

Canada's economy graded

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OTTAWA — Canada has kept a 'B' average on economic performance during the global slump, but is idling near the back of the pack among its peer countries, according to the Conference Board of Canada.

A study released by the financial think tank Monday ranks Canada in 11th spot among the world's 17 wealthiest nations for 2008, falling behind Norway, Switzerland, the Netherlands and Austria but ahead of Belgium, Germany and Japan. Canada scored good grades for inflation and gross domestic product growth, but earned mediocre 'C's in other key areas like labour productivity, income per capita and unemployment.

"Given the current context, it's not bad news," Glen Hodgson, senior vice-president and chief economist for the Conference Board, told Sun Media. "In the short term it's not bad, but don't be complacent. We shouldn't be satisfied to see our economy crawl back to 2% growth next year. There's more we can do to create wealth in Canada rather than relying on a cheap dollar or rising commodity prices."

Hodgson said Canada's standing is based not on its ties to the U.S., but on domestic policy on productivity, labour markets and foreign investments. Canada could boost its showing with a national productivity strategy to become a more innovative economy, he said.

Norway rose to the top from third spot in the international report card, leading the group in income per capita and employment. Ireland took a big tumble, falling to the bottom from its previous top spot as it reels from a meltdown in the construction sector and real estate market.

Hodgson said the federal government helped buoy the economy with billions in stimulus spending, but called for a concrete plan to climb out of deficit as soon as the economy rebounds. Alberta and the western provinces will clear the red ink relatively fast, but Ontario will find it tougher to balance the books and could grapple with a structural, long-term deficit, he predicted.

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