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August 17, 2017



*Maximizing growth and inclusiveness at the same time that's exactly what we are trying to encourage our countries to do. We call it the Nexus how to become more productive by being more inclusive. But to do that our economic models and our economic metrics may need to change. It means putting people at the centre of policy making. That's what we don't have. We have production. We have consumption. We have GDP per capita. We don't have people.*

For several decades, governments promoted economic growth through:

- Trade liberalization
- Financial deregulation
- Tax cuts
- Flexible labour markets

This period coincided with:

- Substantial rise in market income inequality
- Wage stagnation
- Polarization of jobs and/or earnings
- Rise of the 1%
- Increase in nonstandard work





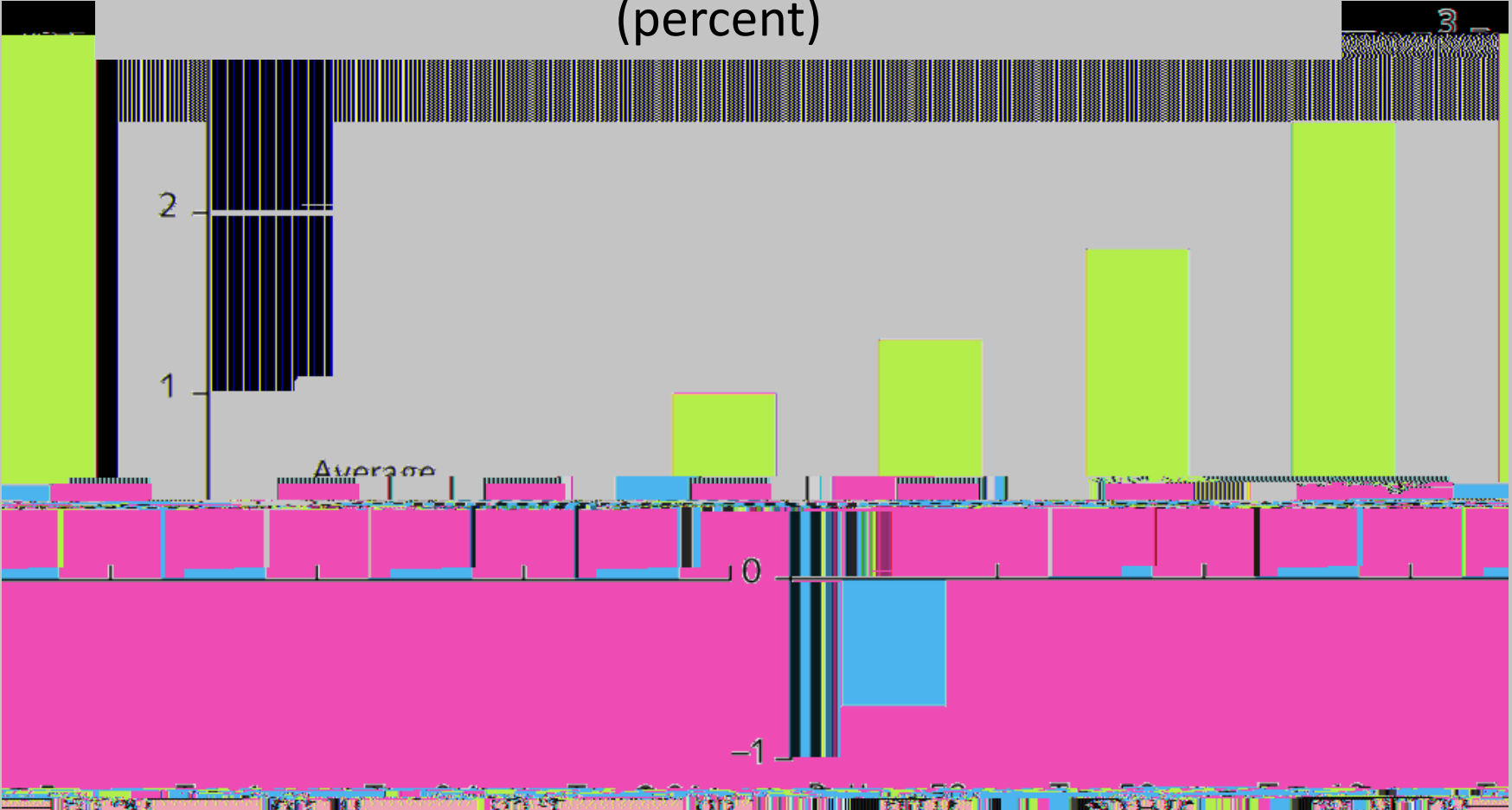
Market income inequality increased considerably in the 1980s and 1990s

Stable since 2000 (natural resource boom)

Proportion of male middle-class workers fell 10 points; their share of earnings dropped even more (1970-2005)

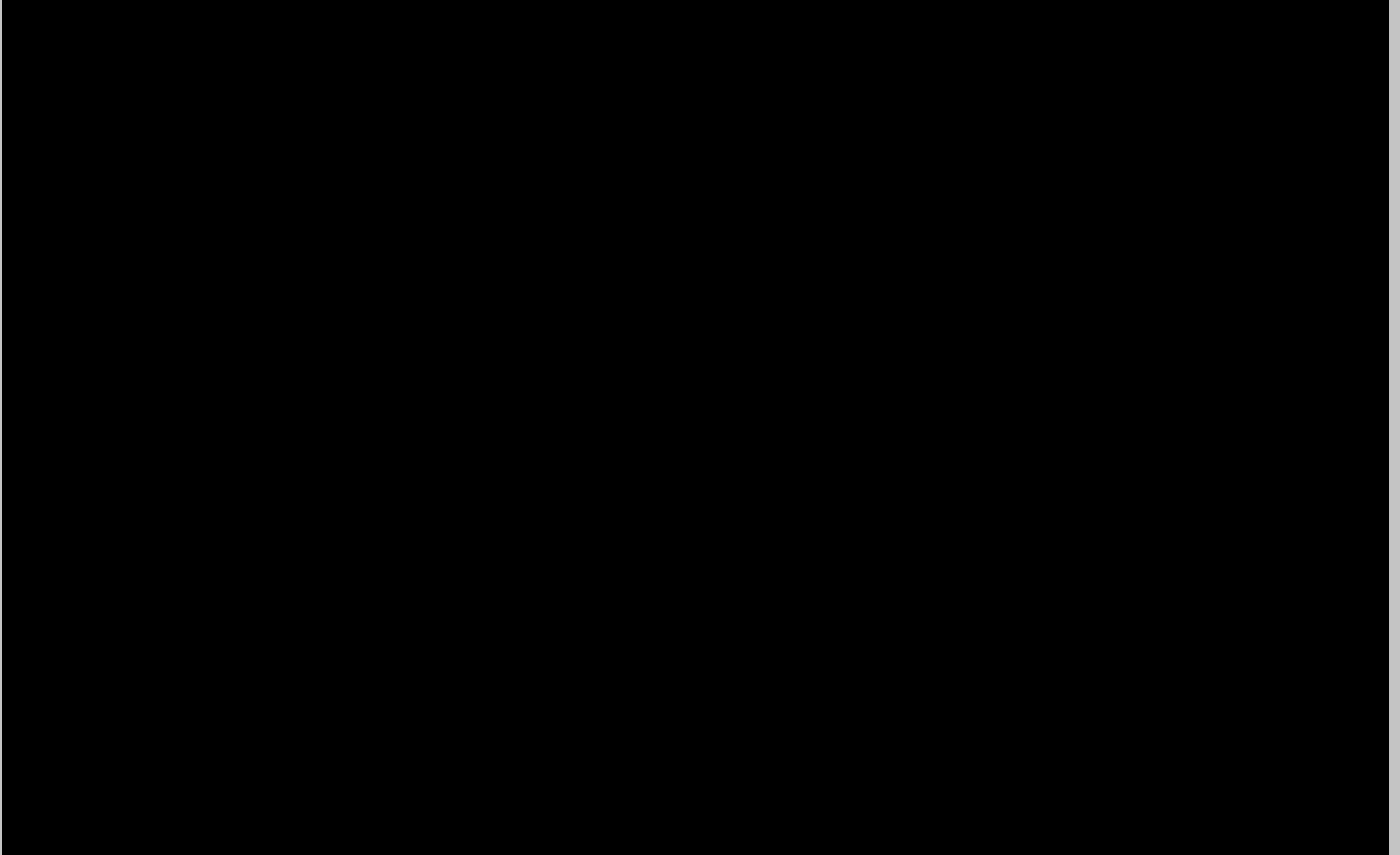
The share of market income going to top 1% rose from 8 to 12% (1980-2014)

(percent)

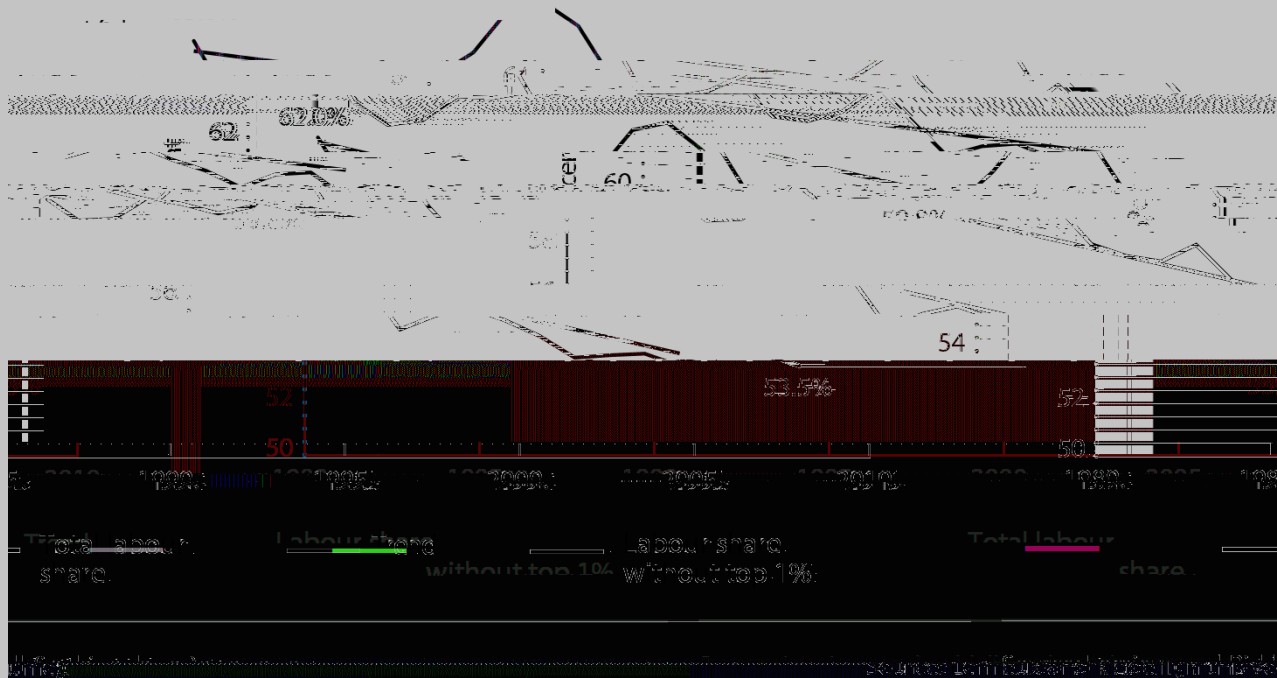




(percent)



## 1982-2008



Trudeau government quickly followed through on election promises to help the middle class

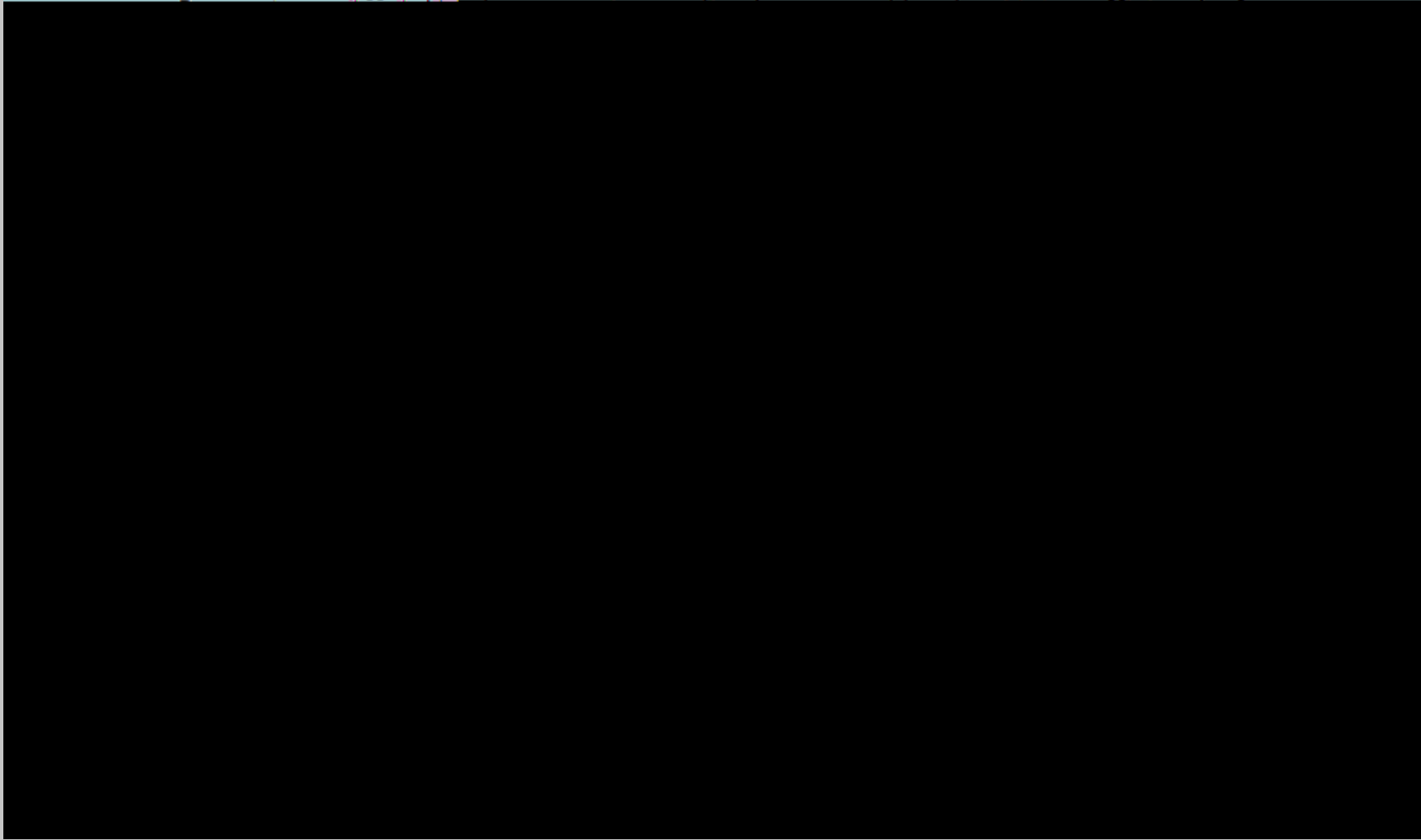
But incremental policy changes will not alter underlying inequality trends

Unrealistic to rely mostly on tax-transfer system to mitigate the outcomes of inherent economic forces, in particular shifts in bargaining power over wages

Reduce the ability of top earners to extract rents (taxes, CEO compensation and corporate governance practices)

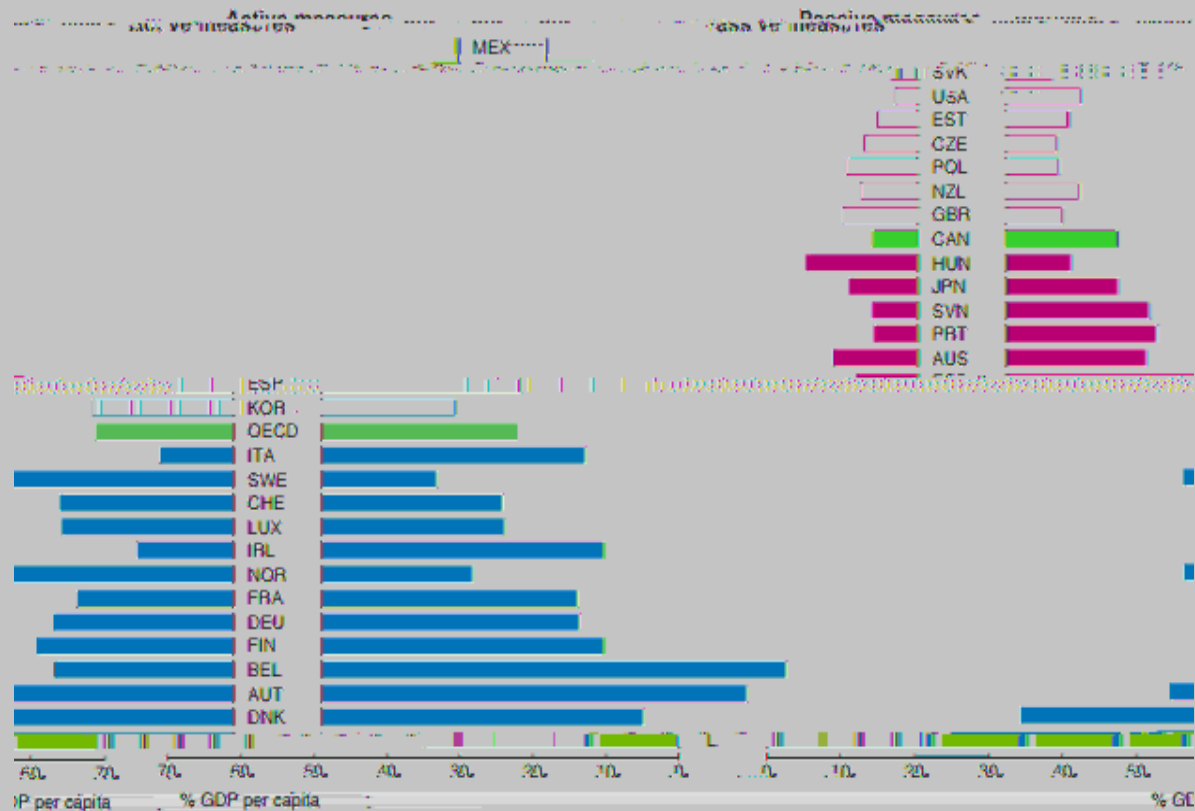
Move beyond traditional union framework to give stronger rights and protections to all workers

A new take on the minimum wage (living wage movement; ongoing experimentation in larger US cities; some Canadian provinces following the lead)





Spending per unemployed, as a percentage of GDP per capita, 2012 or latest year available



measures 8 to 2 of 1... Labour market measures include active and passive measures, which refer to, respectively, Categories 1 to 2 and Categories 3 to 4 of the ILO's... In 2012, the average of the two measures was 35% of GDP per capita. The active measures were 35% and the passive measures were 35%.

Displaced workers need timely access to effective employment supports

EI rules restrict this access for a growing proportion of unemployed

Older, long



Budget 2017 addresses many of these issues  
Wide array of measures proposed to broaden  
skill development opportunities for workers,  
within and beyond EI, and in cooperation with  
provinces

Potentially central component of Canada's  
evolving policy strategy for inclusive growth