


ENGINES OF GROWTH

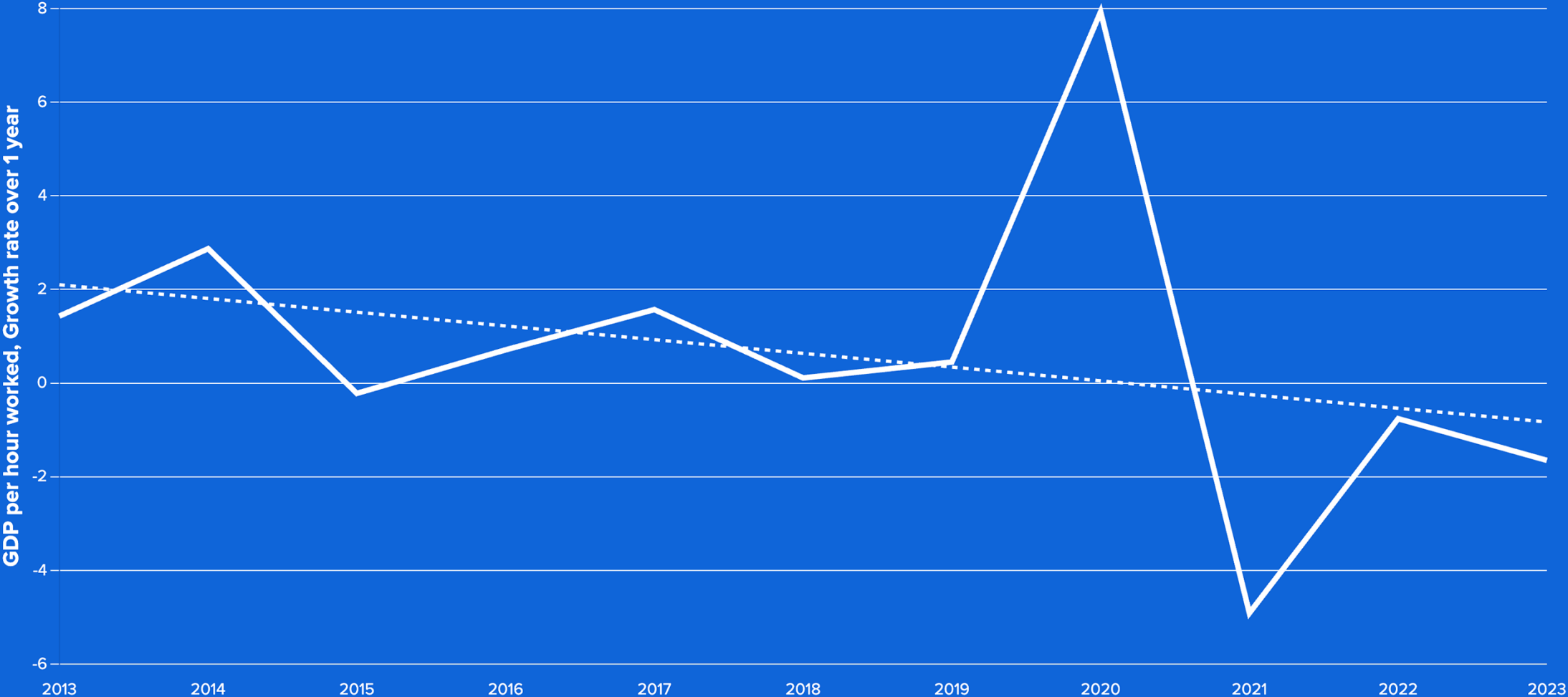


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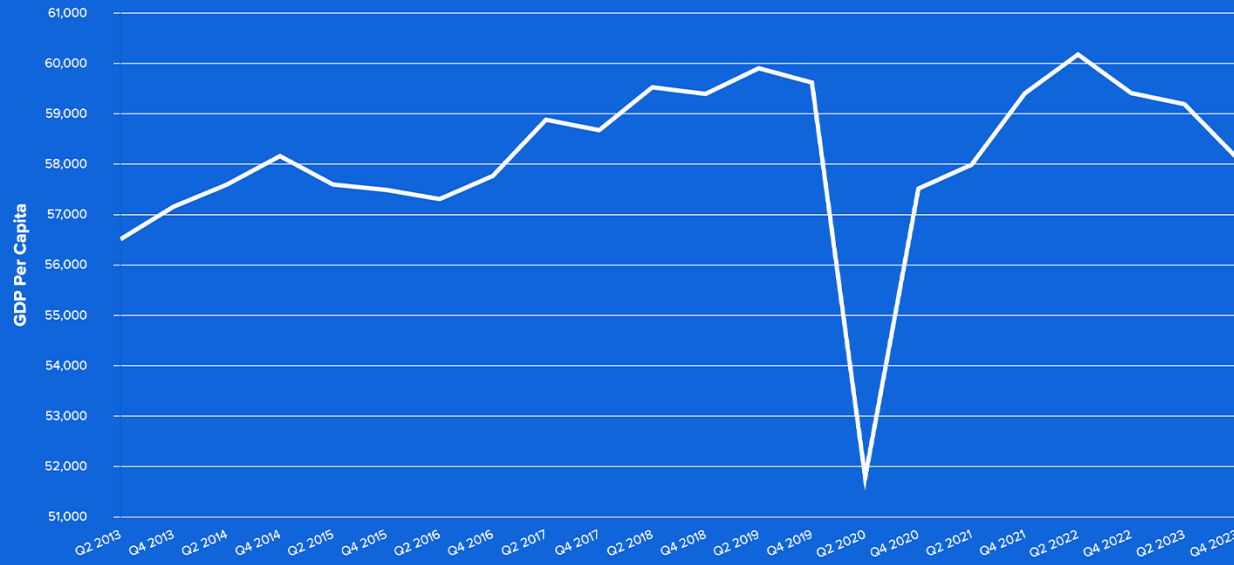
THE CANADIAN CHALLENGE - IT STARTS WITH PRODUCTIVITY

Labour productivity annual growth rate, Canada, 2013-2023

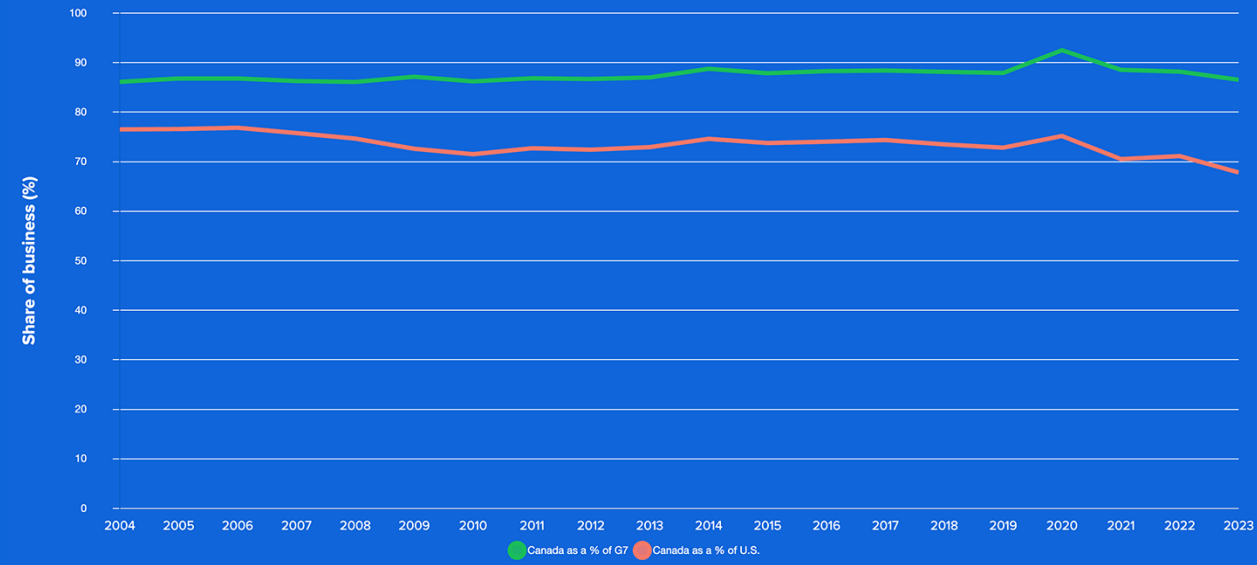


AND HAS BROAD IMPLICATIONS

Canadian real GDP per capita



Canada's output per hour worked as a % of the U.S. and G7 average

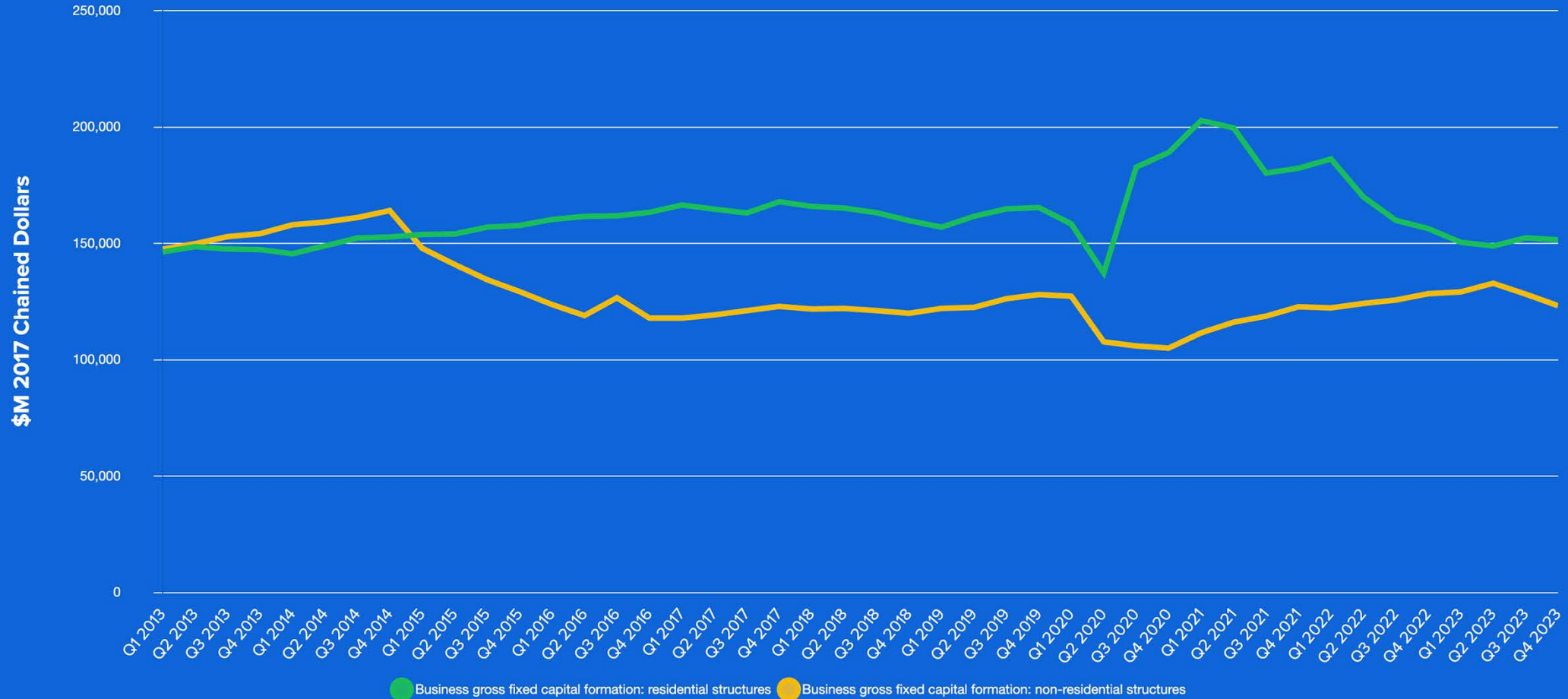


PRODUCTIVITY IS LINKED TO EARNINGS

- From 1945 to 1975, the real average weekly wage in Canada doubled.
- At the current rate, it would take about four centuries to achieve this feat.
- Average weekly earnings have increased only 1.6% between January 2015 and January 2024.
- This is less than 0.2 % per year, a considerable change from a growth rate of 1.5% per year that Canadian workers enjoyed over the previous two decades.

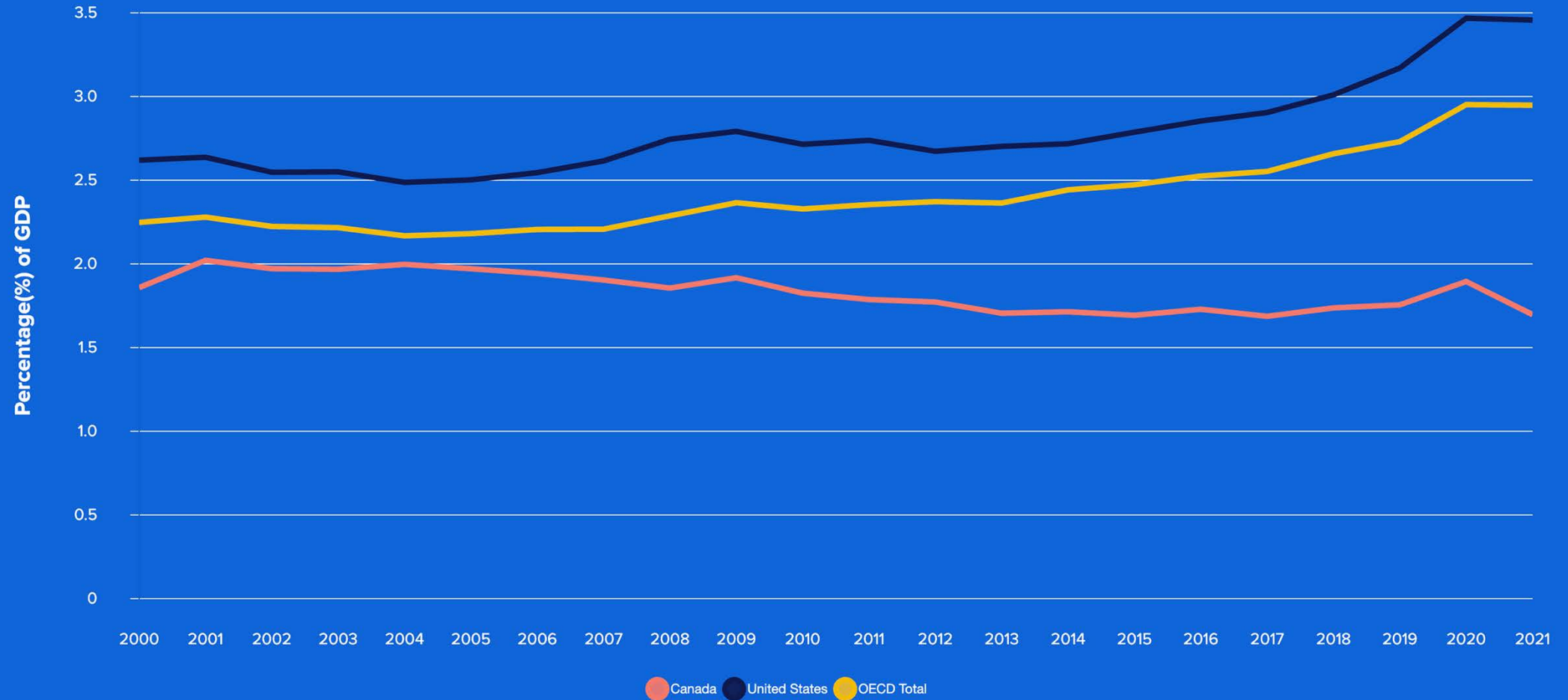
THE INDUSTRIAL COMPOSITION CHALLENGE

Business gross fixed capital formation



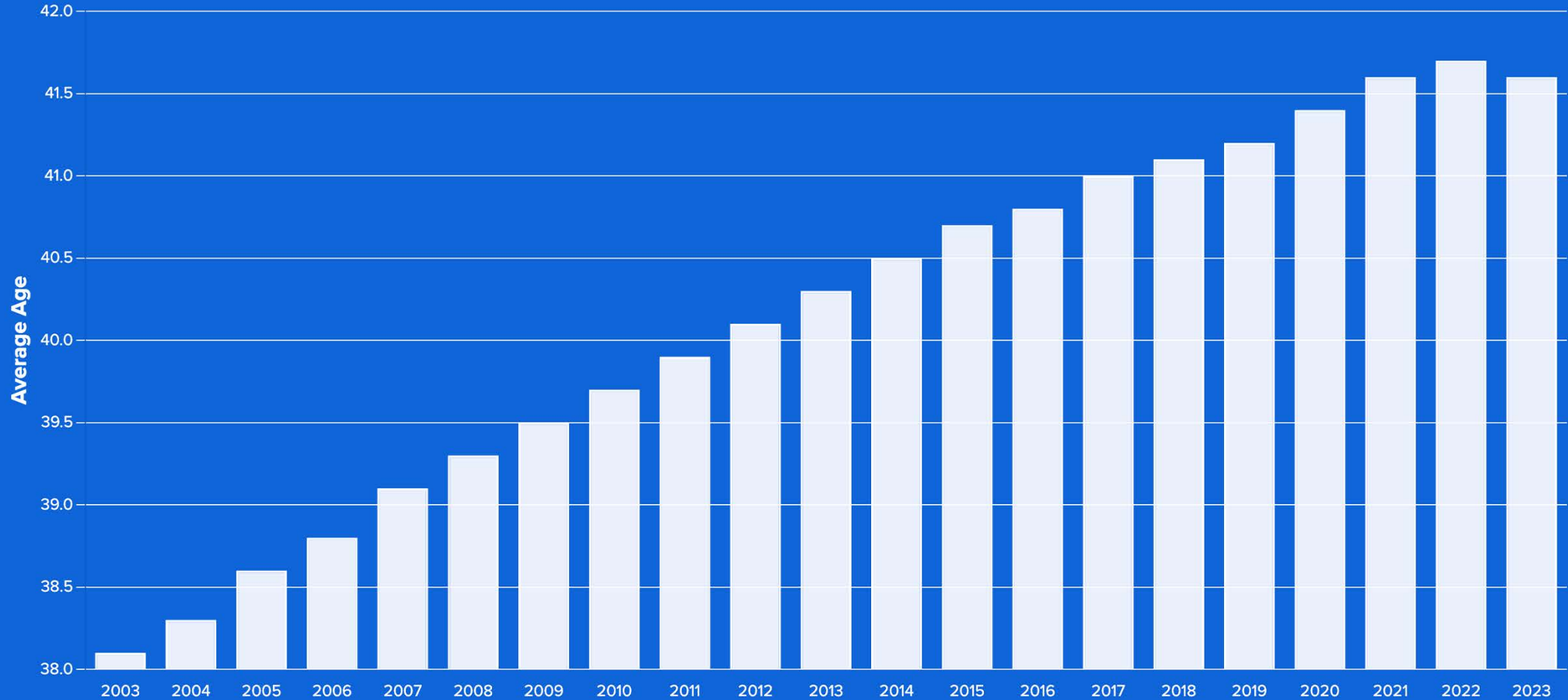
THE R&D CHALLENGE

Gross domestic R&D expenditure, total, % of GDP, 2000-2021



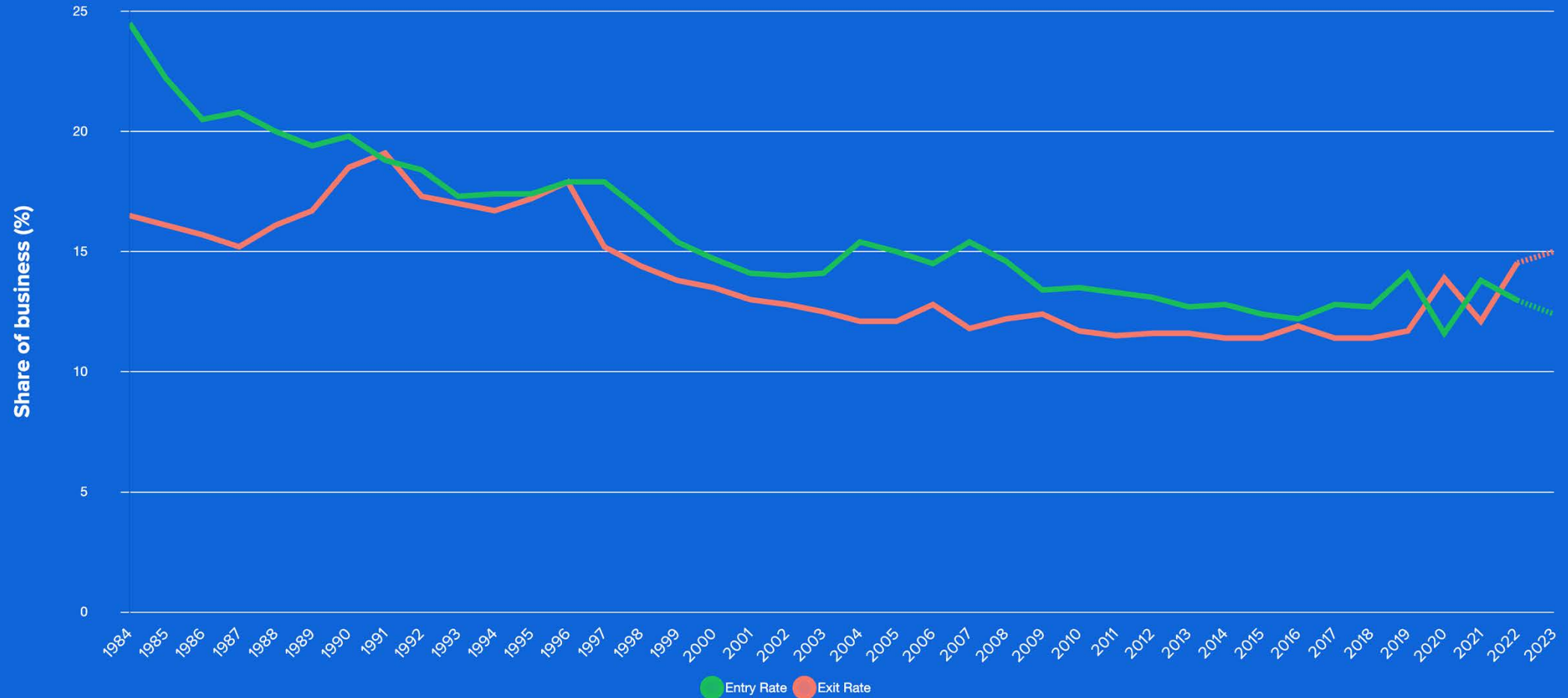
THE DEMOGRAPHIC CHALLENGE

Average age of Canada's population, 2003-2023



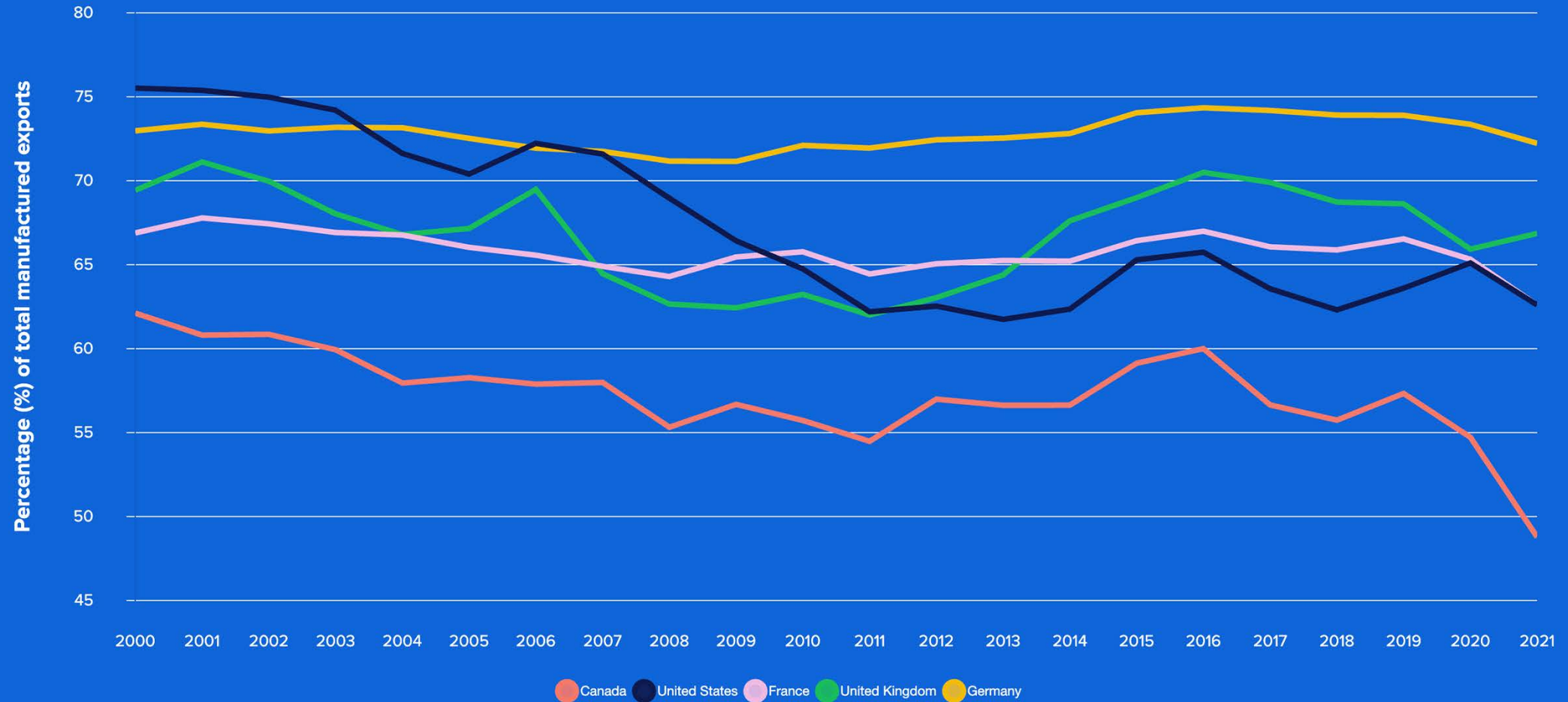
THE DYNAMISM CHALLENGE

Annual business entry and exit rates in Canada



THE ADVANCED INDUSTRIES CHALLENGE

Medium & high-tech exports, Canada vs other advanced economies (% of total manufactured exports)



WE NEED A NEW MODEL OF GROWTH

CURRENT MODEL OF GROWTH

- ➖ Real estate/housing
- ➖ Consumption-driven economy
- ➖ Low-value manufacturing (assembling things)
- ➖ Low-wage immigration
- ➖ Celebrating staying small
- ➖ Rent-seeking industrial policy
- ➖ Inefficient regulatory framework & unpredictability
- ➖ Inefficient tax code

A BETTER MODEL OF GROWTH

- ✔ Innovation as an engine of growth (maximizing intellectual capital)
- ✔ S&T innovation ecosystem and technology development
- ✔ Advanced strategic industries (high level of R&D and highly qualified workers)
- ✔ High value manufacturing (designing high-tech products and services that are driving innovation)
- ✔ High wage economic immigration
- ✔ Scaling SME's
- ✔ Improving dynamic capabilities of firms and strategic sectors
- ✔ Leader in energy security and electrification
- ✔ Tax system that rewards investments