

to believe. Household incomes are benefited, of course, by access to cheaper manufactures, but the impacts on traded goods of the region are only modest. The primary reason for this is that United States trade barriers on most of the goods which the region exports to that country are not generally high. As well, in significant instances, Canadian producers export into "price-taker" markets, so that while there are property income gains, there is little, if any, volume response. And finally, we have assumed that energy production would be insensitive to enhanced trade. If this assumption is relaxed, the region especially, and Canada as a whole, would benefit more than is indicated in these results.

Employment gains roughly mirror the gains in real output, although there are some exceptions. The large gains in manufacturing labour productivity lead to small gains, in percentage terms, in employment in Quebec and Ontario. Indeed, we estimate there would be a negative impact on manufacturing employment in those two provinces. Gains in services sectors more than compensate for these losses, however, and it should be noted that the largest employment increases are concentrated in Central Canada. In the Atlantic provinces, a large portion of the gains in employment comes from gains in fishing, it being assumed in this study that increased market access does not lead to major changes in methods of fishing or fish processing.

#### 4.2 Impact On Personal Incomes

Real personal income increases roughly in proportion with the increases in employment. However, it does not necessarily follow that