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CANADA AND THE ISSUE OF PRODUCTIVITY

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In the last quarter of century we have observed a slow but continuous deterioration of our living standards. There are many factors that have contributed to this, but one stands out as a major one, and that is the decline in productivity.

Today, the majority of Canadians believe that Canada is broken after years of stagnant incomes, affordability challenges, rising crime rates, government failures on basic functions like healthcare and immigration, and a deepening cultural malaise. Productivity refers to how efficiently we use our resources to produce something of value. Productivity growth makes Canada richer, allowing us to access better healthcare, education, living standards, and even environmental outcomes.

Decline in productivity is a choice, not a phenomenon that cannot be controlled. Canada can overcome productivity decline through better public policies and political leadership, which are missing in action. It is abundantly clear that Canada's productivity growth is dismal, but no one in the current political establishment is considering it seriously. Without a drastic change in policy, the OECD forecasts that our productivity growth will rank last among its 38 member countries. Canada's GDP per capita has advanced more slowly than leading economies in recent years. It has barely reached pre-COVID levels and the gap with the United States has widened. This is strongly linked to a relatively weak productivity growth. A slump in Canada's resource-sector investment following the 2014 oil-price collapse has been particularly influential in this. Weakening productivity and investment performance echoes longstanding concerns that Canada is tapping less successfully than other economies, into opportunities to increase output through capital investment and innovation in products and processes. A wide range of policy actions can potentially increase business-sector productivity. There are proximate policy levers, such as tax breaks on investment and R&D that deepen capital and technological progress.

In addition, there are less direct instruments, such as improvements to infrastructure and market efficiency, and reforms that strengthen vocational education and skills. Influences on market efficiency include competition policy, red tape in setting up businesses and bankruptcy processes. Barriers to foreign direct investment via foreign ownership restrictions continue to be high in Canada relative to those in other OECD countries, particularly in network sectors. For instance, in telecommunications rules state that both ownership and board composition must be at least 80% Canadian in operations with more than a 10% share of the market. Rules applying to the aviation sector also need reconsideration because they are essential to providing better mobility for the work force in a country whose territory is the second largest in the world. Though it has not yet created significant policy issues, teleworking should remain on watch for policymakers.

According to Canada's Labour Force Survey data, as of October 2022, 9% of workers reported that they usually worked both at home and at locations other than home (hybrid working) while 15.8% reported working exclusively from home.

A priori, teleworking has widened labour markets and options on where to live. There may also be productivity gains; one survey of Canadian employees has found that 63% of respondents feel they are more productive working from home.

The potential downside to teleworking may be losses in productivity from reduced in-person contact. A permanent shift to teleworking may need to be considered in some areas of policy, for instance in transport planning. Data continue to show that movement through transit stations in Canada remains below pre-COVID levels

Lowering internal trade barriers remains one of the most effective ways policy can help boost Canada's productivity and living standards.

Canada appears unusual in her lack of universal regulations and technical standards across sub national jurisdictions. This hampers the flow of goods and services and compromises the labour market. Perhaps the best known example is the restriction on the movement of alcohol and tobacco products between provinces. Such barriers extend across many activities, including the dairy sector, engineering, healthcare professionals, legal and accounting services, and many others. The non-recognition of qualifications remains an issue notably in some areas of the healthcare sector and compulsory trades, where only members with the relevant official qualifications (or apprentices) can legally be employed. These include electricians, plumbers and crane operators. The Federal and Provincial governments seem bewildered or are intellectually blocked in dealing with this issue. Evidence continues to mount on the economic cost of internal trade barriers, yet nothing is done to eliminate them; nothing but lip-service.. Furthermore, federal government debt ballooned from \$660 billion to \$1.37 trillion between 2015 and 2024.. During the same period, the value of machinery and equipment in Canada decreased by 5 percent. Excessive government spending hinders economic growth by crowding out private investment and requiring higher taxes to support increased spending. It leads to a heavier regulatory burdens, which can stifle business activity.

Government programs also adjust more slowly to changing economic conditions, reducing economic flexibility. Moreover, larger government expenditures encourage rent-seeking behaviour by businesses, diverting resources from otherwise productive activities.

Collectively, these effects reduce productivity and economic growth.

Another factor that influences productivity is qualified labour shortages, which cost small and medium-sized businesses (SMEs) over \$38 billion in lost sales annually.

Meanwhile, between 2015 and 2024, federal public-sector employment has grown 43 percent, nearly three times faster than private-sector employment. m Had the federal public sector maintained the same growth rate as the nation's population, there could potentially be up to 72,000 more workers available for private sector employment. m Assuming two out of three workers were employed by SMEs, and using an average of \$450,000 revenue per employee, SMEs could have generated over \$21 billion in additional annual revenue.

Taxation policy is another tool that influences productivity.

In 2016, the federal government raised the highest federal marginal tax rate by 4 percent. Combined with provincial rate increases, seven out of ten provinces now take over 50 percent of marginal earnings in taxes from high-income earners. This gives Canada the fifth-highest combined marginal tax rates among 38 OECD nations. Compared to the United States, our largest competitor for skilled workers, all provinces except Alberta and Saskatchewan have higher marginal tax rates than any U.S. state. These tax hikes have negative consequences besides spending taxpayers' money on futuristic and useless projects. Every tax increase makes Canadian entrepreneurs think twice about starting companies in Canada. In conclusion, action on productivity is needed immediately. Let us see if the political class is up to the task. For now it is up to you to ask them. This is about our future. Help secure it!



Maurice Brenner

Regional Councillor, Ward 1

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JOE INGINO IS AN ACCOMPLISHED WRITER/AUTHOR OF OVER 800,000 Published Columns in Canada and The United States



Logic

CORPORATE LIES

By Joe Ingino
Editor/Publisher

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"I live a dream in a nightmare world"

Always Remember That The Cosmic Blueprint Of Your Life Was Written In Code Across The Sky At The Moment You Were Born. Decode Your Life By Living It Without Regret or Sorrow. - ONE DAY AT A TIME -

We live in dangerous times. Times, when we can't tell the truth from a lie. A time when honesty and hard work just does not pay as most are holding multiple jobs to just stay a float. We are constantly bombarded by all kind of misinformation. Our minds are controlled and manipulated in such ways that may almost be deemed a form of neurosis.

Who can you trust in these ever changing times. Our culture and our traditions are being compromised by forced acceptance in the name of inclusion. In the process deteriorating our standards and our way of life.

In the name of convenience we are being forced to a form of mental slavery that if you do not follow you are castigated emotionally, financially and at times legally.

For our convenience we must pay service fees. For our convenience we must check out our own items at a supermarket. For our convenience we must go on line instead of in person for many administrative functions.

For our convenience we are lied to and forced to fear things that are not real or make sense in many cases. Remember the days, when you would drive in to the local gas station and two sometimes three attendants would come out to pump your gas. They would check your oil, your fluids. Offer you coffee or tea. They would check the tire pressure and be as polite as they could be. Normally they wore some sort of corporate uniform and constantly smiled and assured the best customer service.

WHAT HAPPENED?

Today for my convenience I must pump my own gas. Check my own tire pressure. Check my own oil. The attendant in many cases a foreigner that barely speaks english with an attitude as if someone had offended him/her by offering them the job they have.

This week. I received this email: 'We care about your safety. Hi Joe, starting September 3, your local Petro-Canada™ stations will require pre-payment for fuel. This means that before you begin fuelling you will be required to pre-pay for fuel at the pump, in-store, or through the Petro-Canada mobile app.

We're making this proactive change to ensure **everyone's safety at our sites**, and we expect pre-paying for fuel will reduce the risk of fuel theft. We recognize it may take some time for customers to adapt to the change, site staff will help guide customers through this new process. Thank you.'

Can you believe the attitude? For everyone's safety!!! You got to be kidding. What a load of lies and deception. 1st. Gas prices are out of reach for many. 2nd. These gas companies are looking to not pay an attendant \$20/hr and have the consumers pre-pay without cash.

This is despicable. How dare, Petro-Canada treat it's clients in this way. What is worst is that they are sticking it to us under the false guise of 'EVERYONE'S SAFETY'.

I have a message for Petro-Canada. 1st. I will never shop there ever again. 2nd. I call on all consumers to boycott Petro-Canada to send a clear message to either take cash. Trust the customer to be an honest good person and not demand pre-pay and have pre-pay only as a consumer choice. This must be done before all the other gas stations take the lead and follow suit. We are becoming slaves of corporate greed. 'Everyone's safety'.

What a load of corporate lies....



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