

# A New Direction for Jobs and Prosperity

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For three decades now Canadians have been told the best way to grow our economy is to set business “free”, reduce the role of government and let the private sector work its magic. Our governments cut corporate and investment taxes, signed free trade agreements, and deregulated industries. They gave foreign companies virtually unlimited access to our economy and our resources.

But measured by their own economic criteria – growth, efficiency, investment, and productivity – the results of this approach have been miserable. Our productivity and innovation gap with the rest of the industrialized world has widened, not narrowed. Our exports increasingly depend on raw resources – especially energy – which is precarious for both economic and environmental reasons.

Meanwhile, our higher-value export industries have declined. As a result, we face a deep deficit in our international payments, becoming more and more indebted to the rest of the world.

And the results have been even worse when measured by two key criteria - jobs and incomes. The devastation of entire sectors has left two million Canadians effectively unemployed. The quality of jobs is eroding, with temporary, part-time and precarious work replacing decent, secure jobs. Millions live paycheque-to-paycheque without security. Wages are stagnant, lagging behind inflation, and have even started falling in nominal terms in recent months.

On top of the longer-run structural erosion of our economy, since 2008 Canada has also been locked in a recession that never seems to end. The Harper government tries to pin all blame for the crisis on the rest of the world. But his government has made matters worse with its misguided faith that giving even more privilege and power to corporations will fix all that ails us.

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**Stephen Harper’s business-first economic vision hasn’t generated needed investment, growth, productivity, jobs and incomes.**

The explosion of inequality is another very negative consequence of the business-focused strategy which has been pursued by successive Liberal and Conservative federal governments. The middle class is being squeezed. The poor have gotten poorer. And the richest 1% have pocketed almost one-third of all new personal income generated in the last decade.

It’s not just that our economy is increasingly unfair – which it clearly is. In cold, hard economic terms, Stephen Harper’s business-first economic vision, like the Liberals’ before him, hasn’t generated needed investment, growth, productivity, jobs and incomes.

Some are puzzled by this failure to produce promised results. They blame some remaining, residual imperfections, frictions or barriers that are somehow preventing corporations and other private sector players from fulfilling their promise. Just another tax cut. Just another free trade agreement – with Jordan? with Panama? – will

save the day. Just another foreign takeover. Then we'll finally succeed.

But the problem isn't that Mr. Harper's policies must be implemented more completely. It's that corporations, left to their own devices, won't always do what's best for us.

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**We can put forward a comprehensive, credible plan to better manage the economy and deliver what Canadians want – jobs and incomes.**

Look at the experience of other successful industrial and export powers: Finland, Korea, Brazil, Germany. The countries that have truly succeeded in modern global commerce haven't handed over all decision-making power to global corporations. They've recognized successful development needs all stakeholders pulling in the same direction – government, business, unions, universities.

Markets need to be pushed and challenged – not just “freed” – to operate in ways that benefit all of us – not just the 1%.

Active government policy is not a barrier to development. Done right, it will be the key to our success.

As social democrats, we've been painted with the label that we don't understand economics. That we only care about dividing up the pie, not growing it. We will, of course, continue to fight for fairer income distribution and taxes, and a more comprehensive and modern network of social programs. But we must also put forward a comprehensive, credible story about how to better manage the overall economy and deliver the results Canadians want – jobs and incomes. We must give Canadians a genuine economic choice if we are to make the new breakthroughs needed to stop the government of Stephen Harper.

I can provide that choice and lead the NDP to those new breakthroughs. I have years of hands-on experience in the real-world economy. I have worked with powerful global companies – recognizing their potential, but challenging them to do more for Canadians. I've led the fight to prevent the sell-off of high-tech champions like MDA – which continues to thrive as a Canadian company. I understand the nitty-gritty decisions and trade-offs associated with winning Canadian investments in crucial industries – but also the essential role in economic progress played by first-class social infrastructure, security, and fairness.

Stephen Harper's claim to be the best economic manager has been utterly refuted by the bitter experience of recent years. Now, instead of shying away from hard economic debates, New Democrats should embrace them. We can present our vision for developing our economy, winning investment, enhancing productivity, and – above all – creating millions of jobs. That vision can be rooted in a practical and principled strategy to reverse Canada's deindustrialization, diversify our economy and boost our productivity.

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**In coming weeks, I will fully describe the specific elements of this vision, including policies that will:**

- ◆ enhance the value that Canadians extract from our natural resource industries, while reducing their environmental impacts,
- ◆ require foreign investors to make binding commitments to jobs and development,
- ◆ replace lucrative no-strings-attached tax breaks with more effective incentives for business R&D and innovation, and develop new mechanisms for public sector participation in high-tech developments,
- ◆ utilize the federal government's balance sheet strength to leverage long-run job-creating investments in essential infrastructure, transportation, and energy projects,
- ◆ maximize Canadians' access to and utilization of modern telecommunications technologies, while leveraging more Canadian content in infrastructure and software,
- ◆ strengthen income security programs to protect Canadians working in our modern, precarious labour market while maximizing labour force participation and job-creation, and
- ◆ strengthen links between all our social programs (including a national early childhood education strategy) and economic goals to further boost jobs and productivity.