



New study calls for a more active role for government in the economy

Ottawa, September 15, 2015

On the eve of the federal leaders' debate on the economy, a new study argues that governments in Canada need to take a more active role to promote stronger growth in productivity and labour supply.

The comprehensive study, entitled *The Key Challenge for Canadian Public Policy: Generating Inclusive and Sustainable Growth*, was released today by the Ottawa-based **Centre for the Study of Living Standards (CSLS)**. It was written by CSLS Board of Director member Don Drummond and CSLS economists Matt Calver and Evan Capeluck.

The CSLS undertook economic and fiscal projections for all provinces and territories to 2038 and found that, based on current trends of slower GDP growth, government revenues will be insufficient to maintain needed increases in health spending, given an aging population.

There are three possible approaches to this fiscal challenge: a focus on expenditure restraint; tax increases; or finding innovative solutions to increase Canada's capacity for growth which strengthens the fiscal position of governments and earnings for Canadians.

We recommend the latter, a focus on growth but with a difference. It is time to reduce polarization of public policy objectives. Growth policies which increase inequality and expand the environmental footprint are no longer acceptable. Inclusive growth for all Canadians and a better environment should be our objectives, objectives that can and should be mutually reinforcing.

This report sets out a broad array of policy recommendations for governments to achieve better incomes for all Canadians while ensuring a more sustainable environment for all.

A key theme of the report is that Canada's market-oriented reforms have failed to generate a golden age of economic prosperity. Simply creating a level playing field for competition and then passively hoping that growth will happen may not be the best approach. Government must do more to support actors to make optimal decisions in the competitive marketplace.

The report identifies many opportunities for the government to play an active role in mentoring businesses and individuals, providing information for decision making, and offering assistance to those who struggle to participate in the Canadian economy.

Drummond states that “an inclusive growth strategy that focuses on the poor, non-employed and marginalized represents a significant opportunity to both increase output and create a more equitable society.”

For further information, please contact:

Don Drummond
613- 692-9105 or

Andrew Sharpe
Executive Director
Centre for the Study of Living Standards
710-151 Slater Street
Ottawa, Ontario K1P 5H3
613-233-8891

The Centre for the Study of Living Standards (CSLS) is a national, independent, Ottawa-based not-for-profit research organization. Its primary objective is to contribute to a better understanding of trends and determinants of productivity, living standards and economic wellbeing in Canada through research.