



# Economic vision:

## A time for new policies and clear-eyed optimism

Confidence is an essential element of economic recovery. Many Canadians remain stuck between wary uncertainty and hesitant optimism even though the recent economic recession is over. The slow pace of the American recovery and economic turbulence in Europe feed our insecurities and, as Canadians, we aren't always sure we have what it takes to hold our place in the global market when growth returns.

**T**his makes the next federal budget crucial if we want confidence to win the day. However, deficit control dictates austerity and austerity by itself is thin gruel for nourishing confidence. To nourish confidence we need economic vision, vision that speaks to the average Canadian's sense of what Canada can be and is credible in putting us on a path to get there.

The government's fiscal prudence and measured stimulus spending has helped us weather the storm better than most countries. Because of this, Canada is in an enviable position of being able to focus on the future rather than scrambling to deal with the short-term impacts of the downturn. With our macroeconomic house in order, a micro economic agenda for prosperity is realistic.

We start from a position of strength: healthy banks, sound fiscal policy, and institutions and markets that are highly functional and free of corruption. We take these things for granted but anyone operating elsewhere in the world will tell you that they are enormously valuable.

We also have a powerful strategic edge because of our wealth in natural resources, arable land, energy, minerals and forests.

Natural resources are an essential pillar of economic growth today. But in tomorrow's global economy they can yield still



more impressive benefits. In fact, technical and environmental brilliance at extracting and transforming these resources will be the key to sustaining our quality of life. Let me explain why.

The planet is becoming crowded and more affluent. Between now and 2030 the world's population will grow by 1.3 billion – that's adding the size of the current population of China. Over that same period global GDP will double and per capita income in the developing world is expected to triple. So increasingly scarce natural resources will attract a growing premium.

What we need to do is to attract investment now to be ready as the market ex-

pands and prices rise. In the global economy capital has little national allegiance. While skilled workers, scientists, managers and enterprises will move location when required, capital lives a life at no-fixed address. Attracting private capital needs to be job one for the next budget. A vision for growth and a framework to support that vision is the means to do this.

Some of the pieces of the needed framework have been well thought through. The scheduled corporate tax reductions must go ahead – corporations need to integrate these into their long-term investment strategies. In addition, making permanent the accelerated capital cost allowance provisions first introduced in Budget 2007 will greatly help attract capital to Canada and encourage businesses here to invest in productivity enhancing machinery. Government can also help lower the risks of developing and deploying new technologies by improving our support for innovative research and development and partnering in the piloting and demonstration of transformative technologies. And clarity and predictability on foreign investment rules are essential as well.

Other parts of the framework need exploring. We should commit to a "best in the world" ethic in the management of our natural resources. It is time for a national energy strategy. And environmental innovation should be our next "national project."

As we emerge in this new world after the worst recession of a generation, Canadians are looking to the next federal budget to set us on a path that will pay dividends for many years. The times may be sobering but the opportunities beckon. Vision, strategic policies and investments to back them up are now the recipe for leadership that Canadians desire from their government. 