

"WE HAVE FOUND [OUR] WORKERS TO BE OF THE HIGHEST CALIBRE, RESPONSIBLE, ACCOMMODATING, AND FULL OF ... PRIDE. THEY EXPRESS NOT ONLY AN INTEREST IN THE JOB, BUT A PERSONAL COMMITMENT TO A QUALITY PRODUCT AND TIMELY DELIVERY."

A. MARMAL, PLANT MANAGER, BABCOCK & WILCOX CANADA, A SUBSIDIARY OF BABCOCK & WILCOX (U.S.)

"WE ENJOY LABOUR RATE AND HEALTH CARE ADVANTAGES VIS-A-VIS OUR U.S. OPERATIONS - WHICH CERTAINLY CONTRIBUTE TO OUR COST COMPETITIVENESS - AND THE EXCHANGE RATE IS GENERALLY IN OUR FAVOUR."

GEORGE A. PEAPLES, FORMER PRESIDENT, GENERAL MOTORS OF CANADA LTD.

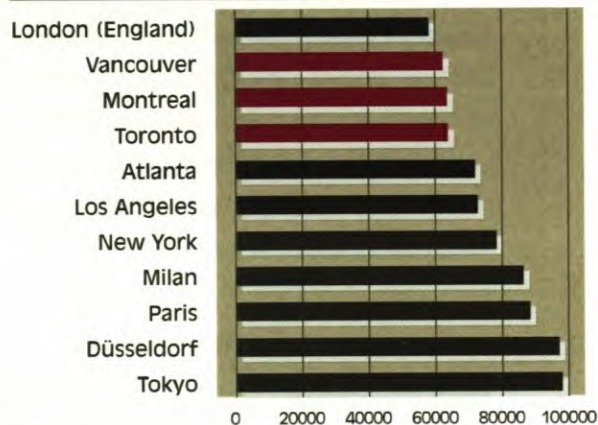
2. COMPETITIVE WAGE AND BENEFIT RATES

Firms in Canada enjoy the benefits of a skilled, cost-effective labour force, which has proven itself to be adaptable to changing technologies and varied international management methods. Productivity is high and rising, offsetting apparent advantages of low-wage, low-productivity countries. Canadian unit labour costs fell 5% in U.S. dollar terms in the 12 month period ending September 1993.

Canadian wage rates are very competitive with those of other countries, and current trends are making Canada even more competitive. Canadian manufacturing wage rates showed the second slowest growth among G-7 countries in 1992, averaging 2.6%. In 1993, 66% of union workers signed contracts which froze or cut salaries.

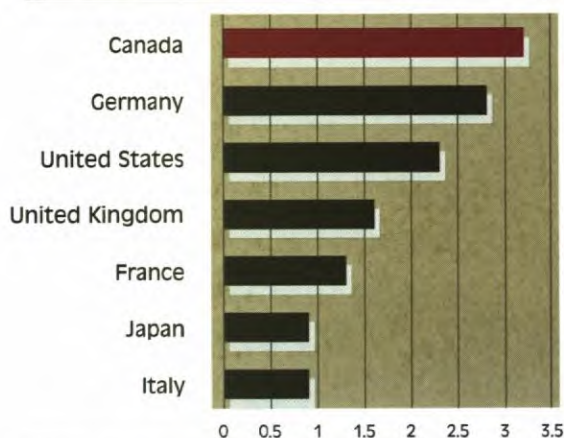
Other costs associated with labour, such as employer-paid social security taxes and health insurance, are lower for Canadian firms than for their American competitors. Chrysler Corporation has calculated that U.S. health insurance bills give an advantage of over \$500 per car for production in Canada.

Moderate Managerial Wages (average wages and benefits for engineering managers; in Cdn \$)



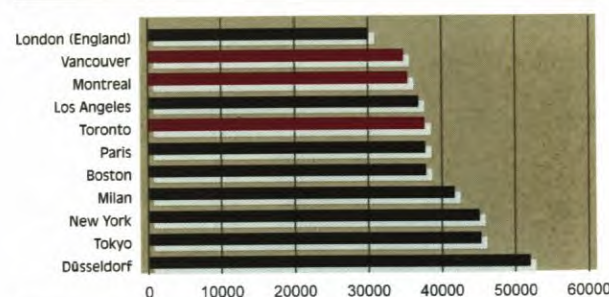
Source: Hay Management Consultants, as quoted in *Décision Montréal*, Economic Development Office, Montreal Urban Community, 1992.

Fastest Manufacturing Productivity Growth (1990 to 1991, in %)



Source: OECD, *Economic Outlook*, Oct. 1993, p. 103.

Competitive Secretarial Labour Costs (in Cdn \$)



Source: Hay Management Consultants, as quoted in *Décision Montréal*, Economic Development Office, Montreal Urban Community, 1992.