



PRESS RELEASE



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Governor Discusses Role of Productivity in Canada's Prosperity

QUÉBEC CITY, Québec, October 17, 2002 — In a speech today to the Chambre de commerce de Québec, Bank of Canada Governor David Dodge encouraged Canadians to look past near-term concerns with a difficult global environment to the longer-term trends and potential of our economy. In this context, he focused on the critical role that higher productivity plays in supporting real income growth and improved standards of living over time.

In discussing the main factors that determine productivity growth—increased capital investment, adoption of new technology, better management, and improved labour skills—Governor Dodge stressed that they are all interrelated. Thus, "experience shows that spending money on state-of-the-art technology will not guarantee sustained large productivity gains unless managers and workers know how to use the new applications to advantage."

Furthermore, it is extraordinarily important that we find "the *right* public policy framework that will allow and promote adjustment, and sustain a nation of innovators," he said. In particular, Mr. Dodge highlighted the importance of preserving the sound macroeconomic framework—of low inflation and prudent fiscal policies—that we have worked so hard to achieve.

The Governor reiterated that "the Bank of Canada will continue to do its part by fostering a climate of low, stable, and predictable inflation conducive to initiatives in innovation, risk-taking, and investment." But he added that all of us have a role to play in raising productivity and enhancing our prosperity.

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