

In summary, under managed floating, an increase of U.S. short rates accompanied by increases in U.S. long rates

of lesser magnitude will depress the investment and economic activity, increases the unemployment rate, lower productivity, increase prices, and lowers the real wage , both in the short and medium run in Canada. The long-run effects on economic activity are negligible. However, the increase in government debt level and its consequences for inflation seems to persist even in the long-run.

Flexible exchange rate case:

The simulation results on the second experiment -- where the Bank of Canada is assumed not to respond to increases in U.S. short rates, but instead allow the exchange rate to vary freely with variations in the capital flows (caused by narrowing interest rate differentials) are given in Table 6. All the results, (except for exchange rate) are similar in direction (but differs a great deal in magnitude) as in the case of managed floating. The following are some of the important findings:

a) As in the case of managed floating, both the short and long rates are above the control values for the first four years. The differences in magnitude of response however, are quite large -- short rate's at the most have increased by 150 base points, compared to 280 base points for the managed floating regime. Moreover, by the year 1982, all the interest rates are below the control values. In the last four years of the simulation period, the short rate is 70 base points below the control values.

Even though the Bank of Canada did not raise short rate directly, in order to attract US investment and capital into Canada, Canadian long rates had to move above the control values. These in turn, have raised the short rate indirectly via the asset substitution.

b) In response to the increase in interest rates, here again investment has declined, however, the rate of growth of the decline is much smaller compared to the decline in managed floating.

c) In the first three years of simulation period, exchange rate has depreciated by about 3%, and afterwards it has oscillated.

The depreciation of the dollar in turn has increased the prices of traded goods; export and import prices have increased by 3% in the first three years.

d) Depreciation of the dollar coupled with increases in interest rates and lower productivity have pushed up prices by close to 2% in the first three years, compared to a 4% increase in the case of managed floating.

As in the managed floating, here also the real wage is below the control value.

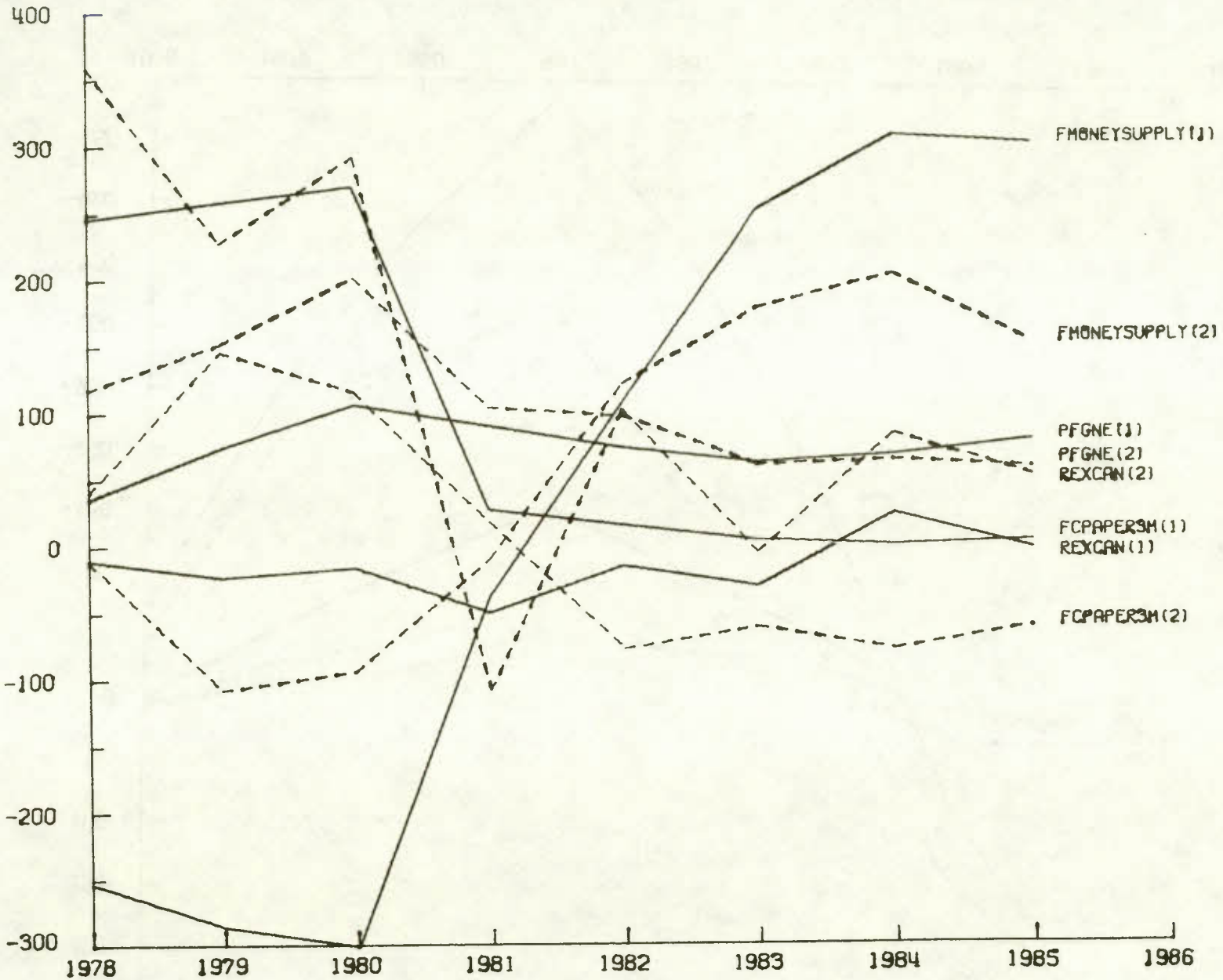

US INTEREST RATES - ACCOM(1) VS NONACCOM(2)
400
300
200
100
0
-100
-200
-300
1978
1979
1980
1981
1982
1983
1984
1985
1986
FMONEYSUPPLY(1)
FMONEYSUPPLY(2)
PFGNE(1)
PFGNE(2)
REXCAN(2)
FCPAPER3M(1)
REXCAN(1)
FCPAPER3M(2)

CHART 111

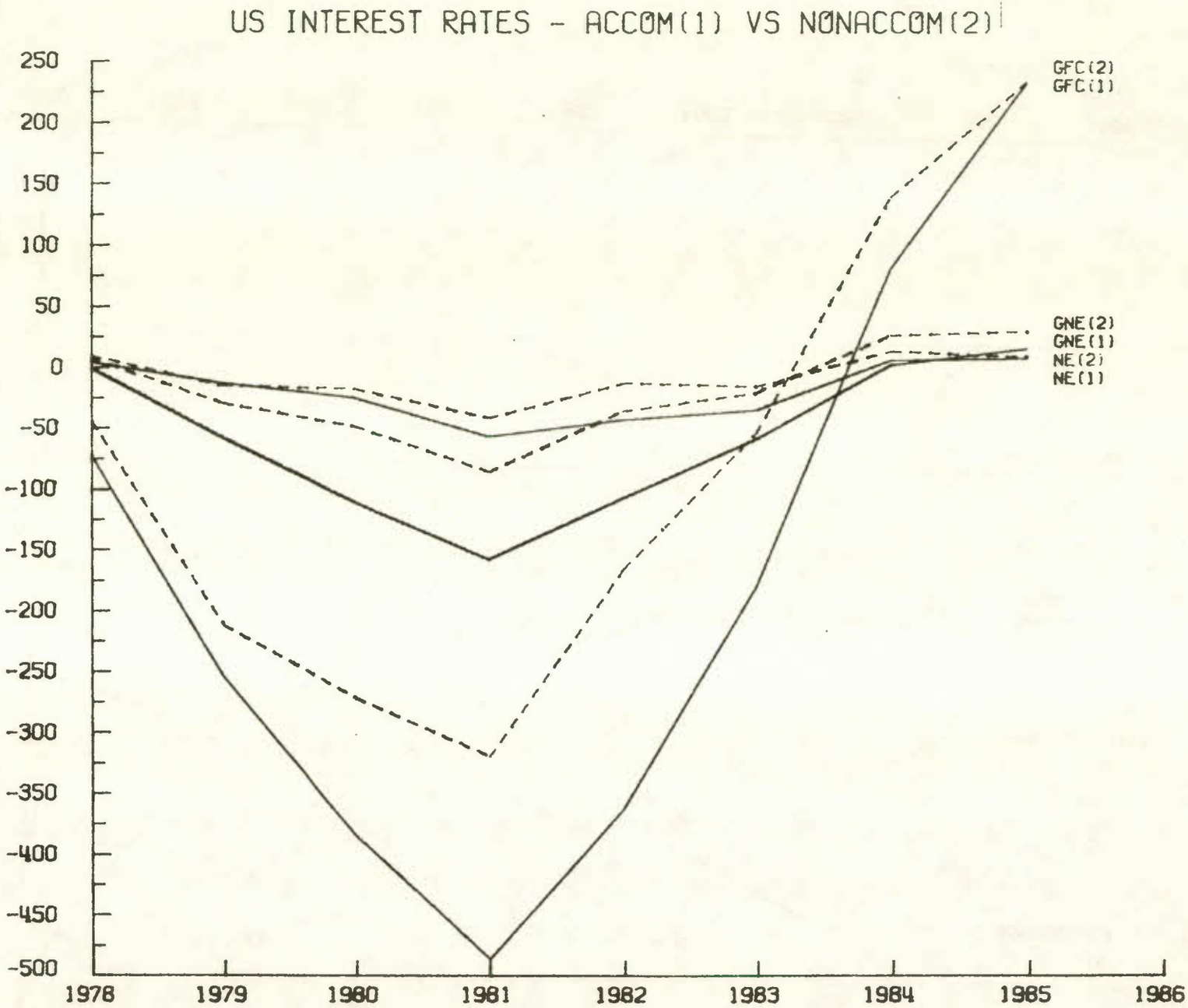

US INTEREST RATES - ACCOM(1) VS NONACCOM(2)
250
200
150
100
50
0
-50
-100
-150
-200
-250
-300
-350
-400
-450
-500
1978
1979
1980
1981
1982
1983
1984
1985
1986
GFC(2)
GFC(1)
GNE(2)
GNE(1)
NE(2)
NE(1)

CHART IV

e) Depreciation of the dollar helped to reduce the current account deficit by about 700 million dollars in the first four years.

f) Unlike the managed floating, the impact of U.S. interest rates on government debt is ambiguous -- there is not a continous increase in the government debt level.

In summary, the impact of US interest rates on investment, GNE, employment, government debt, is less severe than in the managed floating. However, the impact of U.S. monetary policy on the inflation front is worse in the case of flexible exchange rates (see Chart 4). In both cases real income and inflation are less favourable compared to the control solution (see Charts 3 and 4). Our results suggest a trade-off between economic growth and inflation -- real growth is higher in the non-accomodity case, however, the inflation rate is higher in this case than in the managed floating. The choice between these two alternatives depends upon the objective function of the policy makers. However, our results do not support the view that the depreciation of the dollar caused by the narrowing of interest rate differentials in the long-run, will result in hyper inflation through the wage prices spiral mechanism (the vicious circle hypothesis).

VI IMPACT OF FOREIGN INFLATION ON THE CANADIAN ECONOMY

It is often said that under a flexible exchange rate system a country can pursue its monetary policy independent of its trading partners, and also that under a flexible exchange rate economic disturbances originating from other countries are absorbed by changes in exchange rates, so that they do not have disturbing effects on the national economy. Accordingly, economic fluctuations in various countries are more desynchronized under flexible exchange rates than under fixed exchange rates. However, more recent experience shows a high degree of synchronization in fluctuations in economic activity and inflation among the industrial nations. Of course, this phenomenon is partly the result of highly managed floating exchange rates prevailing in the world money markets. Moreover, under the flexible exchange rate system, monetary authorities may not be able to control all the channels of interdependence -- they could successfully block the balance-of-payments channel, but the terms of trade and wage-price spiral channels may be still operative.[9]

In the last section, we examined the impact of U.S. short-term monetary policy on the Canadian economy, both under pure and managed floating systems. Here, we will examine the impact of foreign inflation (accompanied by

higher foreign interest rates), mainly caused by expansionary monetary policy pursued by the United States,[10] on the Canadian economy under both accommodating and non-accommodating monetary policy assumptions. This will enable us to assess the degree of insulation Canada could achieve from these external shocks under both the pure and managed floating systems.

For this purpose we have run two types of simulations:

(a) Accommodating Monetary Policy

Here we assume that the Bank of Canada supplies the additional money supply needed to support the additional inflation caused by increases in traded goods prices. The Bank of Canada is also assumed to increase the short rate to maintain the historical differences between Canadian and U.S. interest rates.

(b) Non-Accommodating Monetary Policy

Here we assume that the Bank of Canada is following a monetary growth rule and, hence, the impact of foreign inflation on domestic money supply is assumed to be zero. We will also assume that the Bank of Canada is not raising short rates in reaction to increases in U.S. rates, caused by increases in U.S. inflation. Instead, the Bank of Canada is assumed to

allow the exchange rate to absorb these external disturbances.

In both the simulations, foreign prices are assumed to increase 1 per cent above their control growth rates (1 per cent increase in foreign inflation). As a result of the higher inflation rate, interest rates will also increase (Fisher effect). Accordingly, we assume that all the foreign interest rates are 100 base points above their control values.

Simulation Results

Accommodating Monetary Policy

Simulation results for the accommodating monetary policy are recorded in Table 7. These results show that the increases in the external inflation rate and interest rates are transmitted as stagflation in Canada -- lower economic growth and higher inflation rate. The following are some of the important findings.

(a) As expected, money supply growth is higher than in the control solution -- money supply here increased by approximately 1.5 per cent per annum. This, in turn, has increased the expected inflation rate by about 1 per cent per annum.

(b) Both short and long rates have gone up by approximately 115 base points (by 3 per cent).

(c) Due to increases in the interest rates, business investment is depressed -- on the average capital formation is 3 per cent below the control value. This, in turn, through multiplier effects, has depressed GNE by 0.5 per cent by the end of the simulation period.

(d) Both due to lower economic activity and a decline in the rate of growth of capital intensity, labour productivity is reduced below the control values.

(e) Increased price expectations caused by increases in the traded goods prices, higher interest rates, and lower productivity levels have pushed up prices in the system -- by the end of the simulation period both the GNE deflator and the CPI are 5.5 per cent above the control values. Recalling that we have assumed the traded goods prices to be 8 per cent above the control values in 1985. Even though the nominal wage rate icreases have lagged behind prices for the first four years, by the end of the period real wage is restored.

(f) Due to increases in interest rates, government debt service payments have gone up substantially -- in 1985 government interest payments are 10 per cent above the

control value. This, in turn, results in increases in both the federal and provincial deficits.

(g) Increased provincial deficits, in turn, will result in increased borrowing abroad, resulting in long-term capital inflows -- by the end of the period, long-term capital inflows have increased by 2.5 billion dollars. Due to lower economic activity, the current account balance will also have improved.

(h) Due to improvement in both the current and capital account, the Canadian dollar will have appreciated. In 1985 the Canadian dollar value is 1.5 per cent above the control level.

In summary, an increase in foreign inflation (especially U.S. inflation) under the accommodating monetary policy solution has reduced the investment, lowered the productivity, increased both the unemployment and inflation rates, increased the price expectations, and increased the governments' deficits. The net result is stagflation. Increased price expectations could set in motion a permanent wage-price spiral in the economy.

Non-Accommodating Monetary Policy

The results for the second experiment are given in

Table 8. In the non-accommodating case, the increase in domestic prices and wages and interest rates is much smaller than in the accommodating case. A decline in the real wage, induces a decline in real consumption, resulting in a lower GNE, similar to that of the accommodating monetary policy. In the accommodating monetary policy case, the investment decline is the cause of lower economic growth. The following are some of the important findings.

(a) Since the Bank of Canada is assumed to follow the monetary growth rule, traded goods prices have not increased the money supply above the control values. This, in turn, has helped to increase the price expectations only by 0.25 per cent per annum compared to a 1 per cent increase for the accommodating case.

(b) Lower price expectations, coupled with no increase in short rates initiated by the Bank of Canada, resulted in almost no change in the short rate. However, the long rate has increased 70 base points above the control value in response to an increase in U.S. long rates (capital mobility effect).

(c) In response to an increase in long rates, investment has declined. However, the decline here is smaller than the decline in the accommodating case.

(f) Monetary non-accommodation has resulted in lower real wage throughout the simulation period. On the average, real wage is 4 per cent below the control value. This, in turn, has reduced the real consumption expenditure. Both due to lower investment and consumption expenditures, GNE has declined by 0.6 per cent in 1985.

(g) Since prices have increased faster than wages, profit shares in the national income have gone up from 13 to 14 per cent in 1985.

(h) Here, too, the government debt servicing payments have increased. However, the increase is much smaller than the increase in the accommodating case.

(i) Due to lower economic activity levels, the budgetary position of provincial governments have deteriorated. This, in turn, has increased their borrowing abroad. In contrast, the federal budget position has improved. This could be attributed to changes in the functional distribution income -- marginal rate on federal corporate profits is much higher than on personal income.

(j) As before, due to lower activity, the current balance has improved.

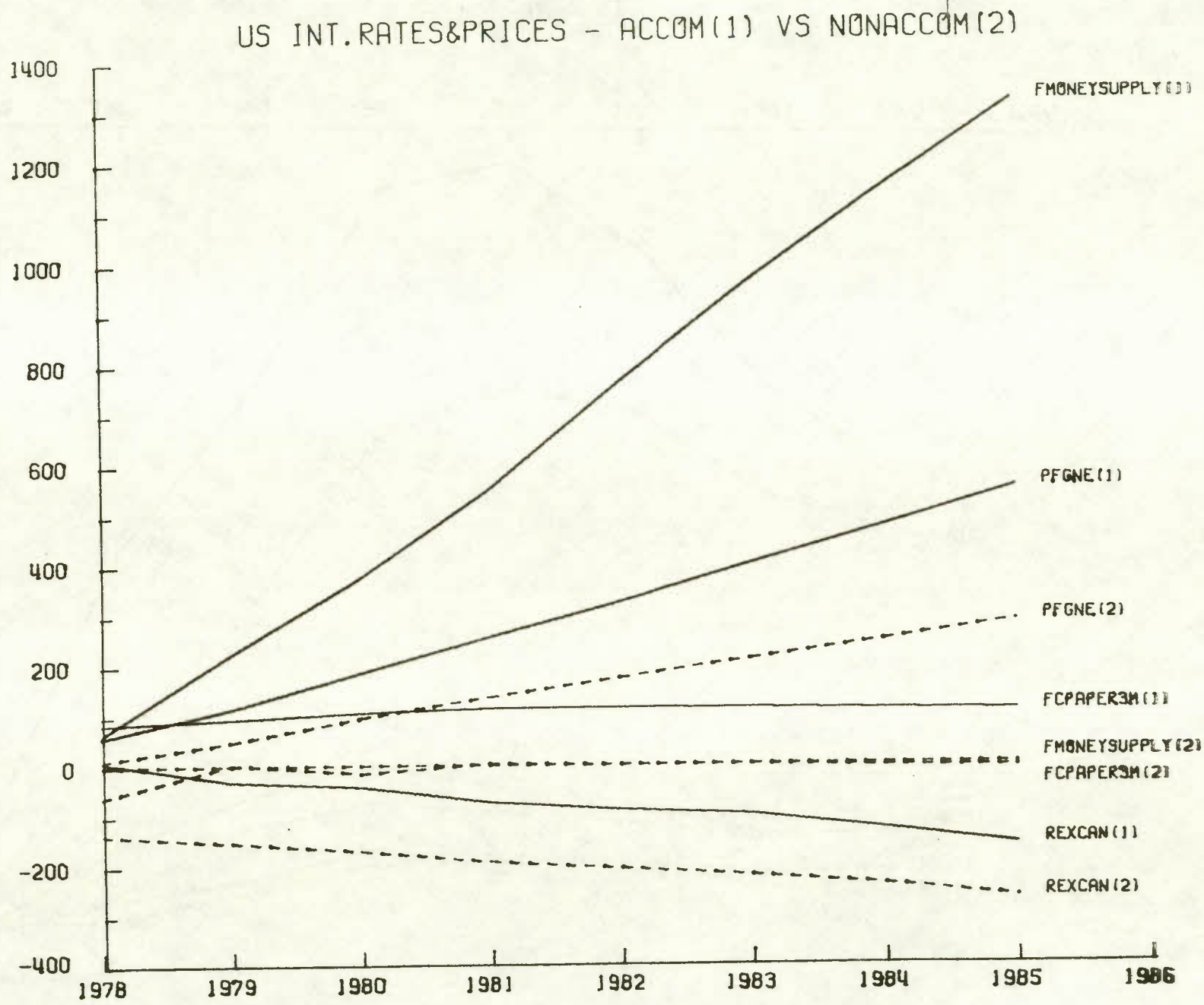

US INT.RATES&PRICES - ACCOM(1) VS NONACCOM(2)
1400
1200
1000
800
600
400
200
0
-200
-400
1978
1979
1980
1981
1982
1983
1984
1985
1986
FMONEYSUPPLY(1)
PFGNE(1)
PFGNE(2)
FCPAPER3M(1)
FMONEYSUPPLY(2)
FCPAPER3M(2)
REXCAN(1)
REXCAN(2)

CHART V

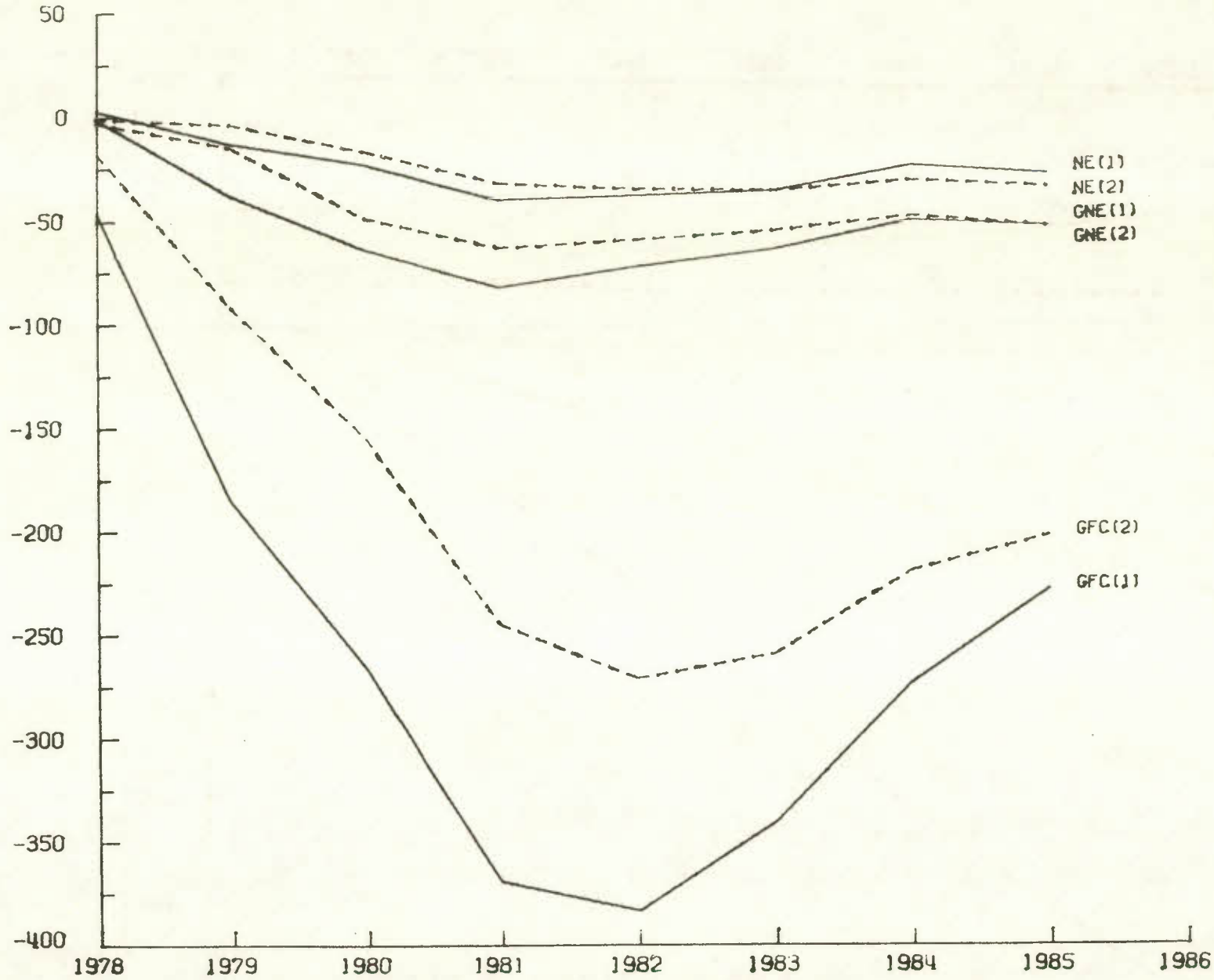

US INT.RATES&PRICES -- ACCOM(1) VS NONACCOM(2)
50
0
-50
-100
-150
-200
-250
-300
-350
-400
1978
1979
1980
1981
1982
1983
1984
1985
1986
NE(1)
NE(2)
GNE(1)
GNE(2)
GFC(2)
GFC(1)

CHART VI

In sumary, even under pure floating external fluctuations in inflation and unemployment are transmitted into Canada as mild stagflation. However, the impact of external disturbances on the Canadian economy is smaller in the pure floating system -- reductions in investment, GNE and unemployment are smaller than in the managed floating system (see Chart 5). Similarly, the price increases here are 50 per cent below the price increases in the monetary accommodation simulations (see Chart 6). In a nutshell, our results support the view that under a pure float monetary authorities can determine the long-run rate of inflation independent of others. However, the United States and Canadian economies are interrelated during the process of adjustment, even under the flexible exchange rates, through the terms of trade and wage-price spiral.

VII CONCLUSIONS

The primary objective of this paper has been to quantify the impact of U.S. short and long term monetary policy on Canadian economy under alternative monetary and exchange rate policies, using the new CANDIDE Model 2.0. We have also analyzed the role of domestic monetary policy in the Canadian economy under both fixed and flexible exchange rate system. The following are some of the important findings of our study:

1) The preceding analysis concurs with traditional analysis indicating that monetary policy is not an effective instrument of policy under a fixed exchange rate regime. Money supply increases were offset by movements in the balance of payments in a fixed regime. The downward pressure on interest rates, while exhibiting a similar pattern in both cases, was a bit stronger in the fixed exchange rate case, as a result of greater retirement of government debt. The retirement of government debt and the accompanying decline in interest rates, reduced interest income, which when combined with the decline in nominal wage rates (produced by lower price expectation) and a decline in employment, (wagebill) produced lower personal income. This had a depressing effect on economic activity which produced the lower level of investment under the fixed regime, despite a simlar fall in interest rates.

2) Monetary policy in the flexible exchange rate regime while clearly more effective in producing an increased growth is not without the cost of higher prices, induced by increased wages, and depreciation of the exchange rate.

3) The impact of U. S. interest rates on investment, GNE employment, and government debt is less severe in a pure floating exchange regime. However, the impact of U.S. monetary policy on inflation is worse in the case of the flexible regime. Even though real income and inflation are less favourable in both cases, our results indicate a trade-off between growth and inflation.

4) The analysis of the impact of foreign inflation on the Canadian Economy indicate that accommodating monetary policy reduces investment, lowers productivity, increases unemployment and inflation, and increases government deficits.

5) Nonaccommodating monetary policy, even under a pure floating regime allows the transmission of inflation and unemployment, however to a milder degree. Reductions in investment, GNE, and unemployment are smaller than under the managed floating system. In the longer run, however the results presented here support the view that under a purely floating regime monetary authorities can determine the long-run rate of inflation. Economies such as Canada and the U. S. are interrelated during the process of adjustment through the terms of trade and the wage prices spiral.

FOOTNOTES

1 On this point, see Blinder and Solow(1973,1974, and 1976) Silber (1970), Infante and Stein (1976) and Friedman (1978)

2 See Modigliani and Sutch

3 In solution,the change of provincial and municipal securities is determiend by the difference between that held abroad and the government deficit

4 Helliwell, John, "A Structural Model of the Foreighn Exchange Market", Canadian Journal of Economics, Vol.2, (February 2,1969) page 90-105.

5 Laursen and Metlzer (1950), Mundell (1968) and Hamada and Sakurai (1978).

6 Mundell (1968), Johnson (1972) Frenkel and Johnson (1976) and Hamada(1976).

7 In all the hcarts, all variables (except FR ATE.PFPAPER3M) measured as the percent differences between the shock and control solutions. FOr the sake of analytical convenience these percent differences are multiplied by 100.

8 A detailed description of these two experiments is given in Appendix

9 For detilas see Hamada and Sakurai (1978)

10 See Johnson (1973),Harberger (1978

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APPENDIX

TABLE 2.00 MONETARY POLICY - FLEXIBLE EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	FMONEYSUPPLY	B	REX.FL SHK----------	23610.	25953.	28289.	30835.	33610.	36635.	39932.	43526.
4	FMONEYSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	FMONEYSUPPLY	B	DIFFERENCE ----------	221.	491.	787.	1112.	1519.	1966.	2487.	3091.
6	FMONEYSUPPLY	B	% DIFFERENCE ----------	0.94	1.93	2.86	3.74	4.73	5.67	6.64	7.65
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	REX.FL SHK----------	126866.	131204.	136288.	141786.	146043.	149809.	154762.	160398.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	81.	232.	459.	658.	813.	880.	957.	1032.
11	GNE	I	% DIFFERENCE ----------	0.06	0.18	0.34	0.47	0.56	0.59	0.62	0.65
12			CONSUMPTION----------								
13	C	I	REX.FL SHK----------	79751.	82648.	86247.	89536.	92577.	95292.	98723.	102386.
14	C	I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	-180.	-31.	-44.	126.	206.	337.	434.	581.
16	C	I	% DIFFERENCE ----------	-0.23	-0.04	-0.05	0.14	0.22	0.35	0.44	0.57
17			GOODS & SERVICES----------								
18	GE.CGS	I	REX.FL SHK----------	22567.	22951.	23326.	23774.	24183.	24603.	25062.	25547.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	0.	-26.	-15.	-16.	-8.	-2.	8.	13.
21	GE.CGS	I	% DIFFERENCE ----------	0.00	-0.11	-0.07	-0.07	-0.03	-0.01	0.03	0.05
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	REX.FL SHK----------	27346.	28167.	29805.	31613.	32535.	33156.	34466.	36020.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	51.	103.	228.	356.	442.	466.	468.	452.
26	GFC	I	% DIFFERENCE ----------	0.19	0.37	0.77	1.14	1.38	1.43	1.38	1.27
27			EXPORTS----------								
28	TEG+SNAW	I	REX.FL SHK----------	30621.	31690.	32911.	34612.	36450.	38019.	39599.	41592.
29	TEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	TEG+SNAW	I	DIFFERENCE ----------	33.	53.	58.	69.	68.	69.	68.	68.
31	TEG+SNAW	I	% DIFFERENCE ----------	0.11	0.17	0.18	0.20	0.19	0.18	0.17	0.16
32			IMPORTS----------								
33	TMG+SNAW	I	REX.FL SHK----------	34098.	34681.	36989.	39327.	40862.	42392.	44232.	46396.
34	TMG+SNAW	I	CONTROL----------	34219.	34865.	37155.	39427.	40931.	42394.	44202.	46309.
35	TMG+SNAW	I	DIFFERENCE ----------	-122.	-204.	-166.	-100.	-68.	-2.	30.	86.
36	TMG+SNAW	I	% DIFFERENCE ----------	-0.36	-0.58	-0.45	-0.25	-0.17	-0.01	0.07	0.19
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		REX.FL SHK----------	5.33	5.06	4.82	4.60	4.35	4.09	3.88	3.69
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	-0.05	-0.09	-0.12	-0.15	-0.18	-0.21	-0.23	-0.26
41	GNE/MONEY		% DIFFERENCE ----------	-0.87	-1.72	-2.45	-3.16	-3.99	-4.81	-5.64	-6.50
42			LABOUR FORCE----------								
43	DTOTLF	I	REX.FL SHK----------	10608.	10808.	11002.	11189.	11392.	11583.	11812.	12049.
44	DTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	DTOTLF	I	DIFFERENCE ----------	-6.	-2.	-0.	10.	16.	24.	30.	37.
46	DTOTLF	I	% DIFFERENCE ----------	-0.05	-0.02	-0.00	0.09	0.14	0.20	0.25	0.31

TABLE 2.00 MONETARY POLICY - FLEXIBLE EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			EMPLOYMENT----------								
2	E	I	REX.FL SHK----------	9746.	9934.	10186.	10478.	10702.	10892.	11096.	11318.
3	E	I	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	E	I	DIFFERENCE ----------	3.	2.	8.	13.	18.	21.	21.	24.
5	E	I	% DIFFERENCE ----------	0.03	0.02	0.07	0.13	0.17	0.19	0.19	0.21
6			PRODUCTIVITY----------								
7	GNE/ E		REX.FL SHK----------	126866.	131204.	136288.	141786.	146043.	149809.	154762.	160398.
8	GNE/ E		CONTROL----------	126765.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	NE/ E		DIFFERENCE ----------	81.	232.	459.	658.	813.	880.	957.	1032.
10	GNE/ E		% DIFFERENCE ----------	0.06	0.18	0.34	0.47	0.56	0.59	0.62	0.65
11			UNEMPLOYMENT RATE----------								
12	UURATE	I	REX.FL SHK----------	8.11	8.10	7.44	6.35	6.07	5.96	6.07	6.07
13	UURATE	I	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	UURATE	I	DIFFERENCE ----------	-0.09	-0.02	-0.07	-0.04	-0.03	0.01	0.06	0.10
15	URATE	I	% DIFFERENCE ----------	-1.08	-0.29	-0.87	-0.59	-0.44	0.17	0.96	1.63
16			FINANCE COMPANY PAPER----------								
17	FRATE.FCPAPER3M	B	REX.FL SHK----------	8.04	10.01	8.43	8.78	8.40	7.81	7.23	6.89
18	FRATE.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE.FCPAPER3M	B	DIFFERENCE ----------	-0.98	-0.57	-0.78	-0.73	-0.81	-0.80	-0.82	-0.83
20	FRATE.FCPAPER3M	B	% DIFFERENCE ----------	-10.91	-5.39	-8.48	-7.65	-8.83	-9.27	-10.20	-10.78
21			INDUSTRIAL BOND YIELD----------								
22	FRATE.IBOND.10Y	B	REX.FL SHK----------	10.19	11.06	10.87	10.97	11.01	10.42	10.05	9.69
23	FRATE.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE.IBOND.10Y	B	DIFFERENCE ----------	-0.18	-0.21	-0.27	-0.28	-0.29	-0.30	-0.31	-0.32
25	FRATE.IBOND.10Y	B	% DIFFERENCE ----------	-1.73	-1.90	-2.39	-2.52	-2.60	-2.83	-2.99	-3.15
26			FINANCIAL ASSETS OF PUBLIC----								
27	FFINASSET.PUB	I	REX.FL SHK----------	229129.	261891.	292004.	321503.	355212.	387321.	423073.	460289.
28	FFINASSET.PUB	I	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINASSET.PUB	I	DIFFERENCE ----------	61.	1084.	1553.	1200.	1685.	1438.	1823.	1908.
30	FFINASSET.PUB	I	% DIFFERENCE ----------	0.03	0.42	0.53	0.37	0.48	0.37	0.43	0.42
31			CANADA SAVINGS BONDS----------								
32	FGD.CSB.PUB	B	REX.FL SHK----------	22424.	24476.	27495.	30184.	33426.	37040.	40804.	44516.
33	FGD.CSB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.CSB.PUB	B	DIFFERENCE ----------	-229.	-529.	-938.	-1464.	-2143.	-2918.	-3826.	-4866.
35	FGD.CSB.PUB	B	% DIFFERENCE ----------	-1.01	-2.11	-3.30	-4.63	-6.02	-7.30	-8.57	-9.85
36			MORTGAGE APPROVALS----------								
37	FMAP.TOT	I	REX.FL SHK----------	14486.	15707.	17949.	20322.	22772.	24933.	27346.	30028.
38	FMAP.TOT	I	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.TOT	I	DIFFERENCE ----------	65.	159.	210.	139.	184.	174.	250.	307.
40	FMAP.TOT	I	% DIFFERENCE ----------	0.45	1.02	1.18	0.69	0.82	0.70	0.92	1.03
41			HOUSING STARTS----------								
42	HTS	I	REX.FL SHK----------	236.	204.	211.	223.	228.	220.	232.	234.
43	HTS	I	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	HTS	I	DIFFERENCE ----------	2.	3.	3.	3.	3.	2.	2.	2.
45	HTS	I	% DIFFERENCE ----------	0.87	1.51	1.62	1.25	1.11	0.99	0.98	0.92
46			GOVERNMENT DEFICIT----------								
47	GD$	I	REX.FL SHK----------	-7797.	-6127.	-4948.	-2562.	-1981.	-863.	-48.	793.
48	GD$	I	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	GD$	I	DIFFERENCE ----------	395.	321.	622.	726.	796.	888.	837.	826.
50	GD$	I	% DIFFERENCE ----------	-4.82	-4.99	-11.16	-22.09	-28.68	-50.71	-94.57	-2499.47

TABLE 2.00 MONETARY POLICY - FLEXIBLE EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	DF$	I	REX.FL SHK----------	-10376.	-8873.	-6470.	-7382.	-7487.	-6987.	-6469.	-5645.
3	DF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	DF$	I	DIFFERENCE ----------	427.	349.	673.	803.	964.	1110.	1214.	1355.
5	DF$	I	% DIFFERENCE ----------	-3.95	-3.78	-7.36	-9.82	-11.41	-13.71	-15.80	-19.36
6			PROVINCIAL GOVT DEFICIT-------								
7	DP$	I	REX.FL SHK----------	640.	527.	995.	1813.	1795.	1661.	1327.	811.
8	DP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	DP$	I	DIFFERENCE ----------	-20.	-8.	3.	9.	-57.	-91.	-212.	-324.
10	DP$	I	% DIFFERENCE ----------	-3.02	-1.42	0.30	0.50	-3.09	-5.20	-13.76	-28.53
11			G OF C DIRECTEGUAR SECURITIES-								
12	FGD.TSEC	I	REX.FL SHK----------	56428.	66048.	76437.	85257.	94745.	103866.	112784.	120914.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	-332.	-787.	-1385.	-2219.	-3134.	-4208.	-5337.	-6615.
15	FGD.TSEC	I	% DIFFERENCE ----------	-0.58	-1.18	-1.78	-2.54	-3.20	-3.89	-4.52	-5.19
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	REX.FL SHK----------	10586.	12269.	13803.	16009.	17826.	19260.	20536.	21665.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	-300.	-324.	-561.	-732.	-961.	-1160.	-1375.	-1580.
20	GE.INT$	I	% DIFFERENCE ----------	-2.76	-2.57	-3.90	-4.37	-5.11	-5.68	-6.28	-6.80
21			GOVERNMENT REVENUE----------								
22	GR$	I	REX.FL SHK----------	84533.	94803.	106001.	120173.	133358.	147519.	162480.	178776.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	147.	124.	337.	486.	606.	854.	1075.	1405.
25	GR$	I	% DIFFERENCE ----------	0.17	0.13	0.32	0.41	0.46	0.58	0.67	0.79
26			PERSONAL INCOME----------								
27	PY$	I	REX.FL SHK----------	190553.	213991.	237113.	265087.	295112.	325792.	360106.	397729.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	-216.	147.	452.	1043.	1744.	2579.	3612.	4809.
30	PY$	I	% DIFFERENCE ----------	-0.11	0.07	0.19	0.40	0.59	0.80	1.01	1.22
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	REX.FL SHK----------	25310.	27313.	30000.	32715.	36167.	40020.	44500.	49184.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	-17.	35.	35.	96.	151.	272.	429.	610.
35	GE.TPE$	I	% DIFFERENCE ----------	-0.07	0.13	0.12	0.29	0.42	0.68	0.97	1.26
36			GNE DEFLATOR----------								
37	PFGNE/100		REX.FL SHK----------	1.834	1.980	2.120	2.286	2.450	2.624	2.799	2.974
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	0.006	0.005	0.007	0.008	0.011	0.015	0.019	0.023
40	PFGNE/100		% DIFFERENCE ----------	0.31	0.26	0.34	0.37	0.47	0.57	0.68	0.80
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	REX.FL SHK----------	5.981	9.425	8.100	7.066	8.021	7.215	6.985	6.619
43	.CPIE	B	CONTROL----------	5.981	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	0.339	0.202	0.334	0.255	0.335	0.333	0.333
45	.CPIE	B	% DIFFERENCE ----------	0.0	3.73	2.56	4.97	3.29	4.86	5.00	5.30
46			CONSUMER PRICE INDEX----------								
47	CPI	B	REX.FL SHK----------	1.758	1.903	2.041	2.218	2.385	2.556	2.726	2.892
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	0.007	0.005	0.007	0.007	0.011	0.013	0.016	0.020
50	CPI	B	% DIFFERENCE ----------	0.39	0.29	0.35	0.34	0.44	0.51	0.61	0.69

TABLE 2.00 MONETARY POLICY - FLEXIBLE EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS-------								
2	W	I	REX.FL SHK----------	7.49	8.21	8.96	9.74	10.73	11.77	12.91	14.13
3	W	I	CONTROL----------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	0.02	0.04	0.08	0.11	0.16	0.21	0.27
5	W	I	% DIFFERENCE ----------	-0.00	0.29	0.49	0.81	1.06	1.38	1.69	1.98
6			REAL WAGE RATE----------								
7	W/CPI		REX.FL SHK----------	4.26	4.32	4.39	4.39	4.50	4.61	4.74	4.89
8	W/CPI		CONTROL----------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	-0.02	0.00	0.01	0.02	0.03	0.04	0.05	0.06
10	W/CPI		% DIFFERENCE ----------	-0.39	0.01	0.14	0.47	0.62	0.86	1.08	1.28
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WMF	I	REX.FL SHK----------	7.90	8.73	9.59	10.48	11.60	12.79	14.07	15.41
13	WMF	I	CONTROL----------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WMF	I	DIFFERENCE ----------	-0.00	0.03	0.04	0.08	0.11	0.16	0.22	0.27
15	WMF	I	% DIFFERENCE ----------	-0.00	0.30	0.47	0.76	0.99	1.28	1.57	1.82
16			EXCHANGE RATE----------								
17	REXCAN	B	REX.FL SHK----------	1.1567	1.1546	1.1153	1.1307	1.1152	1.1163	1.1092	1.1062
18	REXCAN	B	CONTROL----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	0.0169	0.0107	0.0132	0.0121	0.0121	0.0117	0.0110	0.0108
20	REXCAN	B	% DIFFERENCE ----------	1.48	0.94	1.20	1.08	1.10	1.05	1.00	0.99
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	REX.FL SHK----------	2.054	2.193	2.230	2.382	2.473	2.619	2.753	2.902
23	PTE.CA.G+SW	I	CONTROL----------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	0.030	0.020	0.026	0.026	0.027	0.028	0.027	0.028
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	1.50	0.93	1.19	1.09	1.10	1.08	1.00	0.98
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	REX.FL SHK----------	1.993	2.140	2.178	2.336	2.449	2.608	2.737	2.898
28	PTM.CA.G+SW	I	CONTROL----------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	0.030	0.021	0.027	0.026	0.027	0.027	0.027	0.028
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	1.54	0.99	1.25	1.11	1.13	1.06	0.99	0.96
31			CORPORATE PROFITS----------								
32	Y.PRFBT.CORP$	I	REX.FL SHK----------	27463.	29195.	32369.	38376.	39169.	41200.	44896.	48704.
33	Y.PRFBT.CORP$	I	CONTROL----------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	Y.PRFBT.CORP$	I	DIFFERENCE ----------	1045.	504.	891.	803.	817.	521.	333.	42.
35	Y.PRFBT.CORP$	I	% DIFFERENCE ----------	3.95	1.76	2.83	2.14	2.13	1.28	0.75	0.09
36			WAGE SHARE----------								
37	WBTOT/NNI		REX.FL SHK----------	73.	72.	72.	72.	73.	74.	75.	75.
38	WBTOT/NNI		CONTROL----------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTOT/NNI		DIFFERENCE ----------	-0.	-0.	-0.	-0.	0.	0.	0.	0.
40	WBTOT/NNI		% DIFFERENCE ----------	-0.27	-0.16	-0.16	-0.02	0.07	0.25	0.37	0.50
41			PROFIT SHARE----------								
42	CORP/NNI		REX.FL SHK----------	15.	14.	14.	15.	14.	13.	13.	13.
43	CORP/NNI		CONTROL----------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	1.	0.	0.	0.	0.	0.	-0.	-0.
45	CORP/NNI		% DIFFERENCE ----------	3.58	1.29	2.11	1.25	1.05	0.09	-0.58	-1.36
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAN$	I	REX.FL SHK----------	-5095.	-4500.	-6950.	-9156.	-9687.	-10806.	-11962.	-13794.
48	TBC.BAL.CAN$	I	CONTROL----------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAN$	I	DIFFERENCE ----------	203.	447.	334.	258.	162.	42.	-64.	-226.
50	TBC.BAL.CAN$	I	% DIFFERENCE ----------	-3.84	-9.03	-4.58	-2.74	-1.64	-0.39	0.54	1.66

TABLE 2.00 MONETARY POLICY - FLEXIBLE EXCHANGE RATE REGIME

LINE	VAR LABEL		I T E M	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TBC.BAL.SERV$	1	REX.FL SHK----------	-8641.	-9272.	-10558.	-11608.	-12262.	-13014.	-13880.	-14519.
3	TBC.BAL.SERV$	1	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TBC.BAL.SERV$	1	DIFFERENCE ----------	91.	200.	223.	283.	337.	390.	426.	435.
5	TBC.BAL.SERV$	1	% DIFFERENCE ----------	-1.04	-2.11	-2.07	-2.38	-2.68	-2.91	-2.98	-2.91
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOFS$	B	REX.FL SHK----------	-3371.	-65.	86.	-127.	1.	-58.	-17.	-22.
8	TBK.BALOFS$	B	CONTROL----------	-3298.	-88.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOFS$	B	DIFFERENCE ----------	-74.	23.	-12.	3.	-3.	-2.	-1.	-2.
10	TBK.BALOFS$	B	% DIFFERENCE ----------	2.23	-26.36	-12.11	-2.56	-69.33	2.87	4.31	10.40
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	1	REX.FL SHK----------	3155.	1374.	450.	-24.	369.	910.	1153.	1804.
13	TBK.BAL.LTFM$	1	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	1	DIFFERENCE ----------	-308.	-253.	-184.	-193.	-24.	60.	232.	356.
15	TBK.BAL.LTFM$	1	% DIFFERENCE ----------	-8.89	-15.54	-29.09	-114.34	-6.10	7.09	25.24	24.54

TABLE 1.00 MONETARY POLICY - FIXED EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	FMONEYSUPPLY	B	REX.FI SHK----------	23880.	25594.	27743.	30002.	32497.	35213.	38198.	41447.
4	FMONEYSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	FMONEYSUPPLY	B	DIFFERENCE ----------	291.	132.	241.	279.	406.	543.	753.	1012.
6	FMONEYSUPPLY	B	% DIFFERENCE ----------	1.23	0.52	0.88	0.94	1.27	1.57	2.01	2.50
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	REX.FI SHK----------	126662.	130869.	135733.	141101.	145244.	148918.	153741.	159303.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	-124.	-103.	-97.	-27.	14.	-11.	-64.	-63.
11	GNE	I	% DIFFERENCE ----------	-0.10	-0.08	-0.07	-0.02	0.01	-0.01	-0.04	-0.04
12			CONSUMPTION----------								
13	C	I	REX.FI SHK----------	79736.	82429.	85940.	89033.	91941.	94467.	97703.	101220.
14	C	I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	-195.	-250.	-351.	-377.	-429.	-489.	-585.	-585.
16	C	I	% DIFFERENCE ----------	-0.24	-0.30	-0.41	-0.42	-0.46	-0.51	-0.60	-0.57
17			GOODS & SERVICES----------								
18	GE.CGS	I	REX.FI SHK----------	22542.	22943.	23307.	23737.	24131.	24527.	24976.	25440.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	-24.	-34.	-34.	-53.	-60.	-78.	-78.	-94.
21	GE.CGS	I	% DIFFERENCE ----------	-0.11	-0.15	-0.15	-0.22	-0.25	-0.32	-0.31	-0.37
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	REX.FI SHK----------	27296.	28066.	29599.	31365.	32242.	32828.	34104.	35639.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	1.	3.	22.	108.	149.	138.	106.	71.
26	GFC	I	% DIFFERENCE ----------	0.00	0.01	0.07	0.35	0.46	0.42	0.31	0.20
27			EXPORTS----------								
28	TEG+SNAW	I	REX.FI SHK----------	30593.	31643.	32864.	34556.	36396.	37966.	39550.	41543.
29	TEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	TEG+SNAW	I	DIFFERENCE ----------	5.	6.	11.	12.	14.	16.	19.	20.
31	TEG+SNAW	I	% DIFFERENCE ----------	0.02	0.02	0.03	0.04	0.04	0.04	0.05	0.05
32			IMPORTS----------								
33	TMG+SNAW	I	REX.FI SHK----------	34100.	34696.	36894.	39135.	40602.	41988.	43713.	45775.
34	TMG+SNAW	I	CONTROL----------	34219.	34885.	37155.	39427.	40931.	42394.	44202.	46309.
35	TMG+SNAW	I	DIFFERENCE ----------	-119.	-189.	-261.	-292.	-328.	-406.	-490.	-535.
36	TMG+SNAW	I	% DIFFERENCE ----------	-0.35	-0.54	-0.70	-0.74	-0.80	-0.96	-1.11	-1.15
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		REX.FI SHK----------	5.30	5.11	4.89	4.70	4.47	4.23	4.02	3.84
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	-0.07	-0.03	-0.05	-0.05	-0.06	-0.07	-0.08	-0.10
41	GNE/MONEY		% DIFFERENCE ----------	-1.31	-0.59	-0.94	-0.95	-1.24	-1.55	-2.01	-2.48
42			LABOUR FORCE----------								
43	DTOTLF	I	REX.FI SHK----------	10616.	10813.	11011.	11188.	11384.	11565.	11785.	12013.
44	DTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	DTOTLF	I	DIFFERENCE ----------	2.	3.	8.	9.	8.	6.	3.	2.
46	DTOTLF	I	% DIFFERENCE ----------	0.02	0.03	0.07	0.08	0.07	0.05	0.02	0.01

TABLE 1.00 MONETARY POLICY - FIXED EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			EMPLOYMENT----------								
2	NE	I	REX.FI SHK----------	9737.	9922.	10163.	10451.	10669.	10856.	11052.	11274.
3	NE	I	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	NE	I	DIFFERENCE ----------	-6.	-10.	-15.	-13.	-15.	-16.	-22.	-20.
5	NE	I	% DIFFERENCE ----------	-0.06	-0.10	-0.14	-0.13	-0.14	-0.14	-0.20	-0.18
6			PRODUCTIVITY----------								
7	GNE/ME		REX.FI SHK----------	126662.	130869.	135733.	141101.	145244.	148918.	153741.	159303.
8	GNE/ME		CONTROL----------	126755.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	GNE/ME		DIFFERENCE ----------	-124.	-103.	-97.	-27.	14.	-11.	-64.	-63.
10	GNE/ME		% DIFFERENCE ----------	-0.10	-0.08	-0.07	-0.02	0.01	-0.01	-0.04	-0.04
11			UNEMPLOYMENT RATE----------								
12	DURATE	I	REX.FI SHK----------	8.26	8.24	7.70	6.59	6.29	6.13	6.22	6.16
13	DURATE	I	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	DURATE	I	DIFFERENCE ----------	0.08	0.12	0.20	0.19	0.19	0.18	0.21	0.18
15	DURATE	I	% DIFFERENCE ----------	0.95	1.52	2.62	3.05	3.20	3.04	3.44	3.08
16			FINANCE COMPANY PAPER---------								
17	FRATE.FCPAPER3M	B	REX.FI SHK----------	7.93	9.82	8.21	8.55	8.18	7.56	6.97	6.64
18	FRATE.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE.FCPAPER3M	B	DIFFERENCE ----------	-1.09	-0.75	-1.00	-0.96	-1.04	-1.05	-1.08	-1.08
20	FRATE.FCPAPER3M	B	% DIFFERENCE ----------	-12.08	-7.12	-10.81	-10.10	-11.24	-12.21	-13.41	-14.04
21			INDUSTRIAL BOND YIELD---------								
22	FRATE.IBOND.10Y	B	REX.FI SHK----------	10.18	11.01	10.80	10.89	10.92	10.33	9.95	9.60
23	FRATE.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE.IBOND.10Y	B	DIFFERENCE ----------	-0.20	-0.26	-0.33	-0.36	-0.38	-0.39	-0.41	-0.41
25	FRATE.IBOND.10Y	B	% DIFFERENCE ----------	-1.92	-2.31	-2.99	-3.23	-3.35	-3.68	-3.91	-4.12
26			FINANCIAL ASSETS OF PUBLIC----								
27	FFINASSET.PUB	I	REX.FI SHK----------	225665.	253047.	281630.	307730.	338407.	367341.	399584.	433017.
28	FFINASSET.PUB	I	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINASSET.PUB	I	DIFFERENCE ----------	-3403.	-7760.	-8822.	-12573.	-15120.	-18542.	-21666.	-25363.
30	FFINASSET.PUB	I	% DIFFERENCE ----------	-1.49	-2.98	-3.04	-3.93	-4.28	-4.81	-5.14	-5.53
31			CANADA SAVINGS BONDS----------								
32	FGD.CSB.PUB	B	REX.FI SHK----------	21345.	21751.	23826.	25210.	27320.	29664.	32203.	34648.
33	FGD.CSB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.CSB.PUB	B	DIFFERENCE ----------	-1307.	-3253.	-4608.	-6438.	-8249.	-10294.	-12428.	-14735.
35	FGD.CSB.PUB	B	% DIFFERENCE ----------	-5.77	-13.01	-16.20	-20.34	-23.19	-25.76	-27.85	-29.84
36			MORTGAGE APPROVALS----------								
37	FMAP.TOT	I	REX.FI SHK----------	14179.	14922.	17095.	19385.	21686.	23681.	25856.	28269.
38	FMAP.TOT	I	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.TOT	I	DIFFERENCE ----------	-242.	-626.	-643.	-798.	-902.	-1078.	-1240.	-1452.
40	FMAP.TOT	I	% DIFFERENCE ----------	-1.68	-4.03	-3.63	-3.95	-4.00	-4.36	-4.58	-4.89
41			HOUSING STARTS----------								
42	RTS	I	REX.FI SHK----------	234.	198.	204.	217.	222.	213.	225.	227.
43	RTS	I	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	RTS	I	DIFFERENCE ----------	0.	-3.	-4.	-3.	-4.	-4.	-5.	-6.
45	RTS	I	% DIFFERENCE ----------	0.03	-1.51	-1.74	-1.42	-1.56	-1.90	-2.08	-2.51
46			GOVERNMENT DEFICIT----------								
47	GD$	I	REX.FI SHK----------	-8050.	-6069.	-4994.	-2529.	-1787.	-584.	371.	1343.
48	GD$	I	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	GD$	I	DIFFERENCE ----------	143.	379.	575.	759.	991.	1166.	1256.	1376.
50	GD$	I	% DIFFERENCE ----------	-1.74	-5.87	-10.33	-23.09	-35.68	-66.63	-141.87	-4166.65

TABLE 1.00 MONETARY POLICY - FIXED EXCHANGE RATE REGIME

LINE	VAR LABEL		ITER	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	GDF$	I	REX.FI SHK----------	-10562.	-8698.	-8326.	-7136.	-7133.	-6547.	-5937.	-5021.
3	GDF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	GDF$	I	DIFFERENCE ----------	240.	523.	817.	1049.	1319.	1551.	1746.	1979.
5	GDF$	I	% DIFFERENCE ----------	-2.23	-5.67	-8.94	-12.81	-15.60	-19.15	-22.73	-28.27
6			PROVINCIAL GOVT DEFICIT-------								
7	GDP$	I	REX.FI SHK----------	557.	404.	800.	1581.	1618.	1502.	1233.	771.
8	GDP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	GDP$	I	DIFFERENCE ----------	-103.	-131.	-192.	-223.	-234.	-251.	-305.	-363.
10	GDP$	I	% DIFFERENCE ----------	-15.62	-24.44	-19.32	-12.36	-12.63	-14.30	-19.84	-32.04
11			G OF C DIRECT&GUAR SECURITIES-								
12	FGD.TSEC	I	REX.FI SHK----------	54451.	61121.	70269.	77201.	85241.	92813.	100337.	107078.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	-2309.	-5713.	-7552.	-10275.	-12637.	-15260.	-17785.	-20452.
15	FGD.TSEC	I	% DIFFERENCE ----------	-4.07	-8.55	-9.70	-11.75	-12.91	-14.12	-15.06	-16.04
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	REX.FI SHK----------	10423.	11732.	13011.	14969.	16590.	17847.	18978.	19976.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	-463.	-861.	-1353.	-1771.	-2197.	-2574.	-2933.	-3269.
20	GE.INT$	I	% DIFFERENCE ----------	-4.25	-6.83	-9.42	-10.58	-11.70	-12.60	-13.39	-14.06
21			GOVERNMENT REVENUE----------								
22	GR$	I	REX.FI SHK----------	84016.	94118.	104887.	118545.	131274.	144824.	159253.	174863.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	-370.	-561.	-776.	-1141.	-1479.	-1841.	-2153.	-2508.
25	GR$	I	% DIFFERENCE ----------	-0.44	-0.59	-0.73	-0.95	-1.11	-1.26	-1.33	-1.41
26			PERSONAL INCOME----------								
27	PY$	I	REX.FI SHK----------	189793.	212406.	234953.	261531.	290182.	319264.	351866.	387658.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	-976.	-1438.	-1708.	-2513.	-3186.	-3949.	-4629.	-5262.
30	PY$	I	% DIFFERENCE ----------	-0.51	-0.67	-0.72	-0.95	-1.09	-1.22	-1.30	-1.34
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	REX.FI SHK----------	25347.	27304.	30041.	32662.	36020.	39706.	44042.	48493.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	20.	27.	75.	43.	4.	-42.	-29.	-80.
35	GE.TPE$	I	% DIFFERENCE ----------	0.08	0.10	0.25	0.13	0.01	-0.11	-0.07	-0.16
36			GNE DEFLATOR----------								
37	PFGNE/100		REX.FI SHK----------	1.827	1.972	2.110	2.271	2.430	2.597	2.767	2.935
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	-0.001	-0.003	-0.003	-0.007	-0.009	-0.012	-0.014	-0.016
40	PFGNE/100		% DIFFERENCE ----------	-0.07	-0.13	-0.16	-0.29	-0.38	-0.46	-0.49	-0.54
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	REX.FI SHK----------	5.981	9.083	8.139	6.532	7.739	6.858	6.707	6.365
43	.CPIE	B	CONTROL----------	5.981	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	-0.003	0.241	-0.199	-0.026	-0.022	0.055	0.079
45	.CPIE	B	% DIFFERENCE ----------	0.0	-0.04	3.05	-2.96	-0.34	-0.32	0.83	1.26
46			CONSUMER PRICE INDEX----------								
47	CPI	B	REX.FI SHK----------	1.750	1.895	2.031	2.203	2.365	2.531	2.697	2.857
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	-0.001	-0.003	-0.004	-0.008	-0.010	-0.012	-0.013	-0.015
50	CPI	B	% DIFFERENCE ----------	-0.08	-0.13	-0.18	-0.34	-0.41	-0.46	-0.48	-0.52

TABLE 1.CO MONETARY POLICY - FIXED EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS-------								
2	W	I	REX.FI SHK----------	7.49	8.18	8.93	9.66	10.59	11.58	12.66	13.81
3	W	I	CONTROL----------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	-0.00	0.01	-0.01	-0.02	-0.03	-0.04	-0.05
5	W	I	% DIFFERENCE ----------	-0.00	-0.03	0.13	-0.07	-0.18	-0.30	-0.34	-0.39
6			REAL WAGE RATE----------								
7	W/CPI		REX.FI SHK----------	4.28	4.32	4.40	4.38	4.48	4.57	4.69	4.83
8	W/CPI		CONTROL----------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
10	W/CPI		% DIFFERENCE ----------	0.07	0.10	0.32	0.27	0.23	0.16	0.14	0.13
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WMF	I	REX.FI SHK----------	7.90	8.70	9.56	10.39	11.47	12.58	13.80	15.06
13	WMF	I	CONTROL----------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WMF	I	DIFFERENCE ----------	0.00	-0.00	0.01	-0.01	-0.02	-0.05	-0.05	-0.07
15	WMF	I	% DIFFERENCE ----------	0.01	-0.02	0.14	-0.10	-0.21	-0.36	-0.39	-0.49
16			EXCHANGE RATE----------								
17	REXCAN	B	REX.FI SHK----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
18	REXCAN	B	CONTROL----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	REXCAN	B	% DIFFERENCE ----------	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	REX.FI SHK----------	2.023	2.173	2.204	2.356	2.447	2.592	2.727	2.875
23	PTE.CA.G+SW	I	CONTROL----------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	-0.000	0.000	0.000	0.000	0.001	0.000	0.001	0.001
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	-0.01	0.01	0.02	0.01	0.03	0.02	0.03	0.03
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	REX.FI SHK----------	1.963	2.120	2.153	2.312	2.424	2.583	2.713	2.874
28	PTM.CA.G+SW	I	CONTROL----------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	0.000	0.001	0.002	0.002	0.002	0.003	0.003	0.004
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	0.01	0.05	0.08	0.07	0.10	0.11	0.13	0.14
31			CORPORATE PROFITS----------								
32	Y.PROFBT.CORP$	I	REX.FI SHK----------	26571.	28817.	31361.	37561.	38363.	40658.	44532.	48521.
33	Y.PROFBT.CORP$	I	CONTROL----------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	Y.PROFBT.CORP$	I	DIFFERENCE ----------	153.	126.	-116.	-11.	11.	-21.	-31.	-141.
35	Y.PROFBT.CORP$	I	% DIFFERENCE ----------	0.58	0.44	-0.37	-0.03	0.03	-0.05	-0.07	-0.29
36			WAGE SHARE----------								
37	WBTOT/NNI		REX.FI SHK----------	73.	73.	73.	72.	73.	74.	74.	75.
38	WBTOT/NNI		CONTROL----------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTOT/NNI		DIFFERENCE ----------	0.	0.	0.	0.	0.	0.	0.	0.
40	WBTOT/NNI		% DIFFERENCE ----------	0.07	0.05	0.15	0.06	0.03	0.02	0.01	0.04
41			PROFIT SHARE----------								
42	CORP/NNI		REX.FI SHK----------	15.	14.	14.	15.	14.	13.	13.	13.
43	CORP/NNI		CONTROL----------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	0.	0.	-0.	0.	0.	0.	0.	0.
45	CORP/NNI		% DIFFERENCE ----------	0.75	0.66	-0.13	0.30	0.44	0.47	0.53	0.37
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAW$	I	REX.FI SHK----------	-5074.	-4588.	-6779.	-8816.	-9152.	-9927.	-10728.	-12226.
48	TBC.BAL.CAW$	I	CONTROL----------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAW$	I	DIFFERENCE ----------	225.	358.	505.	598.	697.	921.	1169.	1342.
50	TBC.BAL.CAW$	I	% DIFFERENCE ----------	-4.25	-7.24	-6.94	-6.36	-7.08	-8.49	-9.82	-9.89

TABLE 1.00 MONETARY POLICY - FIXED EXCHANGE RATE REGIME

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TRC.BAL.SERW$	I	REX.FI SHK----------	-8632.	-9251.	-10453.	-11438.	-12015.	-12664.	-13415.	-13933.
3	TRC.BAL.SERW$	I	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TRC.BAL.SERW$	I	DIFFERENCE ----------	100.	221.	328.	454.	584.	739.	891.	1022.
5	TRC.BAL.SERW$	I	% DIFFERENCE ----------	-1.14	-2.34	-3.04	-3.81	-4.64	-5.51	-6.23	-6.83
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOF S$	B	REX.FI SHK----------	-5529.	-2772.	-985.	-1698.	-1026.	-1091.	-809.	-680.
8	TBK.BALOF S$	B	CONTROL----------	-3298.	-88.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOF S$	B	DIFFERENCE ----------	-2231.	-2684.	-1083.	-1568.	-1030.	-1035.	-793.	-660.
10	TBK.BALOF S$	B	% DIFFERENCE ----------	67.65	3048.76	-1101.97	1203.12	-21613.39	1850.81	4821.28	3303.01
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	I	REX.FI SHK----------	3150.	1332.	268.	-351.	-158.	296.	376.	891.
13	TBK.BAL.LTFM$	I	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	I	DIFFERENCE ----------	-313.	-295.	-367.	-520.	-552.	-554.	-545.	-558.
15	TBK.BAL.LTFM$	I	% DIFFERENCE ----------	-9.03	-18.13	-57.80	-308.22	-140.23	-65.20	-59.16	-38.50

TABLE 5.00 FOREIGN INTEREST RATES-ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	FMONEYSUPPLY	B	INT.IRR1 SHK----------	22993.	24735.	26675.	29609.	32434.	35535.	38587.	41644.
4	FMONEYSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	FMONEYSUPPLY	B	DIFFERENCE ----------	-596.	-728.	-828.	-114.	343.	866.	1142.	1210.
6	FMONEYSUPPLY	B	% DIFFERENCE ----------	-2.53	-2.86	-3.01	-0.38	1.07	2.50	3.05	2.99
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	INT.IRR1 SHK----------	126772.	130208.	134325.	138905.	143676.	148046.	153831.	159607.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	-13.	-764.	-1505.	-2223.	-1554.	-884.	25.	241.
11	GNE	I	% DIFFERENCE ----------	-0.01	-0.58	-1.11	-1.58	-1.07	-0.59	0.02	0.15
12			CONSUMPTION----------								
13	C	I	INT.IRR1 SHK----------	80181.	82686.	86169.	88736.	91949.	94572.	98285.	101757.
14	C	I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	250.	6.	-123.	-674.	-421.	-384.	-3.	-48.
16	C	I	% DIFFERENCE ----------	0.31	0.01	-0.14	-0.75	-0.46	-0.40	-0.00	-0.05
17			GOODS & SERVICES----------								
18	GE.CGS	I	INT.IRR1 SHK----------	22640.	23065.	23396.	23772.	24156.	24613.	25053.	25565.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	74.	88.	55.	-18.	-35.	8.	-1.	31.
21	GE.CGS	I	% DIFFERENCE ----------	0.33	0.38	0.23	-0.07	-0.14	0.03	-0.00	0.12
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	INT.IRR1 SHK----------	27100.	27350.	28440.	29739.	30931.	32102.	34274.	36391.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	-196.	-714.	-1137.	-1519.	-1162.	-588.	277.	823.
26	GFC	I	% DIFFERENCE ----------	-0.72	-2.54	-3.84	-4.86	-3.62	-1.80	0.81	2.32
27			EXPORTS----------								
28	TEG+SNAW	I	INT.IRR1 SHK----------	30594.	31653.	32860.	34520.	36326.	37891.	39481.	41491.
29	TEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	TEG+SNAW	I	DIFFERENCE ----------	6.	17.	7.	-23.	-56.	-58.	-50.	-32.
31	TEG+SNAW	I	% DIFFERENCE ----------	0.02	0.05	0.02	-0.07	-0.15	-0.15	-0.13	-0.08
32			IMPORTS----------								
33	TMG+SNAW	I	INT.IRR1 SHK----------	34392.	34966.	37348.	39255.	40974.	42373.	44606.	46911.
34	TMG+SNAW	I	CONTROL----------	34219.	34885.	37155.	39427.	40931.	42394.	44202.	46309.
35	TMG+SNAW	I	DIFFERENCE ----------	173.	81.	193.	-172.	-56.	-22.	404.	602.
36	TMG+SNAW	I	% DIFFERENCE ----------	0.51	0.23	0.52	-0.44	-0.14	-0.05	0.91	1.30
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		INT.IRR1 SHK----------	5.51	5.26	5.04	4.69	4.43	4.17	3.99	3.83
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	0.14	0.12	0.10	-0.06	-0.10	-0.13	-0.12	-0.11
41	GNE/MONEY		% DIFFERENCE ----------	2.58	2.34	1.96	-1.20	-2.12	-3.02	-2.94	-2.76
42			LABOUR FORCE----------								
43	QTOTLF	I	INT.IRR1 SHK----------	10605.	10793.	10967.	11143.	11343.	11545.	11778.	12015.
44	QTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	QTOTLF	I	DIFFERENCE ----------	-9.	-17.	-36.	-36.	-34.	-14.	-4.	3.
46	QTOTLF	I	% DIFFERENCE ----------	-0.08	-0.15	-0.33	-0.32	-0.30	-0.12	-0.04	0.02

TABLE 5.00 FOREIGN INTEREST RATES-ACCOMMODATING MONETARY POLICY

LINE	VAR	LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1				EMPLOYMENT----------								
2	E		I	INT.IRR1 SHK----------	9747.	9920.	10152.	10405.	10638.	10834.	11081.	11303.
3	E		I	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	E		I	DIFFERENCE ----------	4.	-12.	-26.	-59.	-46.	-38.	6.	8.
5	E		I	% DIFFERENCE ----------	0.04	-0.13	-0.25	-0.57	-0.43	-0.35	0.06	0.07
6				PRODUCTIVITY----------								
7	NE/E			INT.IRR1 SHK----------	126772.	130208.	134325.	138905.	143676.	148046.	153831.	159607.
8	NE/E			CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	NE/E			DIFFERENCE ----------	-13.	-764.	-1505.	-2223.	-1554.	-884.	25.	241.
10	NE/E			% DIFFERENCE ----------	-0.01	-0.58	-1.11	-1.58	-1.07	-0.59	0.02	0.15
11				UNEMPLOYMENT RATE----------								
12	DURATE		I	INT.IRR1 SHK----------	8.09	8.10	7.44	6.62	6.22	6.17	5.92	5.93
13	DURATE		I	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	DURATE		I	DIFFERENCE ----------	-0.11	-0.02	-0.07	0.23	0.13	0.22	-0.09	-0.04
15	DURATE		I	% DIFFERENCE ----------	-1.32	-0.30	-0.89	3.61	2.08	3.62	-1.51	-0.75
16				FINANCE COMPANY PAPER----------								
17	FRATE	.FCPAPER3M	B	INT.IRR1 SHK----------	11.49	13.16	11.90	9.78	9.36	8.63	8.04	7.74
18	FRATE	.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE	.FCPAPER3M	B	DIFFERENCE ----------	2.46	2.58	2.69	0.27	0.15	0.03	-0.01	0.02
20	FRATE	.FCPAPER3M	B	% DIFFERENCE ----------	27.30	24.38	29.27	2.86	1.63	0.32	-0.15	0.29
21				INDUSTRIAL BOND YIELD----------								
22	FRATE	.IBOND.10Y	B	INT.IRR1 SHK----------	11.54	12.73	12.78	11.83	11.59	10.84	10.37	10.02
23	FRATE	.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE	.IBOND.10Y	B	DIFFERENCE ----------	1.16	1.46	1.64	0.58	0.29	0.11	0.02	0.01
25	FRATE	.IBOND.10Y	B	% DIFFERENCE ----------	11.21	12.96	14.77	5.14	2.60	1.07	0.17	0.09
26				FINANCIAL ASSETS OF PUBLIC----								
27	FFINA	SSET.PUB	I	INT.IRR1 SHK----------	229707.	261318.	290440.	322264.	358693.	395219.	430738.	467973.
28	FFINA	SSET.PUB	I	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINA	SSET.PUB	I	DIFFERENCE ----------	640.	511.	-12.	1961.	5167.	9336.	9488.	9593.
30	FFINA	SSET.PUB	I	% DIFFERENCE ----------	0.28	0.20	-0.00	0.61	1.46	2.42	2.25	2.09
31				CANADA SAVINGS BONDS----------								
32	FGD.C	SB.PUB	B	INT.IRR1 SHK----------	22730.	25725.	30019.	34314.	38901.	43859.	48605.	53353.
33	FGD.C	SB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.C	SB.PUB	B	DIFFERENCE ----------	78.	721.	1586.	2666.	3331.	3901.	3974.	3968.
35	FGD.C	SB.PUB	B	% DIFFERENCE ----------	0.34	2.88	5.58	8.42	9.37	9.76	8.90	8.04
36				MORTGAGE APPROVALS----------								
37	FMAP.	TOT	I	INT.IRR1 SHK----------	14407.	15513.	17644.	20323.	23101.	25652.	27895.	30312.
38	FMAP.	TOT	I	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.	TOT	I	DIFFERENCE ----------	-14.	-35.	-95.	140.	512.	893.	798.	591.
40	FMAP.	TOT	I	% DIFFERENCE ----------	-0.10	-0.22	-0.53	0.70	2.27	3.61	2.94	1.99
41				HOUSING STARTS----------								
42	HTS		I	INT.IRR1 SHK----------	228.	192.	198.	215.	225.	220.	234.	235.
43	HTS		I	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	HTS		I	DIFFERENCE ----------	-6.	-9.	-10.	-6.	-0.	3.	4.	2.
45	HTS		I	% DIFFERENCE ----------	-2.52	-4.44	-4.69	-2.50	-0.04	1.26	1.72	1.04
46				GOVERNMENT DEFICIT----------								
47	GDS		I	INT.IRR1 SHK----------	-8410.	-7214.	-6821.	-4913.	-4030.	-2721.	-601.	530.
48	DS		I	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	DS		I	DIFFERENCE ----------	-218.	-766.	-1251.	-1626.	-1253.	-971.	284.	563.
50	DS		I	% DIFFERENCE ----------	2.66	11.88	22.47	49.45	45.12	55.47	-32.09	-1705.27

TABLE 5.00 FOREIGN INTEREST RATES-ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	GDF$	I	INT.IRR1 SHK----------	-11197.	-10098.	-10510.	-9538.	-9469.	-8798.	-7383.	-6503.
3	GDF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	GDF$	I	DIFFERENCE ----------	-395.	-876.	-1367.	-1353.	-1018.	-700.	300.	497.
5	GDF$	I	% DIFFERENCE ----------	3.65	9.50	14.95	16.53	12.04	8.65	-3.91	-7.09
6			PROVINCIAL GOVT DEFICIT-------								
7	GDP$	I	INT.IRR1 SHK----------	858.	582.	924.	1234.	1363.	1302.	1382.	1075.
8	GDP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	GDP$	I	DIFFERENCE ----------	198.	48.	-68.	-570.	-489.	-450.	-156.	-60.
10	GDP$	I	% DIFFERENCE ----------	30.06	8.89	-6.86	-31.60	-26.41	-25.68	-10.15	-5.26
11			G OF C DIRECTEGUAR SECURITIES-								
12	FGD.TSEC	I	INT.IRR1 SHK----------	56856.	67950.	80219.	91678.	103048.	114039.	123688.	132642.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	96.	1116.	2397.	4201.	5170.	5966.	5567.	5112.
15	FGD.TSEC	I	% DIFFERENCE ----------	0.17	1.67	3.08	4.80	5.28	5.52	4.71	4.01
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	INT.IRR1 SHK----------	11746.	13946.	16454.	18248.	20412.	21898.	23140.	24271.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	860.	1353.	2090.	1508.	1625.	1478.	1228.	1026.
20	GE.INT$	I	% DIFFERENCE ----------	7.90	10.75	14.55	9.01	8.65	7.24	5.61	4.42
21			GOVERNMENT REVENUE----------								
22	GR$	I	INT.IRR1 SHK----------	85262.	95740.	106923.	119877.	133307.	147720.	163445.	179999.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	876.	1061.	1259.	190.	555.	1055.	2040.	2628.
25	GR$	I	% DIFFERENCE ----------	1.04	1.12	1.19	0.16	0.42	0.72	1.26	1.48
26			PERSONAL INCOME----------								
27	PY$	I	INT.IRR1 SHK----------	192966.	216863.	239875.	264815.	294075.	324812.	359165.	396731.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	2197.	3019.	3214.	772.	707.	1598.	2670.	3811.
30	PY$	I	% DIFFERENCE ----------	1.15	1.41	1.36	0.29	0.24	0.49	0.75	0.97
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	INT.IRR1 SHK----------	25334.	27419.	30170.	33018.	36342.	40130.	44155.	48769.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	6.	142.	204.	400.	326.	382.	84.	196.
35	GE.TPE$	I	% DIFFERENCE ----------	0.03	0.52	0.68	1.23	0.91	0.96	0.19	0.40
36			GNE DEFLATOR----------								
37	PFGNE/100		INT.IRR1 SHK----------	1.835	1.989	2.135	2.298	2.457	2.625	2.799	2.974
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	0.007	0.015	0.022	0.020	0.018	0.016	0.019	0.023
40	PFGNE/100		% DIFFERENCE ----------	0.36	0.74	1.06	0.90	0.73	0.62	0.67	0.78
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	INT.IRR1 SHK----------	5.981	9.265	7.517	6.940	7.765	7.463	6.868	6.637
43	.CPIE	B	CONTROL----------	5.981	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	0.179	-0.381	0.208	-0.001	0.583	0.216	0.351
45	.CPIE	B	% DIFFERENCE ----------	0.0	1.97	-4.83	3.09	-0.01	8.47	3.24	5.59
46			CONSUMER PRICE INDEX----------								
47	CPI	B	INT.IRR1 SHK----------	1.758	1.911	2.058	2.234	2.394	2.557	2.724	2.891
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	0.007	0.014	0.024	0.023	0.020	0.014	0.014	0.018
50	CPI	B	% DIFFERENCE ----------	0.38	0.75	1.16	1.05	0.84	0.55	0.51	0.64

TABLE 5.00 FOREIGN INTEREST RATES-ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS-------								
2	W	I	INT.IRR1 SHK----------	7.48	8.20	8.90	9.66	10.60	11.65	12.76	13.97
3	W	I	CONTROL----------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	0.01	-0.02	-0.01	-0.02	0.04	0.06	0.11
5	W	I	% DIFFERENCE ----------	-0.01	0.13	-0.22	-0.07	-0.14	0.34	0.45	0.83
6			REAL WAGE RATE----------								
7	W/CPI		INT.IRR1 SHK----------	4.26	4.29	4.32	4.32	4.43	4.56	4.68	4.83
8	W/CPI		CONTROL----------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	-0.02	-0.03	-0.06	-0.05	-0.04	-0.01	-0.00	0.01
10	W/CPI		% DIFFERENCE ----------	-0.39	-0.62	-1.36	-1.11	-0.97	-0.21	-0.07	0.18
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WMF	I	INT.IRR1 SHK----------	7.90	8.72	9.53	10.41	11.48	12.67	13.89	15.25
13	WMF	I	CONTROL----------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WMF	I	DIFFERENCE ----------	-0.00	0.01	-0.01	0.01	-0.01	0.04	0.03	0.11
15	WMF	I	% DIFFERENCE ----------	-0.02	0.16	-0.16	0.07	-0.12	0.34	0.25	0.76
16			EXCHANGE RATE----------								
17	REXCAN	B	INT.IRR1 SHK----------	1.1386	1.1412	1.1004	1.1130	1.1014	1.1012	1.1007	1.0949
18	REXCAN	B	CONTROL----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	-0.0012	-0.0026	-0.0017	-0.0056	-0.0017	-0.0035	0.0026	-0.0005
20	REXCAN	B	% DIFFERENCE ----------	-0.10	-0.23	-0.16	-0.50	-0.15	-0.31	0.23	-0.04
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	INT.IRR1 SHK----------	2.021	2.168	2.200	2.344	2.443	2.583	2.732	2.873
23	PTE.CA.G+SW	I	CONTROL----------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	-0.002	-0.005	-0.004	-0.012	-0.004	-0.008	0.006	-0.002
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	-0.11	-0.24	-0.17	-0.51	-0.16	-0.32	0.22	-0.05
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	INT.IRR1 SHK----------	1.960	2.113	2.147	2.299	2.419	2.573	2.716	2.867
28	PTM.CA.G+SW	I	CONTROL----------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	-0.002	-0.006	-0.004	-0.012	-0.003	-0.007	0.006	-0.003
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	-0.12	-0.27	-0.21	-0.51	-0.12	-0.29	0.21	-0.10
31			CORPORATE PROFITS----------								
32	Y.PR.FBT.CORP$	I	INT.IRR1 SHK----------	25872.	27275.	29841.	35557.	37681.	40561.	46048.	50154.
33	Y.PR.FBT.CORP$	I	CONTROL----------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	Y.PR.FBT.CORP$	I	DIFFERENCE ----------	-546.	-1416.	-1637.	-2016.	-671.	-118.	1485.	1492.
35	Y.PR.FBT.CORP$	I	% DIFFERENCE ----------	-2.07	-4.94	-5.20	-5.36	-1.75	-0.29	3.33	3.07
36			WAGE SHARE----------								
37	WBTDT/NNI		INT.IRR1 SHK----------	73.	72.	72.	72.	73.	74.	74.	75.
38	WBTDT/NNI		CONTROL----------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTDT/NNI		DIFFERENCE ----------	-0.	-0.	-0.	0.	-0.	-0.	-0.	-0.
40	WBTDT/NNI		% DIFFERENCE ----------	-0.22	-0.04	-0.19	0.11	-0.24	-0.25	-0.37	-0.23
41			PROFIT SHARE----------								
42	CORP/NNI		INT.IRR1 SHK----------	14.	13.	13.	14.	13.	13.	13.	13.
43	CORP/NNI		CONTROL----------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	-0.	-1.	-1.	-1.	-0.	-0.	0.	0.
45	CORP/NNI		% DIFFERENCE ----------	-2.41	-5.08	-5.14	-4.75	-1.53	-0.51	2.41	1.91
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAN$	I	INT.IRR1 SHK----------	-5591.	-4991.	-7526.	-8921.	-9790.	-10915.	-13099.	-15270.
48	TBC.BAL.CAN$	I	CONTROL----------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAN$	I	DIFFERENCE ----------	-292.	-45.	-242.	493.	59.	-67.	-1202.	-1702.
50	TBC.BAL.CAN$	I	% DIFFERENCE ----------	5.51	0.91	3.33	-5.23	-0.60	0.61	10.10	12.54

TABLE 5.00 FOREIGN INTEREST RATES-ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TBC.BAL.SERW$	I	INT.IRR1 SHK----------	-8899.	-9863.	-11660.	-12706.	-13387.	-13902.	-15001.	-15704.
3	TBC.BAL.SERW$	I	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TBC.BAL.SERW$	I	DIFFERENCE ----------	-168.	-391.	-878.	-814.	-788.	-499.	-695.	-750.
5	TBC.BAL.SERW$	I	% DIFFERENCE ----------	1.92	4.13	8.15	6.85	6.25	3.72	4.85	5.01
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOFS$	B	INT.IRR1 SHK----------	-3302.	-92.	88.	-112.	-5.	-46.	-40.	-11.
8	TBK.BALOFS$	B	CONTROL----------	-3298.	-88.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOFS$	B	DIFFERENCE ----------	-4.	-4.	-11.	18.	-10.	9.	-23.	9.
10	TBK.BALOFS$	B	% DIFFERENCE ----------	0.13	4.50	-10.78	-14.02	-215.31	-16.97	142.69	-43.37
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	I	INT.IRR1 SHK----------	3549.	2172.	1338.	977.	778.	1143.	1263.	2073.
13	TBK.BAL.LTFM$	I	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	I	DIFFERENCE ----------	86.	545.	703.	808.	385.	294.	342.	624.
15	TBK.BAL.LTFM$	I	% DIFFERENCE ----------	2.49	33.52	110.94	479.36	97.92	34.56	37.10	43.09

TABLE 6.00 FOREIGN INTEREST RATES-NON ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	FM[illegible]YSUPPLY	B	INT.IRR SHK----------	23564.	25187.	27243.	29693.	32479.	35283.	38200.	41047.
4	FM[illegible]YSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	FMUNEYSUPPLY	B	DIFFERENCE ----------	-26.	-275.	-259.	-30.	388.	614.	755.	612.
6	FMUNEYSUPPLY	B	% DIFFERENCE ----------	-0.11	-1.08	-0.94	-0.10	1.21	1.77	2.02	1.51
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	INT.IRR SHK----------	126879.	130579.	135165.	139911.	144701.	148621.	154212.	159826.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	94.	-394.	-664.	-1217.	-529.	-309.	407.	460.
11	GNE	I	% DIFFERENCE ----------	0.07	-0.30	-0.49	-0.86	-0.36	-0.21	0.26	0.29
12			CONSUMPTION----------								
13	C	I	INT.IRR SHK----------	79676.	82517.	85954.	89209.	92152.	94830.	98300.	101743.
14	C	I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	-255.	-162.	-337.	-202.	-219.	-125.	12.	-65.
16	C	I	% DIFFERENCE ----------	-0.32	-0.20	-0.39	-0.23	-0.24	-0.13	0.01	-0.06
17			GOODS & SERVICES----------								
18	GE.CGS	I	INT.IRR SHK----------	22651.	23006.	23358.	23699.	24139.	24565.	25026.	25526.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	84.	28.	16.	-90.	-52.	-40.	-28.	-8.
21	GE.CGS	I	% DIFFERENCE ----------	0.37	0.12	0.07	-0.38	-0.21	-0.16	-0.11	-0.03
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	INT.IRR SHK----------	27173.	27468.	28773.	30257.	31560.	32513.	34469.	36395.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	-122.	-596.	-804.	-1000.	-533.	-178.	471.	827.
26	GFC	I	% DIFFERENCE ----------	-0.45	-2.12	-2.72	-3.20	-1.66	-0.54	1.39	2.33
27			EXPORTS----------								
28	TEG+SNAW	I	INT.IRR SHK----------	30676.	31786.	33004.	34611.	36380.	37941.	39518.	41539.
29	TEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	TEG+SNAW	I	DIFFERENCE ----------	88.	150.	151.	68.	-2.	-8.	-14.	16.
31	TEG+SNAW	I	% DIFFERENCE ----------	0.29	0.47	0.46	0.20	-0.00	-0.02	-0.03	0.04
32			IMPORTS----------								
33	TMG+SNAW	I	INT.IRR SHK----------	34055.	34427.	36875.	39199.	40972.	42314.	44411.	46610.
34	TMG+SNAW	I	CONTROL----------	34219.	34885.	37155.	39427.	40931.	42394.	44202.	46309.
35	TMG+SNAW	I	DIFFERENCE ----------	-164.	-458.	-280.	-228.	42.	-80.	209.	301.
36	TMG+SNAW	I	% DIFFERENCE ----------	-0.48	-1.31	-0.75	-0.58	0.10	-0.19	0.47	0.65
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		INT.IRR SHK----------	5.38	5.18	4.96	4.71	4.46	4.21	4.04	3.89
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	0.01	0.04	0.02	-0.04	-0.07	-0.08	-0.07	-0.05
41	GNE/MONEY		% DIFFERENCE ----------	0.18	0.79	0.46	-0.76	-1.56	-1.94	-1.72	-1.21
42			LABOUR FORCE----------								
43	LTOTLF	I	INT.IRR SHK----------	10590.	10785.	10960.	11167.	11361.	11569.	11788.	12026.
44	LTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	LTOTLF	I	DIFFERENCE ----------	-24.	-25.	-42.	-12.	-15.	9.	6.	14.
46	LTOTLF	I	% DIFFERENCE ----------	-0.22	-0.23	-0.38	-0.11	-0.13	0.08	0.05	0.11

TABLE 6.00 FOREIGN INTEREST RATES-NON ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			EMPLOYMENT----------								
2	E	I	INT.IRR SHK----------	9751.	9917.	10160.	10421.	10670.	10854.	11089.	11304.
3	E	I	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	E	I	DIFFERENCE ----------	8.	-15.	-18.	-44.	-14.	-17.	15.	9.
5	E	I	% DIFFERENCE ----------	0.09	-0.15	-0.18	-0.42	-0.13	-0.16	0.13	0.08
6			PRODUCTIVITY----------								
7	GNE/ME		INT.IRR SHK----------	126879.	130579.	135165.	139911.	144701.	148621.	154212.	159826.
8	GNS/ME		CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	GNE/ME		DIFFERENCE ----------	94.	-394.	-664.	-1217.	-529.	-309.	407.	460.
10	GNE/ME		% DIFFERENCE ----------	0.07	-0.30	-0.49	-0.86	-0.36	-0.21	0.26	0.29
11			UNEMPLOYMENT RATE----------								
12	DURATE	I	INT.IRR SHK----------	7.91	8.05	7.31	6.68	6.09	6.18	5.93	6.00
13	DURATE	I	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	DURATE	I	DIFFERENCE ----------	-0.29	-0.07	-0.19	0.29	-0.01	0.23	-0.08	0.03
15	DURATE	I	% DIFFERENCE ----------	-3.53	-0.88	-2.54	4.54	-0.08	3.83	-1.33	0.49
16			FINANCE COMPANY PAPER----------								
17	FRATE.FCPAPER3M	B	INT.IRR SHK----------	9.44	12.03	10.36	9.68	8.44	7.98	7.27	7.10
18	FRATE.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE.FCPAPER3M	B	DIFFERENCE ----------	0.41	1.46	1.15	0.17	-0.78	-0.62	-0.79	-0.62
20	FRATE.FCPAPER3M	B	% DIFFERENCE ----------	4.59	13.76	12.48	1.74	-8.45	-7.25	-9.76	-8.07
21			INDUSTRIAL BOND YIELD----------								
22	FRATE.IBOND.10Y	B	INT.IRR SHK----------	11.16	12.30	12.25	11.51	11.29	10.56	10.10	9.75
23	FRATE.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE.IBOND.10Y	B	DIFFERENCE ----------	0.79	1.03	1.11	0.26	-0.01	-0.16	-0.26	-0.26
25	FRATE.IBOND.10Y	B	% DIFFERENCE ----------	7.61	9.10	9.99	2.30	-0.11	-1.48	-2.47	-2.62
26			FINANCIAL ASSETS OF PUBLIC----								
27	FFINASSET.PUB	I	INT.IRR SHK----------	229587.	261567.	290577.	321018.	355580.	390197.	425075.	460647.
28	FFINASSET.PUB	I	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINASSET.PUB	I	DIFFERENCE ----------	519.	760.	126.	715.	2053.	4314.	3825.	2266.
30	FFINASSET.PUB	I	% DIFFERENCE ----------	0.23	0.29	0.04	0.22	0.58	1.12	0.91	0.69
31			CANADA SAVINGS BONDS----------								
32	FGD.CSB.PUB	B	INT.IRR SHK----------	22151.	24583.	27998.	31896.	35714.	40076.	44151.	48213.
33	FGD.CSB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.CSB.PUB	B	DIFFERENCE ----------	-502.	-421.	-435.	248.	145.	119.	-480.	-1169.
35	FGD.CSB.PUB	B	% DIFFERENCE ----------	-2.21	-1.69	-1.53	0.78	0.41	0.30	-1.08	-2.37
36			MORTGAGE APPROVALS----------								
37	FMAP.TOT	I	INT.IRR SHK----------	14511.	15635.	17764.	20207.	22814.	25211.	27488.	29846.
38	FMAP.TOT	I	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.TOT	I	DIFFERENCE ----------	90.	87.	25.	24.	226.	451.	391.	124.
40	FMAP.TOT	I	% DIFFERENCE ----------	0.63	0.56	0.14	0.12	1.00	1.82	1.44	0.42
41			HOUSING STARTS----------								
42	RTS	I	INT.IRR SHK----------	232.	196.	201.	216.	225.	220.	233.	234.
43	RTS	I	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	RTS	I	DIFFERENCE ----------	-2.	-5.	-7.	-4.	-0.	2.	3.	2.
45	RTS	I	% DIFFERENCE ----------	-1.02	-2.61	-3.19	-1.87	-0.07	0.99	1.47	0.77
46			GOVERNMENT DEFICIT----------								
47	GD$	I	INT.IRR SHK----------	-7515.	-6538.	-5527.	-4478.	-2873.	-2070.	29.	1086.
48	GD$	I	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	GD$	I	DIFFERENCE ----------	678.	-90.	43.	-1191.	-96.	-319.	914.	1120.
50	GD$	I	% DIFFERENCE ----------	-8.27	1.40	-0.77	36.22	3.44	18.23	-103.26	-3389.16

TABLE 6.00 FOREIGN INTEREST RATES-NON ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		I T E M	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	DF$	I	INT.IRR SHK----------	-10229.	-9343.	-9060.	-8988.	-8184.	-8054.	-6546.	-5747.
3	GDF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	GDF$	I	DIFFERENCE ----------	574.	-122.	84.	-803.	267.	44.	1137.	1252.
5	DF$	I	% DIFFERENCE ----------	-5.31	1.32	-0.91	9.81	-3.16	-0.55	-14.80	-17.89
6			PROVINCIAL GOVT DEFICIT-------								
7	GDP$	I	INT.IRR SHK----------	806.	550.	885.	1238.	1372.	1278.	1250.	957.
8	GDP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	GDP$	I	DIFFERENCE ----------	146.	15.	-107.	-566.	-480.	-475.	-288.	-178.
10	GDP$	I	% DIFFERENCE ----------	22.21	2.87	-10.83	-31.38	-25.94	-27.09	-18.72	-15.66
11			G OF C DIRECTEGUAR SECURITIES-								
12	FGD.TSEC	I	INT.IRR SHK----------	55960.	66138.	77046.	87868.	98081.	108273.	117163.	125314.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	-799.	-696.	-775.	391.	203.	200.	-958.	-2216.
15	FGD.TSEC	I	% DIFFERENCE ----------	-1.41	-1.04	-1.00	0.45	0.21	0.18	-0.81	-1.74
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	INT.IRR SHK----------	11106.	13249.	15242.	17362.	19033.	20523.	21561.	22633.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	220.	656.	878.	622.	246.	102.	-350.	-612.
20	GE.INT$	I	% DIFFERENCE ----------	2.02	5.21	6.11	3.71	1.31	0.50	-1.60	-2.63
21			GOVERNMENT REVENUE----------								
22	GR$	I	INT.IRR SHK----------	85684.	96105.	107768.	120090.	133555.	147182.	162574.	178828.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	1298.	1425.	2105.	404.	803.	517.	1169.	1458.
25	GR$	I	% DIFFERENCE ----------	1.54	1.51	1.99	0.34	0.60	0.35	0.72	0.82
26			PERSONAL INCOME----------								
27	PY$	I	INT.IRR SHK----------	192637.	217385.	241091.	266275.	294863.	324695.	358299.	394937.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	1868.	3541.	4430.	2232.	1495.	1481.	1804.	2017.
30	PY$	I	% DIFFERENCE ----------	0.98	1.66	1.87	0.85	0.51	0.46	0.51	0.51
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	INT.IRR SHK----------	25306.	27552.	30323.	33233.	36330.	40191.	44179.	48822.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	-21.	274.	357.	614.	314.	443.	108.	248.
35	GE.TPE$	I	% DIFFERENCE ----------	-0.08	1.00	1.19	1.88	0.87	1.12	0.24	0.51
36			GNE DEFLATOR----------								
37	PFGNE/100		INT.IRR SHK----------	1.850	2.004	2.156	2.301	2.463	2.625	2.798	2.967
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	0.022	0.030	0.042	0.023	0.024	0.016	0.018	0.017
40	PFGNE/100		% DIFFERENCE ----------	1.18	1.52	2.01	1.03	0.97	0.60	0.63	0.57
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	INT.IRR SHK----------	5.981	10.146	7.980	6.912	6.950	7.202	6.593	6.439
43	.CPIE	B	CONTROL----------	5.981	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	1.060	0.082	0.181	-0.815	0.322	-0.060	0.154
45	.CPIE	B	% DIFFERENCE ----------	0.0	11.66	1.03	2.69	-10.49	4.68	-0.90	2.45
46			CONSUMER PRICE INDEX----------								
47	CPI	B	INT.IRR SHK----------	1.776	1.928	2.079	2.233	2.399	2.556	2.723	2.885
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	0.025	0.030	0.044	0.022	0.025	0.012	0.013	0.013
50	CPI	B	% DIFFERENCE ----------	1.40	1.61	2.18	0.98	1.05	0.49	0.50	0.44

TABLE 6.00 FOREIGN INTEREST RATES-NON ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS-------								
2	W	I	INT.IRR SHK----------	7.48	8.26	9.00	9.78	10.66	11.70	12.79	13.98
3	W	I	CONTROL----------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	0.07	0.09	0.12	0.05	0.09	0.09	0.12
5	W	I	% DIFFERENCE ----------	-0.02	0.87	0.97	1.20	0.48	0.80	0.68	0.88
6			REAL WAGE RATE----------								
7	W/CPI		INT.IRR SHK----------	4.21	4.28	4.33	4.38	4.44	4.58	4.70	4.85
8	W/CPI		CONTROL----------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	-0.06	-0.03	-0.05	0.01	-0.03	0.01	0.01	0.02
10	W/CPI		% DIFFERENCE ----------	-1.40	-0.72	-1.18	0.22	-0.56	0.30	0.18	0.44
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WF	I	INT.IRR SHK----------	7.90	8.78	9.64	10.53	11.53	12.71	13.91	15.25
13	WF	I	CONTROL----------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WF	I	DIFFERENCE ----------	-0.00	0.08	0.09	0.13	0.04	0.09	0.06	0.11
15	WF	I	% DIFFERENCE ----------	-0.02	0.92	0.99	1.23	0.36	0.70	0.44	0.75
16			EXCHANGE RATE----------								
17	REXCAN	B	INT.IRR SHK----------	1.1807	1.1698	1.1341	1.1064	1.1142	1.1040	1.1073	1.1009
18	REXCAN	B	CONTROL----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	0.0410	0.0260	0.0320	-0.0122	0.0111	-0.0006	0.0091	0.0056
20	REXCAN	B	% DIFFERENCE ----------	3.59	2.27	2.91	-1.09	1.01	-0.06	0.83	0.51
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	INT.IRR SHK----------	2.096	2.221	2.268	2.331	2.472	2.590	2.749	2.888
23	PTE.CA.G+SW	I	CONTROL----------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	0.072	0.048	0.064	-0.025	0.025	-0.002	0.023	0.014
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	3.58	2.23	2.88	-1.07	1.02	-0.07	0.83	0.50
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	INT.IRR SHK----------	2.035	2.168	2.216	2.286	2.447	2.579	2.733	2.884
28	PTM.CA.G+SW	I	CONTROL----------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	0.072	0.049	0.064	-0.025	0.026	-0.001	0.023	0.014
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	3.68	2.32	2.99	-1.08	1.07	-0.05	0.85	0.49
31			CORPORATE PROFITS----------								
32	.PR	FBT.CORP$	I INT.IRR SHK----------	28372.	28495.	31885.	34875.	39168.	40268.	46211.	49853.
33	Y.PR	FBT.CORP$	I CONTROL----------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	.PR	FBT.CORP$	I DIFFERENCE ----------	1954.	-196.	408.	-2698.	816.	-410.	1648.	1191.
35	Y.PR	FBT.CORP$	I % DIFFERENCE ----------	7.40	-0.68	1.30	-7.18	2.13	-1.01	3.70	2.45
36			WAGE SHARE----------								
37	WBTOT/NNI		INT.IRR SHK----------	73.	72.	72.	72.	73.	74.	74.	75.
38	WBTOT/NNI		CONTROL----------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTOT/NNI		DIFFERENCE ----------	-1.	-0.	-0.	0.	-0.	0.	-0.	-0.
40	WBTOT/NNI		% DIFFERENCE ----------	-0.87	-0.42	-0.59	0.37	-0.29	0.01	-0.23	-0.06
41			PROFIT SHARE----------								
42	CORP/NNI		INT.IRR SHK----------	15.	14.	14.	14.	14.	13.	13.	13.
43	CORP/NNI		CONTROL----------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	1.	-0.	-0.	-1.	0.	-0.	0.	0.
45	CORP/NNI		% DIFFERENCE ----------	6.11	-1.91	-0.29	-7.46	1.39	-1.53	2.64	1.47
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAW$	I	INT.IRR SHK----------	-5017.	-3774.	-6546.	-8560.	-10066.	-10689.	-12635.	-14455.
48	TBC.BAL.CAW$	I	CONTROL----------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAW$	I	DIFFERENCE ----------	281.	1173.	738.	854.	-217.	159.	-738.	-886.
50	TBC.BAL.CAW$	I	% DIFFERENCE ----------	-5.31	-23.71	-10.13	-9.08	2.20	-1.47	6.20	6.53

TABLE 6.00 FOREIGN INTEREST RATES-NON ACCOMMODATING MONETARY POLICY

LINE	VAR LABEL		I T E M	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TBC.BAL.SERV$	1	INT.IRR SHK----------	-8679.	-9405.	-11163.	-12295.	-13075.	-13382.	-14407.	-15009.
3	TBC.BAL.SERV$	1	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TBC.BAL.SERV$	1	DIFFERENCE ----------	52.	67.	-382.	-404.	-475.	21.	-101.	-55.
5	TBC.BAL.SERV$	1	% DIFFERENCE ----------	-0.60	-0.71	3.54	3.39	3.77	-0.16	0.70	0.37
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOFS$	6	INT.IRR SHK----------	-3484.	-44.	62.	55.	-80.	-3.	-54.	-5.
8	TBK.BALOFS$	8	CONTROL----------	-3298.	-88.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOFS$	8	DIFFERENCE ----------	-186.	44.	-36.	185.	-84.	52.	-37.	15.
10	TBK.BALOFS$	8	% DIFFERENCE ----------	5.65	-50.51	-37.12	-141.92	-1771.18	-93.75	225.86	-74.20
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	1	INT.IRR SHK----------	2921.	1657.	1012.	1089.	954.	1318.	1691.	2211.
13	TBK.BAL.LTFM$	1	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	1	DIFFERENCE ----------	-542.	31.	378.	920.	560.	468.	771.	762.
15	TBK.BAL.LTFM$	1	% DIFFERENCE ----------	-15.64	1.88	59.57	545.70	142.47	55.09	83.68	52.61

TABLE 7.00 FOREIGN PRICES & INTEREST RATES-ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	MONEYSUPPLY	B	INT.PIR SHK----------	23737.	26034.	28537.	31359.	34535.	38007.	41741.	45772.
4	MONEYSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	MONEYSUPPLY	B	DIFFERENCE ----------	148.	571.	1035.	1636.	2445.	3337.	4296.	5337.
6	MONEYSUPPLY	B	% DIFFERENCE ----------	0.63	2.24	3.76	5.50	7.62	9.63	11.47	13.20
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	INT.PIR SHK----------	126771.	130474.	134961.	139974.	144185.	147978.	153032.	158528.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	-15.	-499.	-868.	-1154.	-1045.	-952.	-773.	-838.
11	GNE	I	% DIFFERENCE ----------	-0.01	-0.38	-0.64	-0.82	-0.72	-0.64	-0.50	-0.53
12			CONSUMPTION----------								
13	C	I	INT.PIR SHK----------	79922.	82465.	85950.	88964.	92036.	94639.	98117.	101536.
14		I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	-9.	-214.	-341.	-446.	-335.	-316.	-171.	-269.
16	C	I	% DIFFERENCE ----------	-0.01	-0.26	-0.40	-0.50	-0.36	-0.33	-0.17	-0.26
17			GOODS & SERVICES----------								
18	GE.CGS	I	INT.PIR SHK----------	22627.	23034.	23388.	23846.	24248.	24674.	25113.	25615.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	60.	57.	46.	57.	57.	70.	59.	80.
21	GE.CGS	I	% DIFFERENCE ----------	0.27	0.25	0.20	0.24	0.23	0.28	0.23	0.31
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	INT.PIR SHK----------	27171.	27545.	26789.	30104.	30865.	31580.	33071.	34759.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	-125.	-519.	-787.	-1153.	-1229.	-1110.	-926.	-809.
26	GFC	I	% DIFFERENCE ----------	-0.46	-1.85	-2.66	-3.69	-3.83	-3.40	-2.73	-2.28
27			EXPORTS----------								
28	XEG+SNAW	I	INT.PIR SHK----------	30586.	31640.	32847.	34527.	36348.	37902.	39466.	41443.
29	XEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	XEG+SNAW	I	DIFFERENCE ----------	-1.	4.	-6.	-16.	-34.	-48.	-65.	-81.
31	XEG+SNAW	I	% DIFFERENCE ----------	-0.00	0.01	-0.02	-0.05	-0.09	-0.13	-0.16	-0.19
32			IMPORTS----------								
33	IMG+SNAW	I	INT.PIR SHK----------	34208.	34609.	36865.	38946.	40423.	41968.	43913.	46085.
34	IMG+SNAW	I	CONTROL----------	34219.	34885.	37155.	39427.	40931.	42394.	44202.	46309.
35	IMG+SNAW	I	DIFFERENCE ----------	-11.	-276.	-290.	-481.	-508.	-426.	-289.	-224.
36	IMG+SNAW	I	% DIFFERENCE ----------	-0.03	-0.79	-0.78	-1.22	-1.24	-1.01	-0.65	-0.48
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		INT.PIR SHK----------	5.34	5.01	4.73	4.46	4.17	3.89	3.67	3.46
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	-0.03	-0.13	-0.21	-0.28	-0.35	-0.40	-0.44	-0.48
41	GNE/MONEY		% DIFFERENCE ----------	-0.64	-2.57	-4.24	-5.99	-7.75	-9.36	-10.74	-12.13
42			LABOUR FORCE----------								
43	LTOTLF	I	INT.PIR SHK----------	10602.	10790.	10969.	11145.	11347.	11536.	11767.	12002.
44	LTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	LTOTLF	I	DIFFERENCE ----------	-12.	-21.	-34.	-34.	-29.	-23.	-15.	-10.
46	LTOTLF	I	% DIFFERENCE ----------	-0.11	-0.19	-0.31	-0.30	-0.26	-0.20	-0.13	-0.08

TABLE 7.00 FOREIGN PRICES & INTEREST RATES-ACCOMMODATING

LINE	VAR	LABEL	ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			EMPLOYMENT----------								
2	E	1	INT.PIR SHK----------	9746.	9919.	10154.	10423.	10643.	10832.	11048.	11263.
3	E	1	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	E	1	DIFFERENCE ----------	3.	-13.	-24.	-42.	-41.	-40.	-27.	-31.
5	E	1	% DIFFERENCE ----------	0.03	-0.13	-0.23	-0.40	-0.38	-0.36	-0.24	-0.28
6			PRODUCTIVITY----------								
7	CNE/E		INT.PIR SHK----------	126771.	130474.	134961.	139974.	144185.	147978.	153032.	158528.
8	CNE/E		CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	CNE/E		DIFFERENCE ----------	-15.	-499.	-868.	-1154.	-1045.	-952.	-773.	-838.
10	CNE/E		% DIFFERENCE ----------	-0.01	-0.38	-0.64	-0.82	-0.72	-0.64	-0.50	-0.53
11			UNEMPLOYMENT RATE----------								
12	DURATE	1	INT.PIR SHK----------	8.07	8.06	7.44	6.48	6.21	6.11	6.12	6.16
13	DURATE	1	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	DURATE	1	DIFFERENCE ----------	-0.13	-0.06	-0.07	0.09	0.12	0.16	0.11	0.18
15	DURATE	1	% DIFFERENCE ----------	-1.57	-0.68	-0.87	1.45	1.91	2.64	1.76	3.05
16			FINANCE COMPANY PAPER----------								
17	FRATE.FCPAPER3M	B	INT.PIR SHK----------	9.86	11.52	10.27	10.65	10.35	9.73	9.15	8.79
18	FRATE.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE.FCPAPER3M	B	DIFFERENCE ----------	0.84	0.94	1.06	1.14	1.14	1.13	1.10	1.07
20	FRATE.FCPAPER3M	B	% DIFFERENCE ----------	9.27	8.88	11.49	11.96	12.34	13.11	13.66	13.84
21			INDUSTRIAL BOND YIELD----------								
22	FRATE.IBOND.10Y	B	INT.PIR SHK----------	11.24	12.25	12.20	12.37	12.44	11.87	11.50	11.14
23	FRATE.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE.IBOND.10Y	B	DIFFERENCE ----------	0.87	0.98	1.06	1.12	1.14	1.15	1.14	1.13
25	FRATE.IBOND.10Y	B	% DIFFERENCE ----------	8.35	8.68	9.55	9.96	10.08	10.69	11.03	11.31
26			FINANCIAL ASSETS OF PUBLIC----								
27	FFINASSET.PUB	1	INT.PIR SHK----------	231056.	264050.	294648.	326857.	362719.	397674.	435117.	474408.
28	FFINASSET.PUB	1	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINASSET.PUB	1	DIFFERENCE ----------	1989.	3243.	4196.	6554.	9192.	11791.	13867.	16028.
30	FFINASSET.PUB	1	% DIFFERENCE ----------	0.87	1.24	1.44	2.05	2.60	3.06	3.29	3.50
31			CANADA SAVINGS BONDS----------								
32	FGD.CSB.PUB	B	INT.PIR SHK----------	22468.	24627.	28226.	31489.	35361.	39527.	43635.	47537.
33	FGD.CSB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.CSB.PUB	B	DIFFERENCE ----------	-185.	-178.	-207.	-159.	-208.	-430.	-996.	-1845.
35	FGD.CSB.PUB	B	% DIFFERENCE ----------	-0.82	-0.71	-0.73	-0.50	-0.58	-1.08	-2.23	-3.74
36			MORTGAGE APPROVALS----------								
37	FMAP.TOT	1	INT.PIR SHK----------	14594.	15861.	18120.	20754.	23419.	25829.	28337.	31125.
38	FMAP.TOT	1	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.TOT	1	DIFFERENCE ----------	172.	313.	381.	571.	831.	1070.	1240.	1404.
40	FMAP.TOT	1	% DIFFERENCE ----------	1.20	2.02	2.15	2.83	3.68	4.32	4.58	4.72
41			HOUSING STARTS----------								
42	HTS	1	INT.PIR SHK----------	233.	199.	205.	215.	221.	213.	224.	226.
43	HTS	1	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	HTS	1	DIFFERENCE ----------	-1.	-2.	-3.	-5.	-5.	-5.	-6.	-7.
45	HTS	1	% DIFFERENCE ----------	-0.64	-0.92	-1.34	-2.23	-2.13	-2.26	-2.46	-2.83
46			GOVERNMENT DEFICIT----------								
47	GD$	1	INT.PIR SHK----------	-8038.	-6544.	-5785.	-3875.	-3459.	-2304.	-1016.	-33.
48	GD$	1	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	GD$	1	DIFFERENCE ----------	155.	-96.	-215.	-587.	-681.	-553.	-131.	0.
50	GD$	1	% DIFFERENCE ----------	-1.89	1.49	3.87	17.86	24.54	31.60	14.83	-0.77

TABLE 7.00 FOREIGN PRICES & INTEREST RATES-ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	GDF$	I	INT.PIR SHK----------	-10744.	-9336.	-9266.	-8454.	-8595.	-7920.	-6946.	-5798.
3	GDF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	GDF$	I	DIFFERENCE ----------	59.	-114.	-123.	-269.	-143.	178.	737.	1202.
5	GDF$	I	% DIFFERENCE ----------	-0.54	1.24	1.34	3.29	1.69	-2.20	-9.59	-17.17
6			PROVINCIAL GOVT DEFICIT-------								
7	GDP$	I	INT.PIR SHK----------	779.	524.	829.	1400.	1224.	895.	497.	-271.
8	GDP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	GDP$	I	DIFFERENCE ----------	120.	-11.	-163.	-404.	-629.	-858.	-1041.	-1405.
10	GDP$	I	% DIFFERENCE ----------	18.16	-1.97	-16.40	-22.40	-33.93	-48.94	-67.68	-123.85
11			G OF C DIRECT&GUAR SECURITIES-								
12	FGD.TSEC	I	INT.PIR SHK----------	56589.	66845.	77932.	87949.	98552.	108640.	118002.	126334.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	-170.	11.	110.	473.	674.	566.	-119.	-1195.
15	FGD.TSEC	I	% DIFFERENCE ----------	-0.30	0.02	0.14	0.54	0.69	0.52	-0.10	-0.94
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	INT.PIR SHK----------	11271.	13206.	15330.	18100.	20507.	22456.	24145.	25609.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	385.	613.	966.	1360.	1720.	2036.	2234.	2364.
20	GE.INT$	I	% DIFFERENCE ----------	3.54	4.87	6.73	8.12	9.15	9.97	10.19	10.17
21			GOVERNMENT REVENUE----------								
22	GR$	I	INT.PIR SHK----------	85170.	95813.	107548.	122552.	136954.	152606.	169362.	187553.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	784.	1134.	1884.	2865.	4202.	5941.	7957.	10182.
25	GR$	I	% DIFFERENCE ----------	0.93	1.20	1.78	2.39	3.17	4.05	4.93	5.74
26			PERSONAL INCOME----------								
27	PY$	I	INT.PIR SHK----------	192244.	216390.	240800.	270658.	303073.	336471.	374043.	415169.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	1475.	2546.	4139.	6615.	9706.	13258.	17548.	22249.
30	PY$	I	% DIFFERENCE ----------	0.77	1.19	1.75	2.51	3.31	4.10	4.92	5.66
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	INT.PIR SHK----------	25331.	27455.	30337.	33379.	37133.	41280.	46010.	51170.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	3.	177.	371.	761.	1117.	1533.	1938.	2597.
35	GE.TPE$	I	% DIFFERENCE ----------	0.01	0.65	1.24	2.33	3.10	3.86	4.40	5.35
36			GNE DEFLATOR----------								
37	PFGNE/100		INT.PIR SHK----------	1.839	1.997	2.152	2.336	2.518	2.714	2.912	3.113
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	0.011	0.023	0.039	0.059	0.080	0.105	0.132	0.163
40	PFGNE/100		% DIFFERENCE ----------	0.58	1.15	1.86	2.57	3.26	4.01	4.75	5.52
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	INT.PIR SHK----------	5.981	9.606	8.555	7.772	8.769	7.827	7.710	7.278
43	.CPIE	B	CONTROL----------	5.961	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	0.520	0.657	1.041	1.003	0.946	1.057	0.993
45	.CPIE	B	% DIFFERENCE ----------	0.0	5.72	8.32	15.46	12.92	13.75	15.89	15.79
46			CONSUMER PRICE INDEX----------								
47	CPI	B	INT.PIR SHK----------	1.763	1.920	2.075	2.272	2.454	2.645	2.835	3.026
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	0.011	0.023	0.041	0.061	0.080	0.102	0.126	0.153
50	CPI	B	% DIFFERENCE ----------	0.65	1.22	2.00	2.75	3.35	4.01	4.64	5.34

TABLE 7.00 FOREIGN PRICES & INTEREST RATES-ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS--------								
2	W	I	INT.PIR SHK----------	7.48	8.22	9.00	9.84	10.89	12.01	13.25	14.59
3	W	I	CONTROL----------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	0.03	0.08	0.18	0.28	0.40	0.55	0.73
5	W	I	% DIFFERENCE ----------	-0.01	0.41	0.93	1.82	2.65	3.46	4.34	5.24
6			REAL WAGE RATE----------								
7	W/CPI		INT.PIR SHK----------	4.25	4.28	4.34	4.33	4.44	4.54	4.67	4.82
8	W/CPI		CONTROL----------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	-0.03	-0.03	-0.05	-0.04	-0.03	-0.02	-0.01	-0.00
10	W/CPI		% DIFFERENCE ----------	-0.66	-0.60	-1.05	-0.91	-0.68	-0.53	-0.28	-0.10
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WMF	I	INT.PIR SHK----------	7.90	8.74	9.64	10.60	11.78	13.04	14.40	15.87
13	WMF	I	CONTROL----------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WMF	I	DIFFERENCE ----------	-0.00	0.04	0.09	0.19	0.29	0.42	0.55	0.74
15	WMF	I	% DIFFERENCE ----------	-0.01	0.44	0.96	1.84	2.55	3.29	4.00	4.86
16			EXCHANGE RATE----------								
17	REXCAN	B	INT.PIR SHK----------	1.1407	1.1403	1.0974	1.1104	1.0931	1.0936	1.0840	1.0779
18	REXCAN	B	CONTROL----------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	0.0009	-0.0036	-0.0047	-0.0082	-0.0100	-0.0111	-0.0141	-0.0175
20	REXCAN	B	% DIFFERENCE ----------	0.08	-0.31	-0.42	-0.74	-0.90	-1.00	-1.29	-1.60
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	INT.PIR SHK----------	2.045	2.209	2.260	2.432	2.546	2.720	2.880	3.055
23	PTE.CA.G+SW	I	CONTROL----------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	0.022	0.036	0.056	0.076	0.099	0.128	0.154	0.181
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	1.08	1.67	2.56	3.24	4.06	4.95	5.63	6.29
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	INT.PIR SHK----------	1.984	2.155	2.208	2.387	2.522	2.710	2.863	3.051
28	PTM.CA.G+SW	I	CONTROL----------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	0.022	0.036	0.056	0.076	0.100	0.129	0.153	0.181
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	1.10	1.71	2.62	3.31	4.14	5.01	5.66	6.31
31			CORPORATE PROFITS----------								
32	Y.PR FBT.CORP$	I	INT.PIR SHK----------	26828.	28724.	31609.	37688.	38918.	41991.	46371.	50983.
33	Y.PR FBT.CORP$	I	CONTROL----------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	Y.PR FBT.CORP$	I	DIFFERENCE ----------	410.	33.	132.	115.	566.	1312.	1808.	2321.
35	Y.PR FBT.CORP$	I	% DIFFERENCE ----------	1.55	0.11	0.42	0.31	1.48	3.23	4.06	4.77
36			WAGE SHARE----------								
37	WBTDT/NNI		INT.PIR SHK----------	73.	72.	72.	72.	73.	74.	74.	75.
38	WBTDT/NNI		CONTROL----------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTDT/NNI		DIFFERENCE ----------	-0.	-0.	-0.	-0.	-0.	-0.	-0.	-0.
40	WBTDT/NNI		% DIFFERENCE ----------	-0.40	-0.37	-0.39	-0.32	-0.38	-0.47	-0.43	-0.38
41			PROFIT SHARE----------								
42	CORP/NNI		INT.PIR SHK----------	15.	14.	14.	15.	13.	13.	13.	13.
43	CORP/NNI		CONTROL----------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	0.	-0.	-0.	-0.	-0.	-0.	-0.	-0.
45	CORP/NNI		% DIFFERENCE ----------	0.99	-0.66	-0.83	-1.51	-1.21	-0.38	-0.47	-0.53
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAW$	I	INT.PIR SHK----------	-5337.	-4429.	-6823.	-8609.	-9065.	-10351.	-11868.	-13904.
48	TBC.BAL.CAW$	I	CONTROL----------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAW$	I	DIFFERENCE ----------	-38.	517.	461.	805.	784.	497.	30.	-336.
50	TBC.BAL.CAW$	I	% DIFFERENCE ----------	0.73	-10.46	-6.33	-8.55	-7.96	-4.58	-0.25	2.48

TABLE 7.00 FOREIGN PRICES & INTEREST RATES-ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TBC.BAL.SERW$	I	INT.PIR SHK----------	-8807.	-9602.	-11277.	-12467.	-13350.	-14378.	-15579.	-16538.
3	TBC.BAL.SERW$	I	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TBC.BAL.SERW$	I	DIFFERENCE ----------	-76.	-130.	-496.	-576.	-750.	-974.	-1272.	-1584.
5	TBC.BAL.SERW$	I	% DIFFERENCE ----------	0.87	1.37	4.60	4.84	5.96	7.27	8.89	10.59
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOFS$	B	INT.PIR SHK----------	-3316.	-66.	86.	-135.	-5.	-69.	-22.	-25.
8	TBK.BALOFS$	B	CONTROL----------	-3298.	-68.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOFS$	B	DIFFERENCE ----------	-16.	2.	-13.	-4.	-9.	-14.	-5.	-5.
10	TBK.BALOFS$	B	% DIFFERENCE ----------	0.53	-2.45	-12.88	3.22	-198.71	24.23	32.31	24.39
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	I	INT.PIR SHK----------	3084.	1470.	736.	438.	970.	1811.	2499.	3956.
13	TBK.BAL.LTFM$	I	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	I	DIFFERENCE ----------	-379.	-156.	102.	269.	577.	961.	1578.	2507.
15	TBK.BAL.LTFM$	I	% DIFFERENCE ----------	-10.94	-9.61	16.06	159.55	146.76	113.12	171.35	173.07

TABLE 8.00 FOREIGN PRICES & INTEREST RATES - NON ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1											
2			MONEY SUPPLY----------								
3	FMONEYSUPPLY	B	INT.PIR1 SHK----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
4	FMONEYSUPPLY	B	CONTROL----------	23589.	25462.	27502.	29723.	32091.	34670.	37445.	40435.
5	FMONEYSUPPLY	B	DIFFERENCE ----------	0.	0.	0.	0.	0.	0.	0.	0.
6	FMONEYSUPPLY	B	% DIFFERENCE ----------	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7			GROSS NATIONAL EXPENDITURE--								
8	GNE	I	INT.PIR1 SHK----------	126749.	130772.	135167.	140236.	144366.	148112.	153064.	158517.
9	GNE	I	CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
10	GNE	I	DIFFERENCE ----------	-36.	-201.	-662.	-892.	-864.	-818.	-742.	-853.
11	GNE	I	% DIFFERENCE ----------	-0.03	-0.15	-0.49	-0.63	-0.59	-0.55	-0.48	-0.53
12			CONSUMPTION----------								
13	C	I	INT.PIR1 SHK----------	79967.	82614.	85961.	88956.	91843.	94342.	97581.	100884.
14	C	I	CONTROL----------	79931.	82679.	86291.	89410.	92371.	94956.	98288.	101805.
15	C	I	DIFFERENCE ----------	36.	-65.	-330.	-454.	-528.	-613.	-707.	-921.
16	C	I	% DIFFERENCE ----------	0.04	-0.08	-0.38	-0.51	-0.57	-0.65	-0.72	-0.90
17			GOODS & SERVICES----------								
18	GE.CGS	I	INT.PIR1 SHK----------	22580.	23015.	23371.	23806.	24203.	24605.	25038.	25512.
19	GE.CGS	I	CONTROL----------	22567.	22977.	23342.	23790.	24191.	24605.	25054.	25534.
20	GE.CGS	I	DIFFERENCE ----------	14.	38.	30.	17.	12.	0.	-16.	-22.
21	GE.CGS	I	% DIFFERENCE ----------	0.06	0.16	0.13	0.07	0.05	0.00	-0.06	-0.09
22			GROSS FIXED CAPITAL FORMATIO								
23	GFC	I	INT.PIR1 SHK----------	27246.	27805.	29119.	30492.	31224.	31843.	33254.	34848.
24	GFC	I	CONTROL----------	27296.	28064.	29577.	31257.	32093.	32690.	33998.	35568.
25	GFC	I	DIFFERENCE ----------	-50.	-259.	-458.	-766.	-870.	-847.	-744.	-719.
26	GFC	I	% DIFFERENCE ----------	-0.18	-0.92	-1.55	-2.45	-2.71	-2.59	-2.19	-2.02
27			EXPORTS----------								
28	TEG+SNAW	I	INT.PIR1 SHK----------	30560.	31590.	32800.	34478.	36307.	37870.	39439.	41421.
29	TEG+SNAW	I	CONTROL----------	30588.	31637.	32853.	34543.	36382.	37950.	39531.	41523.
30	TEG+SNAW	I	DIFFERENCE ----------	-27.	-47.	-53.	-65.	-76.	-80.	-92.	-102.
31	TEG+SNAW	I	% DIFFERENCE ----------	-0.09	-0.15	-0.16	-0.19	-0.21	-0.21	-0.23	-0.25
32			IMPORTS----------								
33	TMG+SNAW	I	INT.PIR1 SHK----------	34224.	34763.	36927.	38957.	40298.	41663.	43402.	45391.
34	TMG+SNAW	I	CONTROL----------	34219.	34885.	37155.	39427.	40931.	42394.	44202.	46309.
35	TMG+SNAW	I	DIFFERENCE ----------	5.	-123.	-228.	-470.	-632.	-732.	-800.	-918.
36	TMG+SNAW	I	% DIFFERENCE ----------	0.01	-0.35	-0.61	-1.19	-1.54	-1.73	-1.81	-1.98
37			MONEY MULTIPLIER----------								
38	GNE/MONEY		INT.PIR1 SHK----------	5.37	5.14	4.91	4.72	4.50	4.27	4.09	3.92
39	GNE/MONEY		CONTROL----------	5.37	5.14	4.94	4.75	4.53	4.30	4.11	3.94
40	GNE/MONEY		DIFFERENCE ----------	-0.00	-0.01	-0.02	-0.03	-0.03	-0.02	-0.02	-0.02
41	GNE/MONEY		% DIFFERENCE ----------	-0.03	-0.15	-0.49	-0.63	-0.59	-0.55	-0.48	-0.53
42			LABOUR FORCE----------								
43	DTOTLF	I	INT.PIR1 SHK----------	10612.	10801.	10985.	11152.	11344.	11525.	11743.	11963.
44	DTOTLF	I	CONTROL----------	10614.	10810.	11003.	11179.	11376.	11559.	11782.	12012.
45	DTOTLF	I	DIFFERENCE ----------	-2.	-9.	-18.	-27.	-32.	-35.	-39.	-46.
46	DTOTLF	I	% DIFFERENCE ----------	-0.02	-0.08	-0.17	-0.24	-0.28	-0.30	-0.33	-0.37

TABLE 8.00 FOREIGN PRICES & INTEREST RATES - NON ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			EMPLOYMENT----------								
2	E	I	INT.PIR1 SHK----------	9742.	9928.	10161.	10431.	10546.	10832.	11040.	11256.
3	E	I	CONTROL----------	9743.	9932.	10178.	10465.	10684.	10872.	11074.	11295.
4	E	I	DIFFERENCE ----------	-1.	-4.	-17.	-33.	-38.	-39.	-34.	-39.
5	NE	I	% DIFFERENCE ----------	-0.01	-0.04	-0.17	-0.32	-0.35	-0.36	-0.31	-0.34
6			PRODUCTIVITY----------								
7	GNE/NE		INT.PIR1 SHK----------	126749.	130772.	135167.	140236.	144366.	148112.	153064.	158517.
8	GNE/NE		CONTROL----------	126785.	130972.	135830.	141128.	145230.	148930.	153805.	159366.
9	GNE/NE		DIFFERENCE ----------	-36.	-201.	-662.	-892.	-864.	-818.	-742.	-850.
10	GNE/NE		% DIFFERENCE ----------	-0.03	-0.15	-0.49	-0.63	-0.59	-0.55	-0.48	-0.53
11			UNEMPLOYMENT RATE----------								
12	DURATE	I	INT.PIR1 SHK----------	8.19	8.10	7.50	6.46	6.16	6.01	6.00	5.95
13	DURATE	I	CONTROL----------	8.20	8.12	7.50	6.39	6.09	5.95	6.01	5.97
14	DURATE	I	DIFFERENCE ----------	-0.01	-0.02	0.00	0.07	0.07	0.05	-0.02	-0.02
15	DURATE	I	% DIFFERENCE ----------	-0.12	-0.29	0.01	1.06	1.08	0.92	-0.28	-0.33
16			FINANCE COMPANY PAPER---------								
17	FRATE.FCPAPER3M	B	INT.PIR1 SHK----------	8.41	10.62	9.06	9.55	9.22	8.62	8.02	7.66
18	FRATE.FCPAPER3M	B	CONTROL----------	9.02	10.58	9.21	9.51	9.21	8.61	8.05	7.72
19	FRATE.FCPAPER3M	B	DIFFERENCE ----------	-0.61	0.04	-0.15	0.04	0.00	0.01	-0.04	-0.06
20	FRATE.FCPAPER3M	B	% DIFFERENCE ----------	-6.75	0.36	-1.66	0.38	0.03	0.11	-0.45	-0.77
21			INDUSTRIAL BOND YIELD---------								
22	FRATE.IBOND.10Y	B	INT.PIR1 SHK----------	10.98	11.92	11.79	11.94	12.01	11.43	11.07	10.71
23	FRATE.IBOND.10Y	B	CONTROL----------	10.37	11.27	11.13	11.25	11.30	10.72	10.36	10.01
24	FRATE.IBOND.10Y	B	DIFFERENCE ----------	0.60	0.65	0.65	0.69	0.71	0.71	0.71	0.70
25	FRATE.IBOND.10Y	B	% DIFFERENCE ----------	5.80	5.79	5.86	6.12	6.28	6.65	6.85	6.98
26			FINANCIAL ASSETS OF PUBLIC----								
27	FFINASSET.PUB	I	INT.PIR1 SHK----------	231300.	264405.	295187.	325754.	360463.	393108.	428611.	465093.
28	FFINASSET.PUB	I	CONTROL----------	229068.	260807.	290452.	320303.	353527.	385883.	421250.	458381.
29	FFINASSET.PUB	I	DIFFERENCE ----------	2233.	3598.	4736.	5450.	6937.	7225.	7361.	6713.
30	FFINASSET.PUB	I	% DIFFERENCE ----------	0.97	1.38	1.63	1.70	1.96	1.87	1.75	1.46
31			CANADA SAVINGS BONDS----------								
32	FGD.CSB.PUB	B	INT.PIR1 SHK----------	22656.	24970.	28344.	31541.	35306.	39424.	43685.	47351.
33	FGD.CSB.PUB	B	CONTROL----------	22653.	25005.	28433.	31648.	35569.	39958.	44631.	49382.
34	FGD.CSB.PUB	B	DIFFERENCE ----------	3.	-35.	-89.	-107.	-263.	-534.	-1146.	-2031.
35	FGD.CSB.PUB	B	% DIFFERENCE ----------	0.01	-0.14	-0.31	-0.34	-0.74	-1.34	-2.57	-4.11
36			MORTGAGE APPROVALS----------								
37	FMAP.TOT	I	INT.PIR1 SHK----------	14630.	15888.	18130.	20536.	23052.	25221.	27567.	30132.
38	FMAP.TOT	I	CONTROL----------	14421.	15548.	17739.	20183.	22588.	24759.	27097.	29721.
39	FMAP.TOT	I	DIFFERENCE ----------	209.	341.	391.	353.	464.	461.	470.	411.
40	FMAP.TOT	I	% DIFFERENCE ----------	1.45	2.19	2.20	1.75	2.05	1.86	1.73	1.38
41			HOUSING STARTS----------								
42	RTS	I	INT.PIR1 SHK----------	237.	204.	210.	220.	224.	215.	227.	228.
43	RTS	I	CONTROL----------	234.	201.	208.	220.	226.	217.	230.	232.
44	RTS	I	DIFFERENCE ----------	2.	3.	2.	-1.	-1.	-2.	-3.	-4.
45	RTS	I	% DIFFERENCE ----------	1.03	1.50	1.09	-0.28	-0.54	-0.94	-1.23	-1.72
46			GOVERNMENT DEFICIT----------								
47	GDS	I	INT.PIR1 SHK----------	-8133.	-6394.	-5558.	-3464.	-2871.	-1645.	-268.	947.
48	GDS	I	CONTROL----------	-8193.	-6448.	-5569.	-3288.	-2777.	-1751.	-885.	-33.
49	GDS	I	DIFFERENCE ----------	59.	54.	11.	-176.	-94.	106.	617.	980.
50	GDS	I	% DIFFERENCE ----------	-0.73	-0.83	-0.20	5.36	3.37	-6.05	-69.76	-2968.09

TABLE 8.00 FOREIGN PRICES & INTEREST RATES - NON ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			FEDERAL GOVT DEFICIT----------								
2	GDF$	I	INT.PIR1 SHK----------	-10753.	-9179.	-9025.	-8137.	-8218.	-7588.	-5665.	-5546.
3	DF$	I	CONTROL----------	-10803.	-9222.	-9143.	-8185.	-8451.	-8098.	-7683.	-7000.
4	GDF$	I	DIFFERENCE ----------	49.	42.	118.	48.	234.	509.	1018.	1455.
5	GDF$	I	% DIFFERENCE ----------	-0.46	-0.46	-1.29	-0.59	-2.77	-6.29	-13.25	-20.79
6			PROVINCIAL GOVT DEFICIT-------								
7	GDP$	I	INT.PIR1 SHK----------	678.	522.	823.	1484.	1422.	1226.	979.	469.
8	GDP$	I	CONTROL----------	660.	535.	992.	1804.	1852.	1752.	1538.	1134.
9	GDP$	I	DIFFERENCE ----------	19.	-13.	-169.	-321.	-431.	-526.	-560.	-666.
10	GDP$	I	% DIFFERENCE ----------	2.83	-2.35	-17.00	-17.78	-23.25	-30.02	-36.38	-58.67
11			G OF C DIRECTEGUAR SECURITIES-								
12	FGD.TSEC	I	INT.PIR1 SHK----------	56903.	66812.	77765.	87364.	97593.	107304.	116368.	124361.
13	FGD.TSEC	I	CONTROL----------	56760.	66834.	77822.	87476.	97878.	108073.	118121.	127530.
14	FGD.TSEC	I	DIFFERENCE ----------	143.	-22.	-56.	-113.	-285.	-769.	-1753.	-3169.
15	FGD.TSEC	I	% DIFFERENCE ----------	0.25	-0.03	-0.07	-0.13	-0.29	-0.71	-1.48	-2.49
16			INTEREST PAYMENTS----------								
17	GE.INT$	I	INT.PIR1 SHK----------	10888.	12840.	14666.	17283.	19466.	21205.	22675.	23932.
18	GE.INT$	I	CONTROL----------	10886.	12593.	14364.	16740.	18787.	20420.	21911.	23245.
19	GE.INT$	I	DIFFERENCE ----------	2.	247.	303.	543.	679.	785.	764.	687.
20	GE.INT$	I	% DIFFERENCE ----------	0.02	1.96	2.11	3.24	3.61	3.84	3.49	2.96
21			GOVERNMENT REVENUE----------								
22	GR$	I	INT.PIR1 SHK----------	84505.	95215.	106477.	120962.	134691.	149359.	165004.	181861.
23	GR$	I	CONTROL----------	84386.	94679.	105663.	119687.	132752.	146665.	161405.	177371.
24	GR$	I	DIFFERENCE ----------	119.	535.	814.	1275.	1939.	2694.	3599.	4490.
25	GR$	I	% DIFFERENCE ----------	0.14	0.57	0.77	1.07	1.46	1.84	2.23	2.53
26			PERSONAL INCOME----------								
27	PY$	I	INT.PIR1 SHK----------	190951.	214823.	238164.	266550.	297052.	328148.	362784.	400618.
28	PY$	I	CONTROL----------	190769.	213844.	236661.	264043.	293368.	323213.	356495.	392920.
29	PY$	I	DIFFERENCE ----------	182.	979.	1503.	2506.	3684.	4935.	6289.	7698.
30	PY$	I	% DIFFERENCE ----------	0.10	0.46	0.63	0.95	1.26	1.53	1.76	1.96
31			TRANSFERS TO PERSONS----------								
32	GE.TPE$	I	INT.PIR1 SHK----------	25338.	27333.	30148.	33004.	36561.	40446.	44868.	49578.
33	GE.TPE$	I	CONTROL----------	25328.	27277.	29966.	32619.	36016.	39748.	44072.	48573.
34	GE.TPE$	I	DIFFERENCE ----------	10.	55.	182.	385.	546.	698.	796.	1004.
35	GE.TPE$	I	% DIFFERENCE ----------	0.04	0.20	0.61	1.18	1.52	1.76	1.81	2.07
36			GNE DEFLATOR----------								
37	PFGNE/100		INT.PIR1 SHK----------	1.831	1.984	2.133	2.309	2.481	2.664	2.849	3.035
38	PFGNE/100		CONTROL----------	1.829	1.975	2.113	2.278	2.439	2.609	2.780	2.951
39	PFGNE/100		DIFFERENCE ----------	0.002	0.010	0.020	0.031	0.042	0.055	0.069	0.084
40	PFGNE/100		% DIFFERENCE ----------	0.12	0.49	0.96	1.37	1.74	2.11	2.48	2.86
41			PRICE EXPECTATIONS----------								
42	.CPIE	B	INT.PIR1 SHK----------	5.981	9.153	8.202	7.130	8.130	7.147	6.906	6.547
43	.CPIE	B	CONTROL----------	5.981	9.086	7.898	6.732	7.765	6.880	6.652	6.285
44	.CPIE	B	DIFFERENCE ----------	0.0	0.067	0.304	0.398	0.364	0.267	0.254	0.261
45	.CPIE	B	% DIFFERENCE ----------	0.0	0.74	3.85	5.91	4.69	3.88	3.81	4.16
46			CONSUMER PRICE INDEX----------								
47	CPI	B	INT.PIR1 SHK----------	1.753	1.907	2.055	2.244	2.419	2.600	2.780	2.958
48	CPI	B	CONTROL----------	1.751	1.897	2.034	2.211	2.374	2.543	2.710	2.872
49	CPI	B	DIFFERENCE ----------	0.002	0.009	0.021	0.034	0.045	0.057	0.070	0.085
50	CPI	B	% DIFFERENCE ----------	0.09	0.49	1.03	1.52	1.88	2.22	2.58	2.98

TABLE 8.00 FOREIGN PRICES & INTEREST RATES - NON ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			AVERAGE HOURLY EARNINGS-------								
2	W	I	INT.PIR1 SHK----------	7.49	8.19	8.94	9.72	10.70	11.73	12.66	14.07
3	W	I	CONTROL---------------	7.49	8.19	8.92	9.66	10.61	11.61	12.70	13.86
4	W	I	DIFFERENCE ----------	-0.00	0.00	0.02	0.06	0.09	0.12	0.16	0.21
5	W	I	% DIFFERENCE ----------	-0.00	0.04	0.26	0.58	0.85	1.06	1.25	1.49
6			REAL WAGE RATE----------								
7	W/CPI		INT.PIR1 SHK----------	4.27	4.30	4.35	4.33	4.42	4.51	4.63	4.76
8	W/CPI		CONTROL---------------	4.27	4.31	4.38	4.37	4.47	4.57	4.69	4.83
9	W/CPI		DIFFERENCE ----------	-0.00	-0.02	-0.03	-0.04	-0.05	-0.05	-0.06	-0.07
10	W/CPI		% DIFFERENCE ----------	-0.09	-0.45	-0.76	-0.92	-1.01	-1.14	-1.30	-1.44
11			AVG HRLY EARNINGS-MANUFACTURIN								
12	WMF	I	INT.PIR1 SHK----------	7.90	8.71	9.57	10.47	11.59	12.75	14.01	15.34
13	WMF	I	CONTROL---------------	7.90	8.70	9.54	10.41	11.49	12.63	13.85	15.13
14	WMF	I	DIFFERENCE ----------	-0.00	0.00	0.03	0.06	0.10	0.13	0.16	0.21
15	WMF	I	% DIFFERENCE ----------	-0.01	0.05	0.29	0.62	0.84	1.02	1.15	1.39
16			EXCHANGE RATE----------								
17	REXCAN	B	INT.PIR1 SHK----------	1.1242	1.1264	1.0834	1.0971	1.0802	1.0802	1.0718	1.0662
18	REXCAN	B	CONTROL---------------	1.1398	1.1439	1.1021	1.1186	1.1031	1.1047	1.0982	1.0954
19	REXCAN	B	DIFFERENCE ----------	-0.0156	-0.0174	-0.0187	-0.0215	-0.0229	-0.0244	-0.0264	-0.0291
20	REXCAN	B	% DIFFERENCE ----------	-1.37	-1.52	-1.70	-1.92	-2.07	-2.21	-2.40	-2.66
21			EXPORT DEFLATOR----------								
22	PTE.CA.G+SW	I	INT.PIR1 SHK----------	2.016	2.183	2.232	2.404	2.516	2.688	2.848	3.023
23	PTE.CA.G+SW	I	CONTROL---------------	2.023	2.173	2.204	2.356	2.446	2.592	2.726	2.874
24	PTE.CA.G+SW	I	DIFFERENCE ----------	-0.007	0.010	0.028	0.048	0.069	0.096	0.122	0.148
25	PTE.CA.G+SW	I	% DIFFERENCE ----------	-0.37	0.46	1.26	2.03	2.84	3.71	4.46	5.17
26			IMPORT DEFLATOR----------								
27	PTM.CA.G+SW	I	INT.PIR1 SHK----------	1.955	2.129	2.179	2.358	2.492	2.678	2.834	3.023
28	PTM.CA.G+SW	I	CONTROL---------------	1.963	2.119	2.151	2.311	2.421	2.580	2.710	2.870
29	PTM.CA.G+SW	I	DIFFERENCE ----------	-0.008	0.010	0.028	0.048	0.071	0.098	0.124	0.153
30	PTM.CA.G+SW	I	% DIFFERENCE ----------	-0.38	0.46	1.28	2.06	2.93	3.81	4.59	5.33
31			CORPORATE PROFITS----------								
32	Y.PROFBT.CORP$	I	INT.PIR1 SHK----------	26285.	28795.	31554.	37941.	39264.	42487.	47287.	52144.
33	Y.PROFBT.CORP$	I	CONTROL---------------	26418.	28691.	31478.	37573.	38352.	40679.	44562.	48662.
34	Y.PROFBT.CORP$	I	DIFFERENCE ----------	-133.	104.	77.	368.	912.	1809.	2724.	3482.
35	Y.PROFBT.CORP$	I	% DIFFERENCE ----------	-0.50	0.36	0.24	0.98	2.38	4.45	6.11	7.15
36			WAGE SHARE----------								
37	WBTOT/NNI		INT.PIR1 SHK----------	73.	72.	72.	72.	73.	73.	74.	74.
38	WBTOT/NNI		CONTROL---------------	73.	72.	73.	72.	73.	74.	74.	75.
39	WBTOT/NNI		DIFFERENCE ----------	-0.	-0.	-0.	-0.	-0.	-1.	-1.	-1.
40	WBTOT/NNI		% DIFFERENCE ----------	-0.11	-0.29	-0.29	-0.42	-0.62	-0.85	-1.03	-1.13
41			PROFIT SHARE----------								
42	CORP/NNI		INT.PIR1 SHK----------	14.	14.	14.	15.	14.	14.	14.	14.
43	CORP/NNI		CONTROL---------------	15.	14.	14.	15.	14.	13.	13.	13.
44	CORP/NNI		DIFFERENCE ----------	-0.	-0.	-0.	0.	0.	0.	1.	1.
45	CORP/NNI		% DIFFERENCE ----------	-0.61	-0.00	-0.25	0.19	1.13	2.70	3.87	4.55
46			CURRENT ACCOUNT BALANCE-------								
47	TBC.BAL.CAN$	I	INT.PIR1 SHK----------	-5333.	-4817.	-6984.	-8658.	-8817.	-9586.	-10551.	-11990.
48	TBC.BAL.CAN$	I	CONTROL---------------	-5299.	-4946.	-7284.	-9414.	-9849.	-10848.	-11897.	-13568.
49	TBC.BAL.CAN$	I	DIFFERENCE ----------	-34.	130.	300.	756.	1032.	1262.	1346.	1579.
50	TBC.BAL.CAN$	I	% DIFFERENCE ----------	0.64	-2.62	-4.12	-8.03	-10.48	-11.63	-11.31	-11.63

TABLE 6.00 FOREIGN PRICES & INTEREST RATES - NON ACCOMMODATING

LINE	VAR LABEL		ITEM	1978	1979	1980	1981	1982	1983	1984	1985
1			CURR ACCOUNT BALANCE-SERVICES-								
2	TBC.BAL.SERW$	1	INT.PIRI SHK----------	-8722.	-9469.	-11005.	-12067.	-12768.	-13567.	-14507.	-15190.
3	TBC.BAL.SERW$	1	CONTROL----------	-8732.	-9472.	-10781.	-11891.	-12599.	-13403.	-14306.	-14954.
4	TBC.BAL.SERW$	1	DIFFERENCE ----------	10.	3.	-224.	-176.	-169.	-164.	-201.	-236.
5	TBC.BAL.SERW$	1	% DIFFERENCE ----------	-0.11	-0.03	2.08	1.48	1.34	1.22	1.41	1.58
6			OFFICIAL SETTLEMENTS BALANCE--								
7	TBK.BALOFS$	B	INT.PIRI SHK----------	-3241.	-91.	94.	-132.	2.	-61.	-17.	-18.
8	TBK.BALOFS$	B	CONTROL----------	-3298.	-88.	98.	-130.	5.	-56.	-16.	-20.
9	TBK.BALOFS$	B	DIFFERENCE ----------	57.	-3.	-5.	-1.	-3.	-5.	-1.	2.
10	TBK.BALOFS$	B	% DIFFERENCE ----------	-1.71	3.07	-4.73	1.08	-56.75	8.37	5.54	-8.98
11			BALANCE ON LONG TERM MOVEMENTS								
12	TBK.BAL.LTFM$	1	INT.PIRI SHK----------	2823.	1054.	271.	-114.	279.	941.	1353.	2350.
13	TBK.BAL.LTFM$	1	CONTROL----------	3463.	1627.	634.	169.	393.	850.	921.	1449.
14	TBK.BAL.LTFM$	1	DIFFERENCE ----------	-640.	-573.	-363.	-283.	-115.	91.	433.	901.
15	TBK.BAL.LTFM$	1	% DIFFERENCE ----------	-18.48	-35.23	-57.26	-167.65	-29.18	10.75	46.97	62.20

APPENDIX

IMPACT OF FOREIGN PRICES AND INTEREST RATES ON CANADIAN ECONOMY UNDER ALTERNATIVE MONETARY AND EXCHANGE RATE POLICIES

CONTENTS

(S. RAO)
(D. WHILLANS)
(30/05/79)

SOLUTION: REX.FI MONETARY POLICY-FIXED EXCHANGE RATE REGIME

ASSUMPTIONS ARE:-

```
ADJU FRATE.FCPAPER3M  -1. -0.3 -0.3 -0.3 -0.3 -0.3 -0.3 -0.3  1978 1985
EXOG /VARI  REXCAN
ASSU TDUMFIX  1. 1. 1. 1. 1. 1. 1. 1.  1978 1985
ADJU FCURENCY.PUBLIC  -1702.2 -2249.2 -2957.7 -3507.7 -4048.  1978 1982
ADJU FCURENCY.PUBLIC  -4613. -5108. -5621.  1983 1985
ADJU FDEP.DDPUB.CB  -2111. -2626. -3622 -4182. -4919 -5555.  1978 1983
ADJU FDEP.DDPUB.CB  -6239. -6827.  1984 1985
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SOLUTION: REX.FL MONETARY POLICY-FLEXIBLE EXCHANGE RATE REGIME

ASSUMPTIONS ARE:-

```
ADJU FRATE.FCPAPER3M  -1. -0.3 -0.3 -0.3 -0.3 -0.3 -0.3 -0.3  1978 1985
EXOG /VARI FCURENCY.PUBLIC
EXOG /VARI FDEP.DDPUB.CB
ASSU FCURENCY.PUBLIC  7970. 10.7 9. 9. 9. 9. 9. 9. 9. /GROW  1977 1985
ASSU FDEP.DDPUB.CB  13539. 10.7 9. 9. 9. 9. 9. 9. 9. /GROW  1977 1985
ADJU REXCAN  0.165 0.065 0.015 0.015 0.015 0.015 0.015 0.015  1978 1985
```

SOLUTION: INT.INF.EM2 EXTERNAL INFLATION-ACCOMMODATING MONETARY POLICY

ASSUMPTIONS ARE:-

```
ADJU FCURENCY.PUBLIC  -1702.2 -2249.2 -2957.7 -3507.7 -4048.  1978 1982
ADJU FCURENCY.PUBLIC  -4613. -5108. -5621.  1983 1985
ADJU FDEP.DDPUB.CB  -2111. -2626. -3622 -4182. -4919 -5555.  1978 1983
ADJU FDEP.DDPUB.CB  -6239. -6827.  1984 1985
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MULT PTM.US.ALBVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUVEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.DAMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.AGRESW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NONCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OCRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.WOPRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.IRASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NOFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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1978 1985
MULT PTM.US.CHEMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCPROCW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MAFAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT PTM.US.BZMAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVEHW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVPRTW  BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.RETRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT PTM.US.TALKW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
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MULT PTM.US.MEQTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.APHTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MPERW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FRSHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TRVLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INPYW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OSERVW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.GRNSW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHFMW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSTRYW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.URANW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHMTLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NGASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMETHNW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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1978 1985
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1978 1985
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1978 1985
MULT PTE.US.ELCMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.MTVEHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
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1978 1985
MULT PTE.US.RETRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
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1978 1985
MULT PTE.US.ALC+TBW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.FDPRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RBLTHCLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.TEXMTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCEST         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZGFRAUTO          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMFD24        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCES          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMF           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCEN          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMFD34        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCE           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
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MULT ZUSPXMFD36       BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
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MULT ZUSPXMFD33       BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCEDF        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXAG          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCENF        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OSERVW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.INRCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TRVLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MSMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.CHEMFRW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELPOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.OPAPW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.FURNW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.PULPW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.NFRTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
```

SOLUTION: INT.INF.EM1 EXTERNAL INFLATION-NONACCOMMOD.MONETARY POLICY

ASSUMPTIONS ARE:-

```
EXOG /VARI FCURENCY.PUBLIC FDEF.DDPUB.CB
MULT PTM.US.ALBVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUVEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.DAMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.AGRESW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NONCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OCRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.WOPRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.IRASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NOFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TEXMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.CHEMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCPPDCW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MAFAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INMAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.RZMAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
```

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MULT PTM.US.MTRVEHW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.MTRVPRTW  BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.RETRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.TALKW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MEQTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.APHTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.MPERW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.FRSHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTM.US.TRVLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INPYW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OSERVW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.GRNSW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHFMW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSTRYW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.URANW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHMTLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.09  :
1978 1985
MULT PTE.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.09  ;
1978 1985
MULT PTE.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.NGASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMETMNW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
```

```
MULT PTE.US.WOLUW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.IRASW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NOFRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FBMTLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MAFAW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NELMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELCMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVEHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RETRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMTMNPW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ALC+TBW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FDPRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RBLTHCLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TEXMTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEST         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZGFRAUTO          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD24        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCES          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMF           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
```

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MULT ZUSPDCEN          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMFD34        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPDCE           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT ZUSPXMFD36        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD33        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEDF         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXAG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCENF         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OSERVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.INRCW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.TRVLW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSHW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MSMFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.CHEMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.ELPOW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.FUPTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.OPAPW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.FURNW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.PULPW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.NPRTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
ADJU REXCAN 0.13 0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02  1978 1985
```

SOLUTION: INT.IRR1 FOREIGN INTEREST RATES-ACCOMMOD.MONETARY POLICY

ASSUMPTIONS ARE:-

INCR ZUSFRMCP4M BY 3.0 3.0 3.0 0. 0. 0. 0. 0. 1978 1985
INCR ZUSFRMCSI BY 1. 1. 1. 0. 0. 0. 0. 0. 1978 1985
INCR ZUSFRMCS BY 1. 1. 1. 0. 0. 0. 0. 0. 1978 1985

SOLUTION: INT.IRR FOREIGN INTEREST RATES-NONACCOMMOD.MONETARY POLICY

ASSUMPTIONS ARE:-

INCR ZUSFRMCP4M BY 3.0 3.0 3.0 0. 0. 0. 0. 0. 1978 1985
INCR ZUSFRMCSI BY 1. 1. 1. 0. 0. 0. 0. 0. 1978 1985
INCR ZUSFRMCS BY 1. 1. 1. 0. 0. 0. 0. 0. 1978 1985
ADJU FRATE.FCPAPER3M -2.1 -1.4 -1.4 0. 0. 0. 0. 0. 1978 1985
ADJU REXCAN 0.19 0.09 0.04 0. 0. 0. 0. 0. 1978 1985

SOLUTION: INT.PIR FOREIGN PRICES&INT.RATES-ACCOMMOD.MONETARY POLICY

ASSUMPTIONS ARE:-

INCR ZUSFRMCP4M BY 1. 1978 1985
INCR ZUSFRMCSI BY 1. 1978 1985
INCR ZUSFRMCS BY 1. 1978 1985
ADJU FCURENCY.PUBLIC -1702.2 -2249.2 -2957.7 -3507.7 -4040. 1978 1982
ADJU FCURENCY.PUBLIC -4613. -5109. -5621. 1983 1985
ADJU FDEP.DDPUB.CB -2111. -2624. -3422 -4182. -4919 -5555. 1978 1983
ADJU FDEP.DDPUB.CB -6239. -6837. 1984 1985

```
MULT PTM.US.ALBVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUVEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.DAMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.AGRESW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NONCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OCRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.WOPRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.IRASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NOFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TEXMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.CHEMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCPROCW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MAFAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INMAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.BZMAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVEHW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVPRTW  BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.RETRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
```

```
MULT PTM.US.TALKW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MEQTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.APHTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MPERW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCMFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FRSHW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TRVLW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INPYW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OSERVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.GRNSW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHFMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSTRYW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.URANW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHMTLW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.COALW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.PETOW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NGASW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMETMNW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.WOLUW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.IRASW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NOFRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
```

```
MULT PTE.US.FBMTLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MAFAW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NELMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELCMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVEHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RETRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMTMNFW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ALC+TBW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FDPRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RBLTHCLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TEXMTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEST         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZGFRAUTO          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD24        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCES          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMF           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEN          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD34        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCE           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT ZUSPXMFD36       BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD33       BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEDF        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXAG          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCENF        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OSERVW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.INRCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TRVLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MSMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.CHEMPRW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELPOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OPAPW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FURNW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.PULPW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NPRTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
```

SOLUTION: INT.PIR1 FOREIGN PRICES&INT.RATES-NONACCOMMOD.MONETARY POLICY

ASSUMPTIONS ARE:-

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EXOG /VARI FCURENCY.PUBLIC FDEP.DDPUB.CB
INCR ZUSFRMCP4M BY 1. 1978 1985
INCR ZUSFRMCSI BY 1.  1978 1985
INCR ZUSFRMCS BY 1.  1978 1985
MULT PTM.US.ALBVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUVEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.DAMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.AGRESW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NONCW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.COALW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.PETOW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OCRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.WOPRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.IRASW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.NOFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TEXMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.CHEMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FUPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCPROCW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MAFAW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT PTM.US.INMAW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.BZMAW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVEHW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MTRVPRTW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.RETRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TALKW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MEQTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.APHTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MPERW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.MCMFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.FRSHW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.TRVLW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.INPYW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTM.US.OSERVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.GRNSW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHFMW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSTRYW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.URANW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OTHMTLW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.COALW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.PETOW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT PTE.US.NGASW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMETMNW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.WOLUW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.IRASW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NOFRMTW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FBMTLW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
MULT PTE.US.MAFAW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NELMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELCMEW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVEHW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MTVPTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RETRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.NMTMNFW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ALC+TBW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FDFRW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.RBLTHCLW   BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TEXMTW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEST         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZGFRAUTO          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD24        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  :
1978 1985
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MULT ZUSPDCES          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMF           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEN          BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD34        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCE           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD36        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXMFD33        BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCEDF         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPXAG           BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT ZUSPDCENF         BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OSERVW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.INRCW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.TRVLW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FRSHW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.MSMFRW     BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.CHEMFRW    BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.ELPOW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FUPTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.OPAPW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.FURNW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
MULT PTE.US.PULPW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
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MULT PTE.US.NPRTW      BY 1.01 1.02 1.03 1.04 1.05 1.06 1.07 1.08  ;
1978 1985
ADJU FRATE.FCPAPER3M -1.4 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 -0.7 1978 1985
ADJU REXCAN 0.13 0.03 -0.02 -0.02 -0.02 -0.02 -0.02 -0.02  1978 1985
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