...Only one country, namely Japan, has had a better growth performance than Canada since 1972 – and then only by a slim margin and at a comparatively high cost in terms of inflation and unemployment. If the Canadian economy had grown during these four years at the same rate as the Japanese economy, our real GNP gain would have been about $17.4 billion. Comparisons with every other major industrialized country are highly favourable to us. The growth performance of France since 1972, for example, has been quite outstanding by OECD standards; yet if Canada had had the same year-to-year growth rates, its real GNP gains would have been lower by about $3.4 billion from what they have actually been. Similarly, if our GNP had increased at the same rate as that of Belgium or the Netherlands, our output would have been lower by more than $4 billion; if our economy had expanded at rates comparable to those of Italy of Sweden, we would have been lower by $6 billion; and if our economic policies had been more or less along the lines of those of the United States and the Federal Republic of Germany – the two countries which have had significantly lower inflation than Canada – we would have lost $8 billion or more in goods and services. As for Britain, it is well known that it has been seriously lagging behind the OECD pack in growth rate; so that Canadian GNP growth at British rates would have involved a loss of output of $11.6 billion. So much for the so-called "British disease" which, according to some of our critics, is supposed to be infecting the Canadian economy!

Rise in consumer prices in major OECD countries (percentage changes)

	1973	1974	1975	1976* (Jan-Oct)
Canada	7.6	10.9	9.8	7.9
United States	6.2	11.0	9.1	6.0
Japan	11.7	24.5	11.8	9.1
Federal Republic of Germany	6.9	7.0	6.0	4.7
France	7.3	13.7	11.7	9.5
United Kingdom	9.2	16.0	23.4	16.5
Italy	10.8	19.1	17.0	15.3
Netherlands	8.0	9.6	10.2	8.9
Belgium	7.0	12.7	12.7	9.5
Sweden	6.7	10.1	9.7	10.0
OECD group	7.9	13.4	10.6	8.5

Source: OCED, *Main Economic Indicators,* November 1976
OECD press release
*Annual rates

Inflation

Let us turn, secondly, to inflation. We are all aware that our performance on this score, until the end of last year, was nothing too remarkable – at least by comparison with that of the United States and the relatively low rates of inflation which we experienced more or less continuously until 1972. That is precisely why the Federal Government, in spite of its reluctance to interfere with economic decisions in the private sector, and particularly the wage-bargaining process, introduced last fall a controls program which has been highly controversial but, I should add, unquestionably successful.... The latest consumer price index figures published by Statistics Canada are most encouraging; the year-to-year increase in consumer prices registered last month was only 5.6 per cent – less than half the figure registered in November 1975 and the lowest recorded since 1972.

Still...over the past four years, consumer prices have risen in Canada by about 41.4 per cent, a rate of increase which clearly cannot be sustained in the long run if the economic expectations of Canadians are to be met. But there again, comparisons with the price performance of other major OECD countries indicate that, relatively speaking, our experience has not been all that bad. Two countries have done much better than us – Germany with a four-year price increase of about 33 per cent, and the United States with an increase of about 35 per cent; but they have done so, as I have just shown, at great sacrifice in terms of GNP growth. Two other countries, Sweden and the Netherlands, have experienced a rate of inflation similar to ours; but they have done so at a much higher price in terms of lost output and employment. The other five major OECD countries have all suffered from much higher inflation than Canada since 1972 – a rate of price increase of about 70 per cent in the case of Japan; and in Italy consumer prices have more than doubled since 1972!

Unemployment

I come now to the third basic economic indicator, namely unemployment. This is perhaps the area where international comparisons are most difficult, because even OECD countries do not measure unemployment on the same basis. But while actual rates of unemployment are generally not comparable between countries, the year-to-year trends in these rates can be compared; and such comparison is again very much in our favour. The average rate of unemployment in Canada during the ten-year period from 1962 to 1973, was 5.1 per cent. In 1974, our rate of unemployment increased moderately to 5.4 per cent; it further increased to 7.1 per cent in the course of 1975; and figures for the first nine months of 1976 indicate that despite month-to-month variations, it has unfortunately remained more or less at that level. Accordingly, the average rate of unemployment during the first three quarters of 1976 was about 39 percent higher than the 1962-1973 ten-year average. There again, such an increase in unemployment cannot be sustained in the long run; and that is precisely why my colleagues, the Ministers of Finance and of Manpower and Immigration, have announced recently a number of measures to boost employment, particularly during the winter months.

Yet, it must be recognized that, by and large, the deterioration in the employment situation has been much less severe in Canada than in most other OECD countries. The Swedes did better than us – in fact their unemployment rate was actually lower in the first nine months of 1976, than in the ten-year base period. The Italians have also done better than us – but, as I

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