

# Agenda for Canada's Prosperity

Presentation at

Woodrow Wilson International Center for Scholars  
Canada Institute on North American Issues

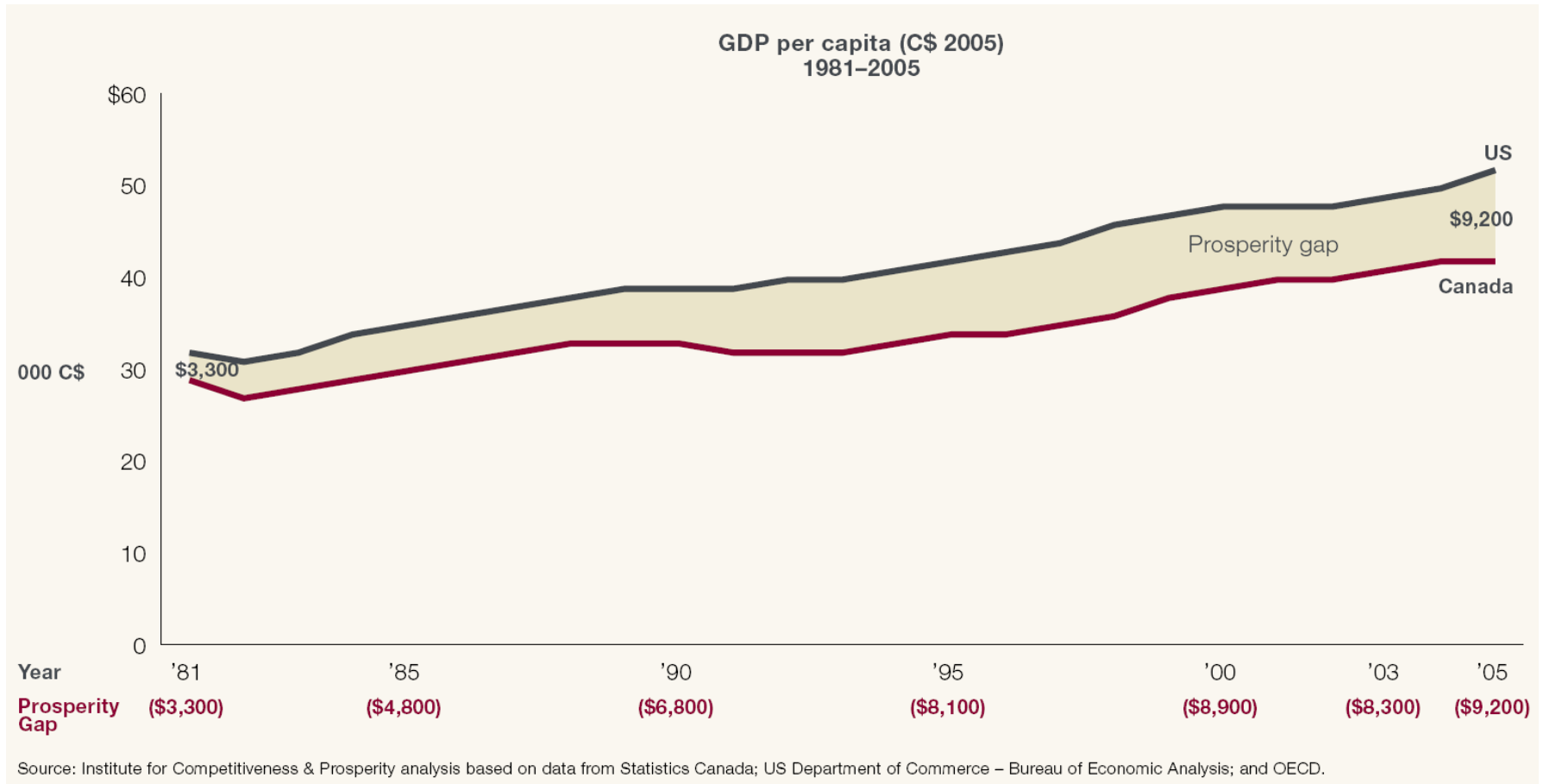


Daniel Trefler  
September 24, 2007

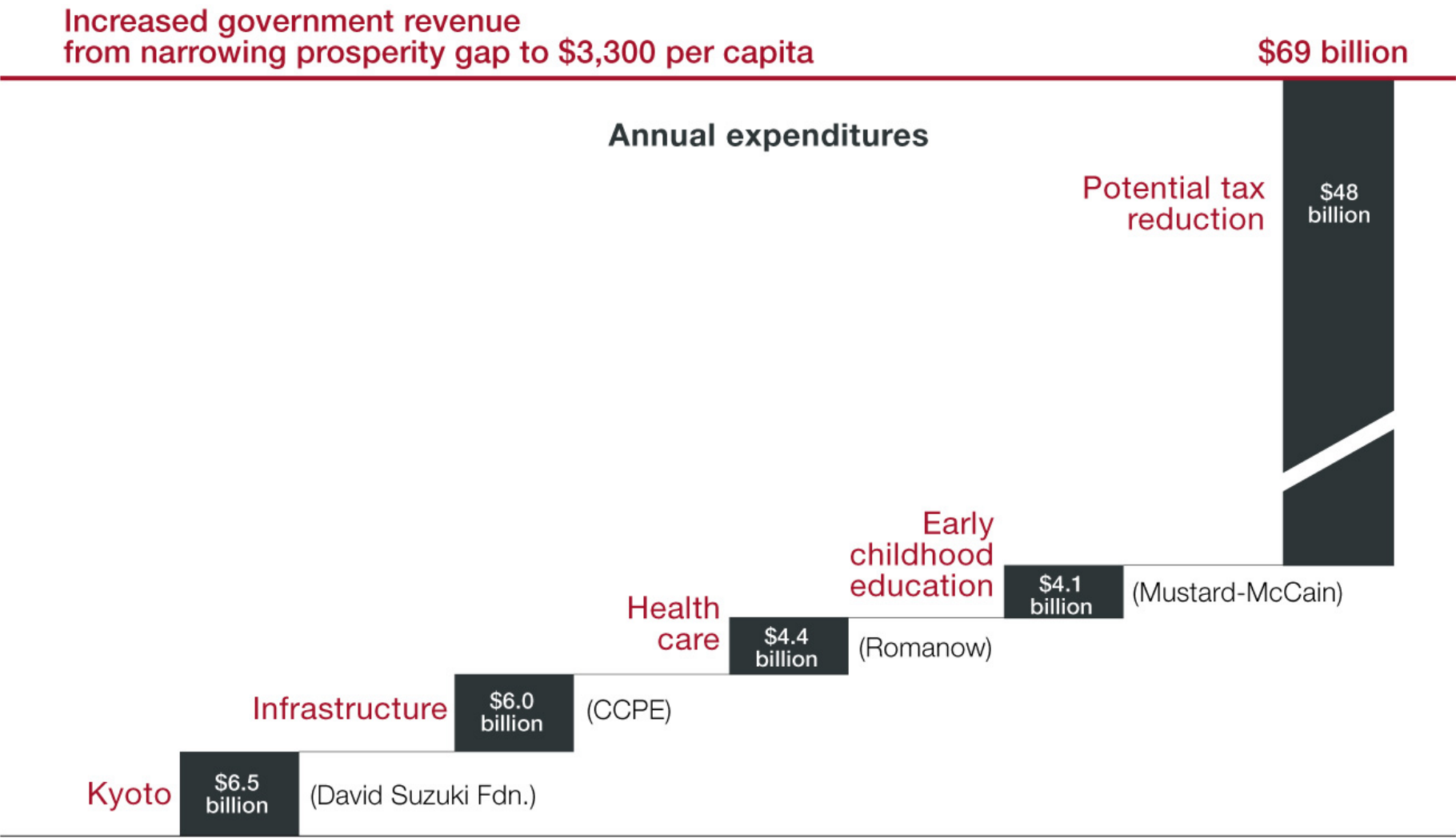
Institute for

COMPETITIVENESS & PROSPERITY

# Canada's Prosperity is Widening

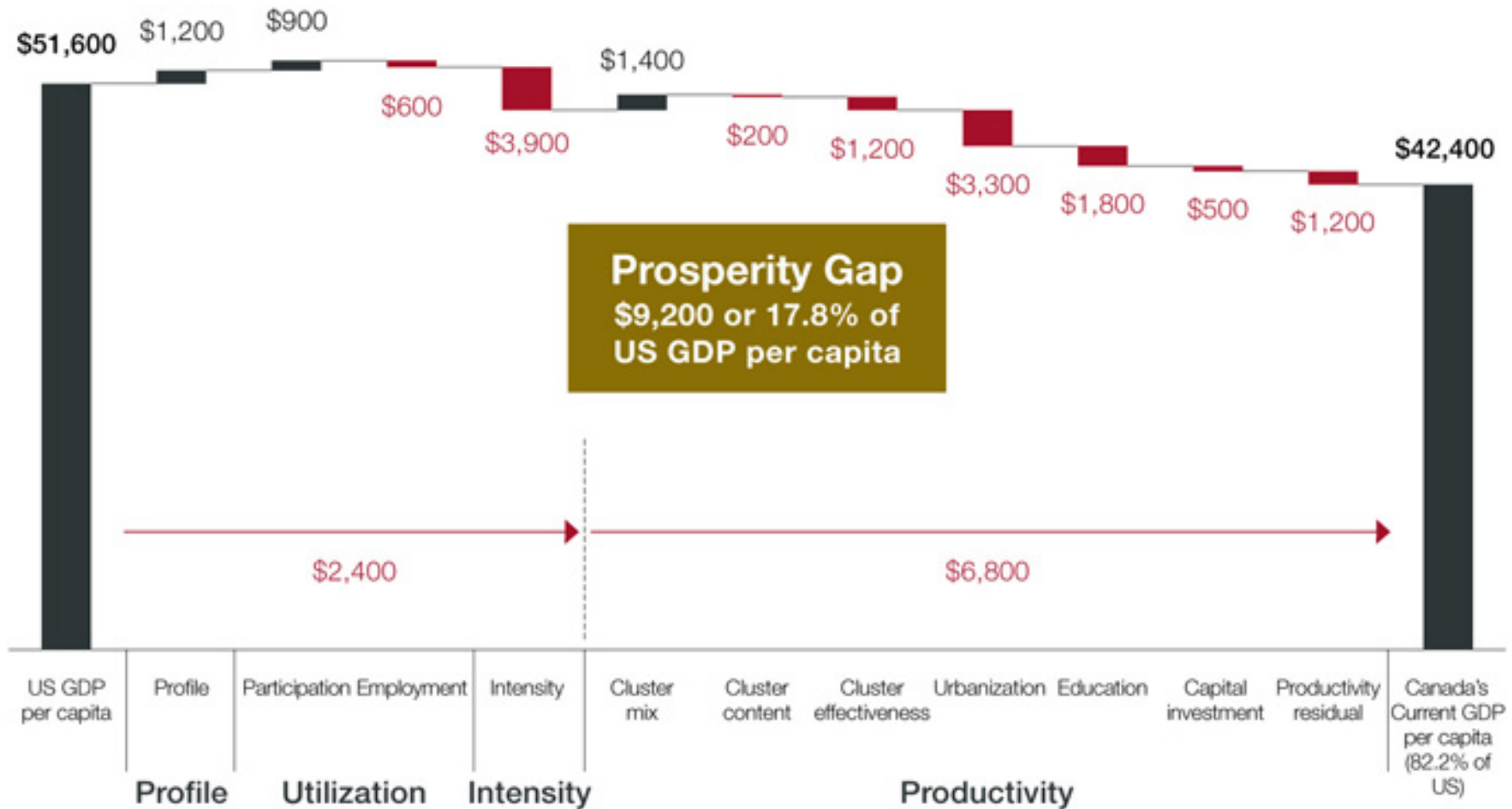


# Closing Prosperity Gap to \$3,300 Per Capita Affords More Revenues for Governments

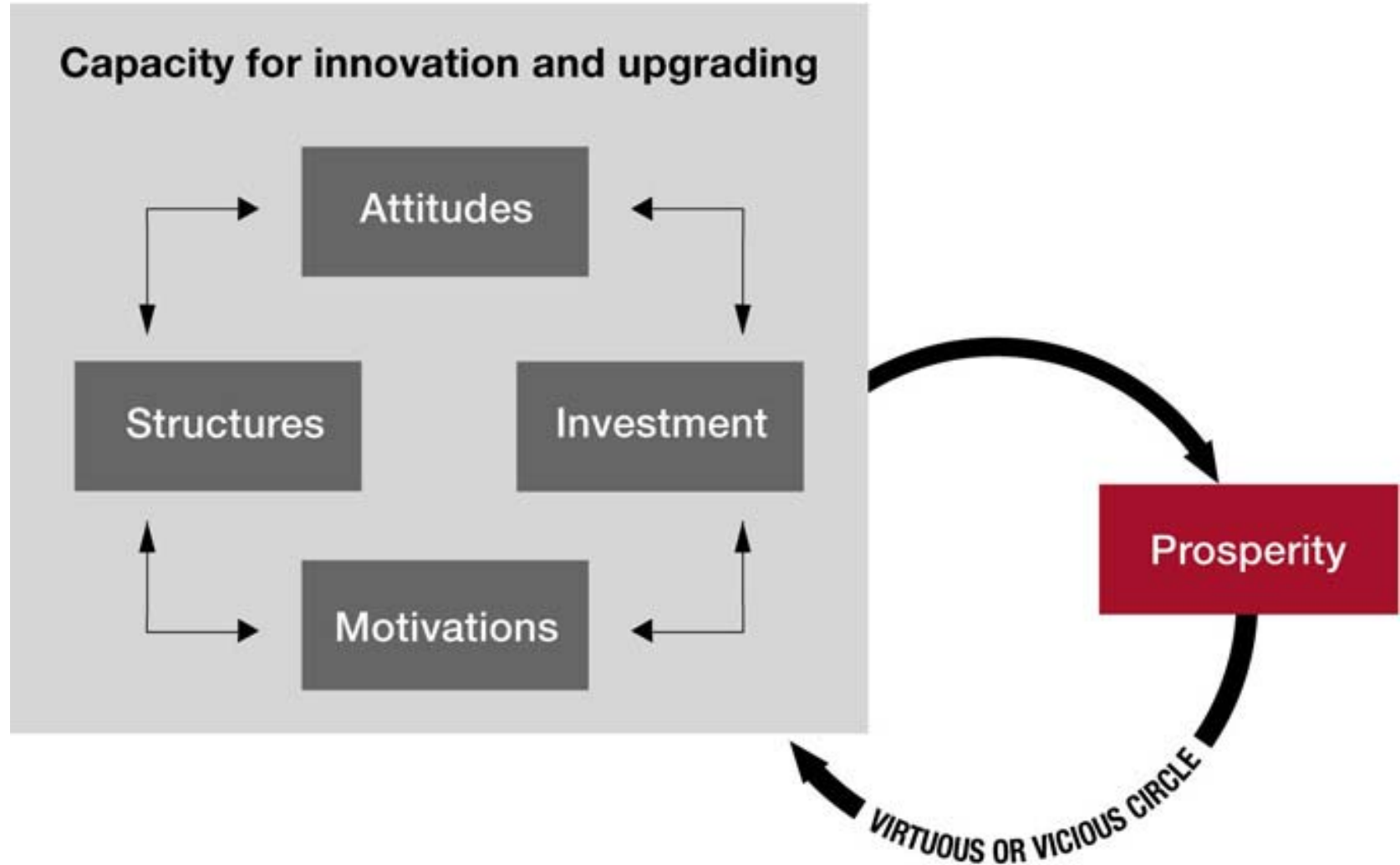


# Productivity is Key Driver of Prosperity Gap

Elements of GDP per capita C\$ (2005)



# AIMS Drives Prosperity; Prosperity Drives AIMS



# Canadian Businesses Under Invest to Support Their Workers

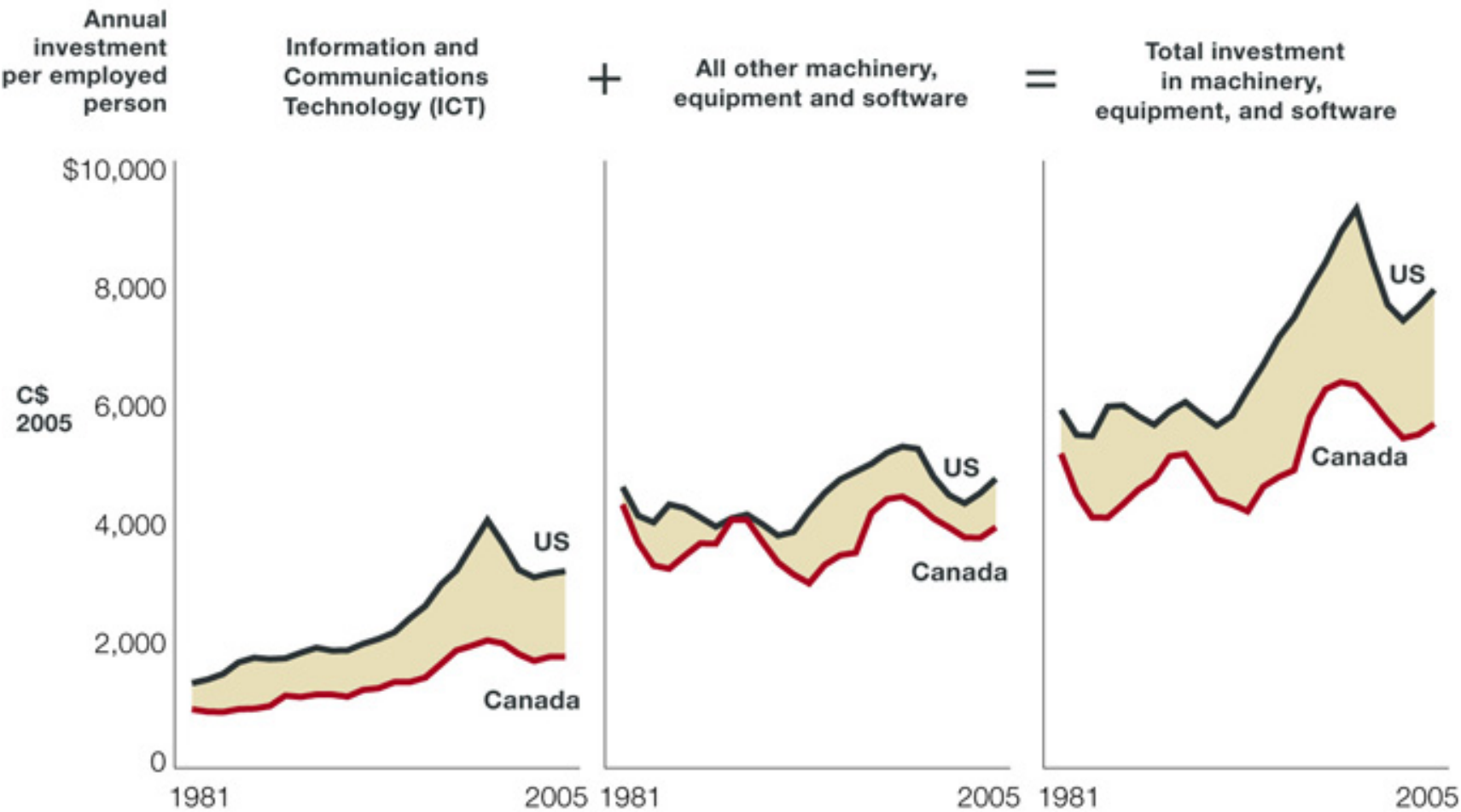
ATTITUDES

**INVESTMENT**

MOTIVATIONS

STRUCTURES

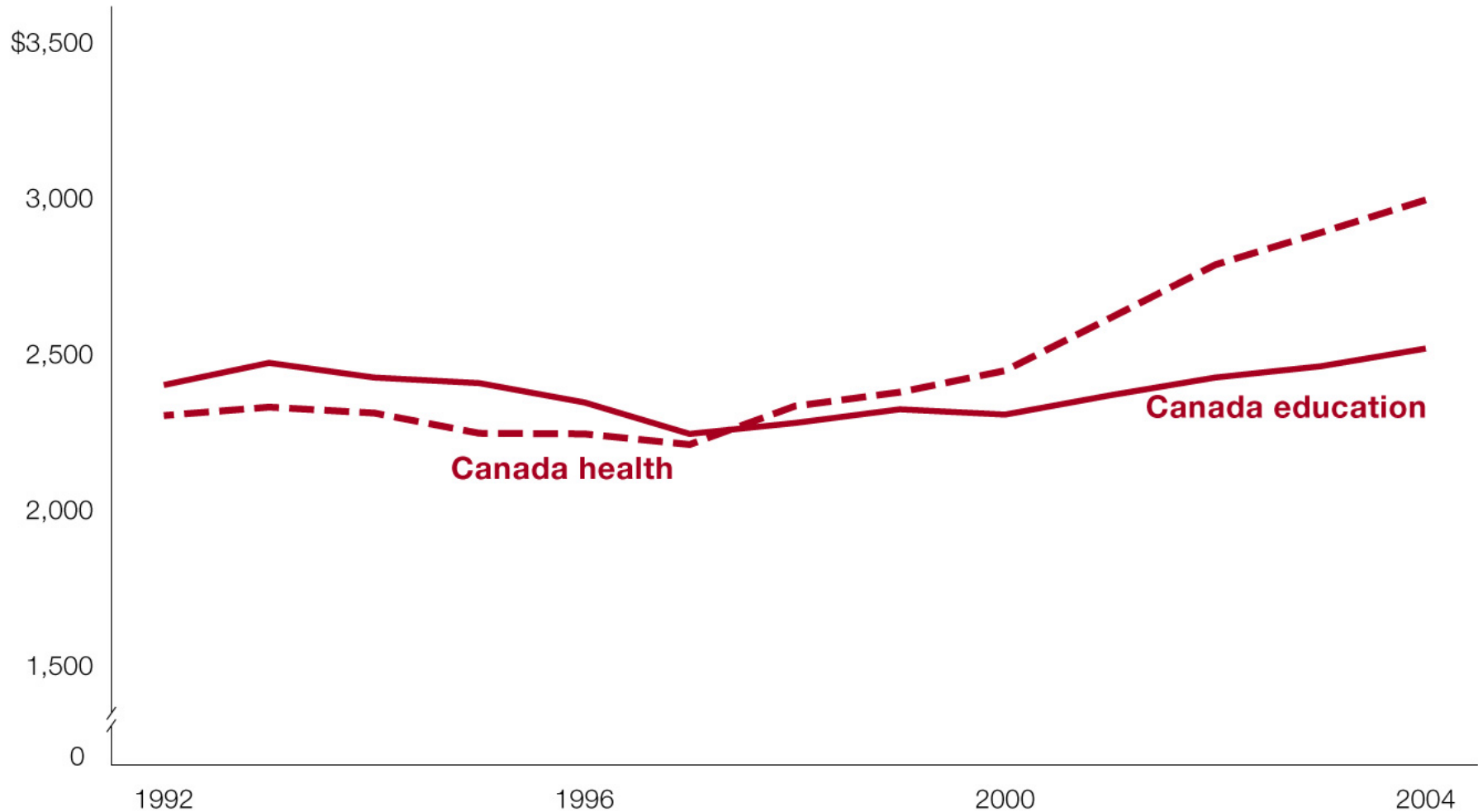
Private sector machinery, equipment, and software investment per worker, 1981–2005



# Public Spending on Education in Canada Lags

Education and health spending per capita by all levels of governments, C\$ 2005  
1992–2004

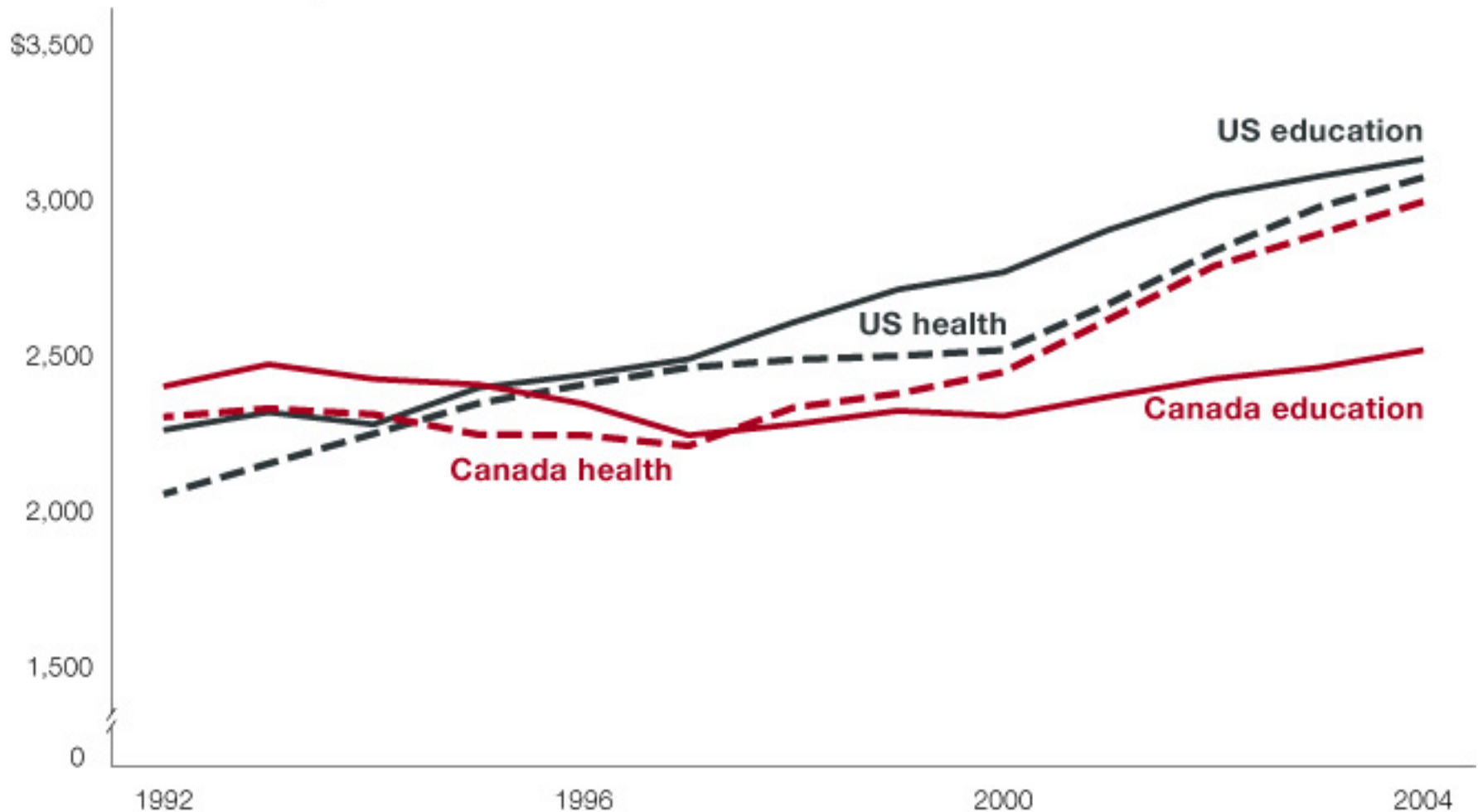
Per capita spending



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Education and health spending per capita by all levels of governments, C\$ 2005  
1992–2004

Per capita spending





# Tax Rates on Business Investment are Among the Highest

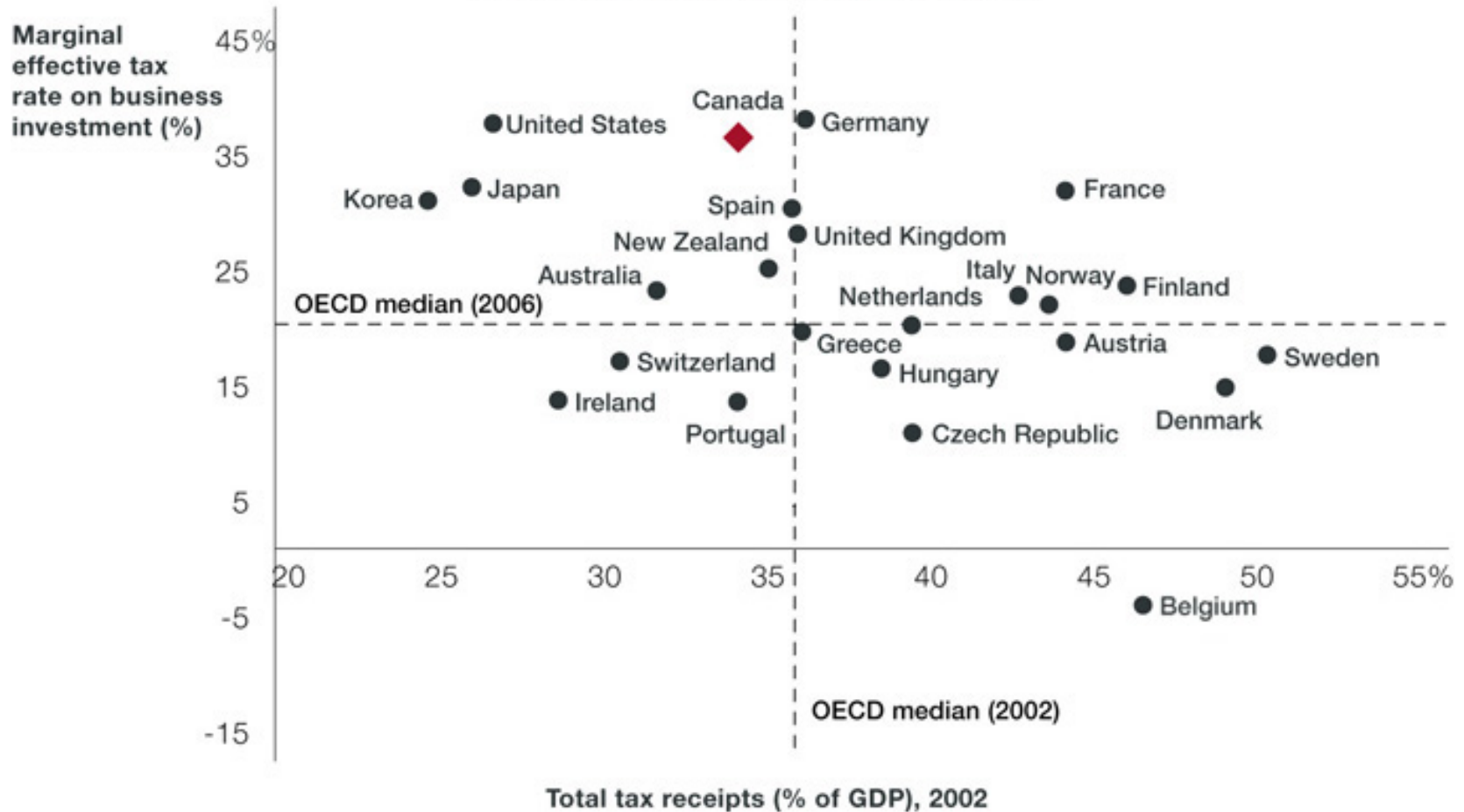
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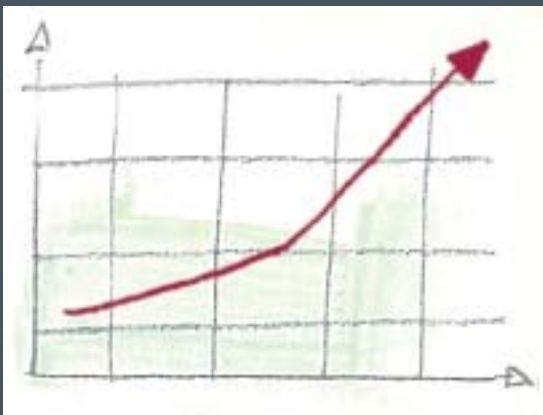
MOTIVATIONS

STRUCTURES

Taxation rates: overall and on business investment, 2006  
Canada and selected OECD countries



# Agenda for Canada's Prosperity



## Investment

### From consume today to invest for tomorrow

- ➔ Increase investment in machinery and equipment, particularly information and communications technology
- ➔ Encourage Canadian youth to invest in their educational attainment

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## Structures

**From preserve status quo to encourage creativity and growth**

- ➔ Reduce regulation to increase competitive pressure
- ➔ Continue to pursue bilateral free trade agreements

# Agenda for Canada's Prosperity

## The 2020 challenge: **Agenda for Canada's prosperity**

THE GOAL	Current	Target 2020
Close the prosperity gap	\$9,200 behind the United States in GDP per capita	Cut the prosperity gap to \$3,300
Attitudes	Collective complacency	Shared determination to close the gap
Investment	Consume today	Invest for tomorrow's prosperity
Motivations	Unwise taxation	Smart taxation
Structures	Preserve status quo	Encourage creativity and growth

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