

PRINTING AND PUBLISHING

Total unit costs were very similar between the two countries (pre-exchange-rate-adjustment) until 1981, when Canadian material and labour costs began to increase more rapidly than those in the U.S. Unit material costs, which accounted for 51 per cent of total input costs in Canada and 60 per cent in the U.S. in 1982, were lower for domestic producers over the entire period. Both countries experienced high increases in this area in 1974 (of approximately 20 per cent) and again in the 1979 to 1980 period (of 10 to 13 per cent). Beginning in 1979, growth in Canadian material costs began to outpace that in the U.S., leaving domestic unit material costs only 2.3 per cent below U.S. levels by 1984.

Unit labour costs increased significantly in both countries in 1974 and 1975, and again in Canada in 1981 and 1982. In 1971, Canadian unit labour costs were only 5 per cent higher than in the U.S., while by 1983 they were 36 per cent higher. Canadian costs declined by 6.7 per cent in 1984, however, bringing domestic costs within 2 per cent of U.S. levels. Canadian labour productivity improved steadily over the 1970's, climbing from about 65 per cent of the U.S. value in 1971 to over 85 per cent in 1980. Canada lost ground in this area over the next few years, however, and relative productivity did not begin to improve again until 1983.

Both countries experienced high increases in interest and depreciation rates in the late 1970's and early 1980's. In 1982, total interest and depreciation charges were 60 per cent higher in Canada than in the U.S. These charges accounted for 7 per cent of total Canadian costs, and 5 per cent of total U.S. costs, in 1982.

On an exchange-rate-adjusted basis, Canadian producers had a total cost advantage after 1976. In 1984, total unit costs for domestic producers were 31 per cent below U.S. levels.