

Table 5**Results of Other Studies⁽¹⁾ on the Long-Run Economic Impacts of Canada-U.S. Free Trade**

	Percentage change in real income
General equilibrium models⁽²⁾	
Finance	2.5
Hamilton-Whalley	0.7
Harris-Cox	8.9
Macroeconometric models⁽²⁾⁽³⁾	
Economic Council of Canada	3.3
Informetrica	3.0
Institute for Policy Analysis	3.3
Wharton Econometrics	3.1

⁽¹⁾ R. Hamilton and J. Whalley, "Geographically Discriminatory Trade Arrangements", *Review of Economics and Statistics*, (1985) pp. 446-55; R. Harris and D. Cox, "Summary of a Project on the General Equilibrium Evaluation of Canadian Trade Policy", in John Whalley (ed.), *Canada-United States Free Trade*, Volume 11, Research Studies, Royal Commission on the Economic Union and Development Prospects for Canada, Toronto, University of Toronto Press, 1985, pp. 157-177; Economic Council of Canada, "Impact of Canada-U.S. Free Trade on the Canadian Economy", Discussion Paper No. 331, August 1987; and *Reaching Outward*, Twenty-Fourth Annual Review, Minister of Supply and Services Canada, Ottawa: 1987; Informetrica Ltd. *Economic Impacts of Enhanced Bilateral Trade: National and Provincial Results*, prepared for the Department of External Affairs, 1985; and Peter Dungan, Institute for Policy Analysis, *The Macroeconomic Impacts of Free Trade with the United States: Lessons from the FOCUS-PRISM Models*, University of Toronto, Working Paper, DP 85-86, November 1985; and, Wharton Econometrics, "Canada-U.S. Free Trade: Opportunities, Risks and Prospects", September 1987, The WEFA Group.

⁽²⁾ Estimates reported in these studies are sensitive to the degree of response of exports and imports to changes in relative prices. The results in the Harris-Cox and Department of Finance analyses are also sensitive to the price response of import-competing manufacturing firms to the reduction of domestic trade barriers. These issues are discussed in Annex 2.

⁽³⁾ Estimates for a given study vary, due to different assumptions about the extent of trade liberalization and the size of the productivity gain resulting from freer trade.