TIM requires a lengthy algebraic exposition in which a knowledge of the workings of input-output tables is essential. Interested readers are referred to the Description of the Informetrica Model. 1/ What follows is a brief description of the qualitative impact of a change in tariff rates on prices in TIM.

A change in the United States tariff rates will cause Canadian exporters to change their export prices by amounts depending upon the nature of the various markets. In markets where Canada is a price taker the export price will rise by the amount of the tariff reduction as the domestic producers reap the benefits. However, in cases where Canada has control over the export prices then it will price to domestic cost conditions. These changes in export prices will have a direct influence on the current dollar value of exports as well.

A change in the Canadian tariff rate will cause an immediate drop in the cost of imported goods to Canadians. In TIM, this drop will affect Canadians directly if these goods are for final demand, and will have a second-round effect if they are used as an input to the production of any commodity. A commodity price in TIM is a function of all of its input costs, and its unit labour and capital costs. Accordingly, if an input is imported, a drop in its cost will lead to a drop in the output price of the using industry. It is important to note that although a drop in tariffs lowers the cost of imports to the consumer, it will have no effect on the import price in

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1/ Informetrica Limited, Description of The Informetrica Model, (Ottawa, 1982).