

2006 FEDERAL PRE-BUDGET SUBMISSION



The Manitoba Chambers of Commerce

Entrepreneurial Spirit • Community Values

227 Portage Avenue
Winnipeg, Manitoba
R3B 2A6

Telephone (204) 948 0100

Fax (204) 948 0110

E-mail: mbchamber@mbchamber.mb.ca

www.mbchamber.mb.ca

Summary: Priorities for Budget 2007¹

- Reduce personal income tax rates for low- to modest-income earners starting with a half percentage point reduction in the lowest personal income tax rate. [cost: \$1.4 billion]
- Raise the threshold at which the top marginal personal income tax rate kicks in to \$150,000. [cost: \$0.3 billion]
- Introduce Tax-Prepaid Saving Plans (TPSPs) alongside current savings vehicles and fully integrate contributions with those of all existing tax-deferred savings plans. [cost: negligible]
- Adjust any Capital Cost Allowance rates that do not line up with the true economic life of the relevant asset.
- Eliminate withholding taxes on arm's length interest payments under domestic legislation and immediately commence negotiations of tax treaty changes with the U.S. to eliminate withholding tax on interest on non-arm's length transactions on a bilateral basis. [cost: negligible]
- Reduce the general corporate income tax rate to 20%. [cost: \$0.4 billion]
- Return the EI program to its original goal of providing insurance against unintended unemployment. This will facilitate further reductions in EI premiums. Gradually reduce the employer EI premium rate to equal the employee premium level. Implement a system that allows for over-contribution by employers to be refunded. Gradually phase in an experience rating system for employers. [cost: \$0.2 billion for every 5 cent reduction]
- Make all SR&ED ITCs 100% refundable. Permit companies to apply their unused SR&ED ITCs to offset other taxes owing, such as payroll remittances. Consider allowing unused SR&ED ITCs to be carried forward beyond the current ten-year limit. Consider excluding SR&ED ITCs from taxation

A Framework to Tie it All Together: The Great Jobs Agenda²

Global competition, a rising Canadian dollar, rising energy prices and technological innovation make these complex and contentious times. And yet there is a common goal amidst much of the debate about our economy – the desire for great jobs, the bridge between individual prosperity and economic vitality. As such, it is time we had an agenda that put great jobs front and centre.

Mindset (attitude is key): Adopt a 'creative capital mindset' – one that judges all economic policies against the basic standard of whether they are empowering each individual to obtain employment that fully taps into their creative potential.

An Environment Where Business Can Thrive: If the goal of the Great Jobs Agenda is to provide people with jobs that are well-paying, meaningful and tap into their talents, then we need an environment that enables businesses to create/maintain those jobs.

Nurture Skills/Recognize Skills: None of the specific items we propose for the skills strategy are new. The key call for change is twofold: these strategies must receive an even greater focus from government, business, labour and the public as part of a Great Jobs Agenda; and every single initiative must be evaluated against the standard of whether the skills of the individual involved have been enhanced so as to lead to engaging and financially rewarding employment.

Identify & Remove Roadblocks for Those on Low-income: For starters, engage in effective tax relief for low-income Canadians.

Trumpet Success: We must do a better job of sharing business and government success stories in a way that both inspires and instructs.

Obey the Law: Laws that are not enforced permit victimization and penalize law-abiding citizens.

Broaden Knowledge of the Law: The first step to an effective legal system is knowledge as to its existence.

All Together: The most important aspect of the Great Jobs Agenda is that government, business and labour agree to work on it together.

The Great Jobs Agenda

We endorse the Canadian Chamber of Commerce's submission to this Committee, a submission that directly answers the issues raised by you and eloquently sets forth the case for (and specific needs regarding) Canada's place in a competitive world.

Given our support of the Canadian Chamber's position we have taken the liberty of suggesting an agenda within which the Committee's decisions should be placed. If they are to work effectively, a Budget must be part of a larger plan to both broaden and advance economic vitality.

Thomas Friedman warns that we are entering a phase that will see the digitization, virtualization, and automation of virtually everything and "The gains in productivity will be staggering for those countries, companies, and individuals who can absorb the new technological tools."³ Adaptability will be crucial as a faster rate of innovation will push the pace of the 'churn' of economic opportunities and jobs.⁴

Many jobs will ride the wave of innovation, cresting to greater specialization and therefore higher value. But there is no denying that other jobs – indeed, entire industries - will be crushed by it, becoming permanently replaced by technology or receiving relatively low value in the market (largely manual or commoditized labour).

The question becomes, 'How do we provide the environment businesses and employees need to grow the economy while also helping those who do not fully benefit from the economy?'

*"The voyage of discovery is not in seeking new landscapes but in having new eyes."
Marcel Proust*

The MCC participated in the Federal Labour Code Review. After reviewing the submissions received by the Commission and conducting our own research, we found a considerable degree of consensus among labour and management, between 'left' and 'right'.

For too long our worth has been defined by how hard we fought over our differences, it is time we were judged against our efforts to build on that which we agree.

This submission reiterates the vision we proposed to the Federal Labour Code Review Committee. It sets forth an agenda - a Great Jobs Agenda - of nine elements. We are suggesting an all-encompassing vision against which all government economic policies, all Budgets, all Speeches from the Throne, will be judged. Individually, each element represents an area of agreement between labour and management. Taken together, they constitute a plan that bridges the goals of economic vitality and individual prosperity, and will ensure Canada's place as a leader in this knowledge-based, global economy.

a) Mindset (Attitude is Key):

True leadership begins with mindset, and frankly, our country's collective mindset needs to change in three ways. The changes we are advocating have been suggested by others. Indeed, some already live it. Unfortunately, their numbers are too few. Nor has it been fully embraced by our policy makers.

To begin with, we must let go of the notion that prosperity is a zero sum game: the notion that there is only so much success to go around, that somehow another's success diminishes the rest of us. Such an attitude is worse than wrong; it is toxic, poisoning a public debate that could otherwise lead to truly positive change.

Another needed change in mindset involves the way we view the challenges of the globalized knowledge-based economy.

And rest assured, the issue of mindset applies to the business community as much as it does to individuals, our communities, and our policy makers. While much has changed since Michael Porter and Roger Martin's 2001 report, their admonition is as valid as ever:

“The single most important priority for Canadian prosperity is to bring about a transformation in the way Canada's companies compete.”⁵

For too long Canadian businesses have competed on the basis of a low dollar and smaller pay hikes.⁶ Those days are gone, and while many of our companies are competing based on sophisticated processes and products this will continue to be in dribs and drabs until it becomes a key agenda item. It is not only the right thing to do, it is the smart thing to do – and like all true wisdom, you can't mandate it through legislation (especially in relation to something as dynamic and demanding as the economy), you create an environment that allows it and inspires it.

Consider what would happen if we developed a 'creative capital' mindset – one that judges all policies against the basic standard of whether they are empowering each individual to obtain employment that fully taps into their creative potential.⁷

- Why “each individual”?
 - If you want an agenda to resonate with the public it has to relate to the individual.
 - Business often sells the public agenda it wants by saying it leads to jobs and higher standards of living, it's time the business community put its money where its mouth is and made great jobs an agenda item.
 - There are always going to be people who are crushed by the waves of the economy, if we don't make them an agenda item it's going to come back to haunt us.
- Why “creative”?
 - Richard Florida says notions such as 'knowledge workers', 'the information society' and the 'high-tech economy' don't cut it as a guarantee of individual prosperity

- Thomas Friedman echoes this concern, noting the ‘high-tech’ jobs that have either been ‘commoditized’ (going to the lowest bidder) or automated.
- The best indicator of a well paying, engaging and hard to replace (or outsource) job is its level of creativity.

Note as well how the ‘creative capital’ mindset will help alleviate the two other mindset challenges we identified: a) Creative jobs are the high value jobs that require sophisticated products or process; and b) people usually think success is a zero sum game when their own momentum is stalled, enhance their prosperity and jealously over the success of others tends to disappear.

There is considerable similarity between championing productivity and a creative capital mindset. This may invite the question, ‘Why not simply pursue an agenda of enhancing productivity?’

For all of its considerable benefits, a productivity agenda has two fatal flaws. For one thing, workers often equate productivity with fewer jobs.⁸ Such fears are hardly the stuff of unifying agendas. And we are deluding ourselves if we do not see an element of truth to workers’ concerns in this regard. A significant element of productivity is mechanization and technological innovation, and most international economists agree that “The vast majority of job reductions...are traceable not to outsourcing or globalization but are the consequence of labor-saving technology.”⁹

Even the Senate Standing Committee on Banking, Trade and Commerce agreed that productivity can have ‘short-term’ negative employment consequences.¹⁰ And therein lies the second fatal flaw to a productivity standard – it may increase living standards but it takes an awfully long time (decades) to do so.¹¹

During its hearings on productivity the Senate Standing Committee on Banking, Trade and Commerce was told that that we need to understand issues beyond just productivity, “... including the extent to which wealth is being created, the amount of leisure time that is available, and the health and well-being of citizens.”¹²

The creative capital mindset answers all these concerns. It serves the business community by nurturing the talent, the environment, and the technological advances that are crucial to thriving in today’s dynamic value-added markets. The ‘creative capital’ mindset serves each and every worker by harnessing their full creative potential in a way that provides access to satisfying jobs (desired pay and engaging work). It serves every citizen by enhancing the capacity of the economy to fund the programs expected of government.

Let us now ‘flesh out’ an agenda to go with our ‘creative capital’ mindset.

b) An Environment Where Business Can Thrive

If the goal of the Great Jobs Agenda is to provide people with jobs that are well-paying, meaningful and tap into their talents, then we need an environment that enables businesses to create/maintain those jobs.

This is the most contentious aspect of the Great Jobs Agenda as there is little consensus between the left and the right as to how much corporate tax relief is warranted as opposed to increases in program spending. It is an important debate and the federal government will have to make decisions in this regard as it prepares the 2007 Budget.

The Great Jobs Agenda simply seeks to move this issue forward in two key aspects. Firstly, it seeks to build on our points of agreement - and here it is important to acknowledge that all agree we need an environment that fosters the growth of businesses that offer high-paying and engaging jobs that tap into their employees' talents. Secondly, it seeks to judge all initiatives against the fundamental goal of providing people with jobs that are well-paying, meaningful and tap into their talents. Whatever corporate tax relief or fiscal policies this government may choose, they must be designed and ultimately evaluated in this context.

Jim Stanford of the Canadian Auto Workers has 'thrown down the gauntlet' to the business community by asking what recent corporate tax changes have gained our nation in terms of investment. He states:

“Ironically, business investment has weakened significantly in Canada since the federal corporate tax reductions – not strengthened. Real business investment has declined by 2 points of GDP since 1999, and the proportion of available after-tax cash flow which firms reinvest in Canadian capital projects has fallen from close to 100 percent in 2001 to just 66 percent in 2004. Business investment spending has weakened despite all-time record corporate profits (which reached 14% percent of GDP in 2004) and a declining tax burden.”¹³

We would dispute the force of Mr. Stanford's conclusions on a number of grounds:

- recent business investment is occurring in technology rather than capital,¹⁴
- we are coming out of a period of heightened economic insecurity where business solidified its position by, for example, paying off debts, and is now looking at a period of greater investment;¹⁵ and
- the growth in government program spending suggested the time was right for tax relief (to cite but a few examples)¹⁶.

However, for the purposes of our submission the key is not so much to debate Mr. Stanford's conclusions. The important point is to endorse his call for judging a tax relief strategy against its capacity to spur the type of investment and activities that will serve the Great Jobs Agenda.

It should also be noted that Mr. Stanford's main point doesn't appear to be an indictment of corporate tax relief per se, but a criticism of across-the-board corporate tax cuts as an

extremely weak and ineffective policy tool (i.e. an instrument that is too blunt) for stimulating new investment spending. He does endorse faster capital cost allowance write-offs, an investment tax credit and targeted investment subsidies¹⁷ – many initiatives that have been called for by the business community. In short, we suggest that there is indeed room for agreement between labour and business, even when it comes to corporate tax reform.

Accordingly, you should immediately commit to developing a strategy that will consider how to move our province more from a regime that taxes investment/income to one that taxes consumption. As suggested by the recent report of the Task Force on Competitiveness, Productivity and Economic Progress, this ‘big picture’ thinking should include an analysis of the following:

- the economic effect of eliminating the corporate tax, “This is an unconventional solution and further research is required to assess the long-term impact on tax revenue, repatriation of earnings by foreign companies and other issues.”¹⁸;
- converting the PST into a broad-based value added tax covering goods and services¹⁹;
- basing personal taxation on lifetime earnings.²⁰; and
- a consideration of how other jurisdictions tax; what insights may be gained therein; and how, if at all, this could be applied to Canada. For example, it has been suggested Denmark and Sweden have high rates of tax but in a way that motivates business investment.²¹

c) Nurture Skills/Recognize Skills

Talk of a skills strategy is hardly new. Indeed, great strides have been made. If great jobs are the key agenda item then we will need to rededicate ourselves to nurturing and recognizing skills.

The key call for change is that every single initiative be evaluated against the standard of whether the skills of the individual involved have been enhanced in a way that leads to engaging and financially rewarding employment.

It is not enough that the skills strategy accesses everyone, it must do so in a manner that actually serves the Great Jobs Agenda. It is not hard to find grounds for questioning whether programs designed to enhance skills and/or employment are truly doing so. Consider this testimony given to the Manitoba Community Low Wage Inquiry by an advocate for those on social assistance:

“Government policies are creating job ghettos by encouraging people to experiment with forms of self-employment. In some cases, self-employment means taking work as a sub-contractor and being paid less than the minimum wage. For example, many people, supposedly self-employed, are working for a janitorial service contractor, making less than minimum wage, and putting in far more than the standard eight-hour day.”²²

The Inquiry also heard these comments from an adult upgrading coordinator:

“Some people who could benefit from more training and education are told that they have to stop their training and go to work now. This can simply force them into dead-end jobs. On the other hand, there are cases where education may not make a person’s working future any brighter. I have met many people with a university education who are struggling to find well-paid work.”²³

The Saskatchewan Chamber of Commerce noted similar concerns in a recent submission:

“According to the Canadian Policy Research Network (CPRN), governments, whether provincial or federal, have difficulty in skills training initiatives, because of the perceived impetus to move people back into the labour force quickly from periods of unemployment, as opposed to providing the skills necessary for advancement in the workforce.”²⁴

This is not meant to ‘bash’ government. There are countless success stories where programs for skills upgrading have led to engaging and financially rewarding employment. The key point is that we need to ensure that the barometer against which such programs are judged is whether the skills upgrading led to engaging and financially rewarding employment.

d) Identify & Remove Roadblocks for Those on Low-income:

The Great Jobs Agenda is not about an economic snobbery that seeks to squeeze out low-skilled and/or low wage employment. Low-skilled, low paid work is unavoidable in any economy. But to simply acknowledge that such work is a necessity is to under-value its importance to our society and our citizens. Often low-paid work is voluntary.²⁵ It suits the needs of those employees in terms of finances, skill demands and life goals. Many use it as a transition to better employment.

The ill, from an individual, social and business community perspective is where someone wants more financially rewarding and/or challenging work and cannot obtain it. It is the goal of the Great Jobs Agenda to help those individuals and to help the businesses that can offer those high-end jobs, but to do so in a way that does not unduly hamper the low-skilled, low paid jobs that continue to play an important role in our province²⁶.

We can do better to remove the barriers that Canadians face as they try to move up the economic ladder. Similar concerns were expressed by the TD Bank Financial Group in “From Welfare to Work in Ontario: Still The Road Less Travelled”²⁷ and identified in “Paid to Be Poor”²⁸.

As a starting point, the federal government must engage in tax relief that specifically targets low-income Canadians (in particular the high marginal taxes that lower-income Canadians must face).

e) Trumpet Success:

Collectively we must do a better job of sharing business and government success stories in a way that both inspires and instructs.

And we shouldn't simply discuss the good ideas that are created within our own borders:

“Businesses in Canada should be aware of what is best practice throughout the world. They already have an incentive to do this, but may lack the means to keep abreast of technological developments, particularly small businesses. Government can facilitate adoption of best practice technologies by business through the provision of information. The Industrial Research Assistance Program (IRAP) run by the National Research Council is an example of a successful program that promotes the adoption of new technologies by small and medium sized businesses in Canada.”²⁹

We need to have an insatiable appetite for success stories. Government can play a role in this regard, but so can associations. Associations need to do a better job of sharing success stories and best practices, with their members and with other associations. Too often the government produces glossy brochures of success stories only to have them gather dust or be ignored. Any organization that endorses a Great Jobs Agenda or a productivity agenda has a duty to share success stories.

However, this effort must go beyond our associations. Indeed, the willingness to celebrate success must enter the national psyche.

f) Obey the Law

Critics representing labour and/or social groups often complain that there is little enforcement of labour/employment laws. For example, a Manitoba Federation of Labour brief to the Labour Code Commission stated as follows:

“Government funded evaluation studies in 1997 and 1998 found massive non-compliance with Part III by employers. Only 25% were in full compliance; 25% were in widespread non-compliance and the remaining 50% were scattered between those positions. Non-compliance was found to be greatest when it came to maximum hours, no payment or provision for statutory holidays; no provision of severance pay, sick leave, maternity and parental leaves and lack of a sexual harassment policy.”³⁰

Laws that are not enforced serve no purpose other than to permit victimization of workers and penalize law-abiding employers. Enforcement needs to be part of the creative capital agenda.

g) Broaden Knowledge of the Law

The first step to an effective regulatory system is knowledge as to its existence. Many businesses are aware of the rights and duties of workers, but some don't and that is too many. During the Manitoba Chambers Labour Code Roundtable it was clear that knowledge of the law was uneven from employer to employer. This isn't simply a matter of employer indifference, finding out about these laws isn't as easy as it could be.

Westjet's submission to this Commission noted "Inconsistent information and a lack of accountability of information provided to employers is a huge obstacle for companies wishing to be in compliance with the Code."³¹

Undoubtedly workers have similar concerns as to their ability to access and understand the law.

The following recommendations from Westjet may prove to be an excellent 'first step':

- "The federal government must commit to and supply education and training on Part III of the Code to employers both in a classroom and online format."
- "The federal government must be diligent in maintaining the information provided on its websites by providing explanations for changes in addition to effective dates."
- "When changes to an interpretation and/or requirement of the Code are made, employers should not suffer repercussions for previously implemented standards."
- "The federal government must provide consistent interpretations and applications of Code provisions, and must provide responses in writing."
- "HRSDC - Labour Program must be accountable for the information that it provides to businesses and individuals pertaining to the interpretation and application of provisions and regulations for Part III of the Code."
- "HRSDC – Labour Program must become more visible to both employers and employees."
- "HRSDC- Labour Program must implement and commit to complaint response time standards."³²

h) All Together

It is ironic that while some hold up Denmark as a shining example of a jurisdiction whose policies serve both employees and employers and almost all cite Ireland as a great example, few note that both jurisdictions relied on a genuine and enlightened partnership between government, business and labour.

Such a partnership is absolutely crucial. In the words of Thomas Freidman:

"In a flattening world, where worker security can no longer be guaranteed by Fortune 500 corporations with top-down pension and health plans, we need more collaborative solutions – among government, labor, and business – that promote self-reliant workers but not just leave them to fend for themselves."³³

We laid out the Great Jobs Agenda to highlight how much our nation's seemingly diverse constituents have in common. Recognizing that commonality is the key cornerstone to the key partnership:

"... before we can build more effective partnerships across sectors, we first must recognize that people as diverse as social activists, business leaders, and public

servants do, in fact, have shared goals. In particular, we need to develop a better understanding of the convergent interests within our society, the vital links between economic and social success.”³⁴

As a starting point, the government should substitute ‘the Great Jobs Agenda’ for ‘productivity’ and follow the recommendations of the Standing Senate Committee on Banking, Trade and Commerce:

The federal government create a Forum on Productivity. The Forum should be comprised of no more than twelve representatives of business, organized labour, the academic community, privately funded public policy organizations, Industry Canada, the Department of Finance Canada, the Bank of Canada and Statistics Canada. Each representative should be appointed for a four-year term. The Forum should be supported by a small coordinating secretariat.

The Forum should have two responsibilities: ongoing and timely reporting on, and measurement of, productivity performance; and an assessment of the combined productivity effects of federal initiatives that influence productivity performance. The Forum should report to Parliament annually on its findings in each of its areas of responsibility.

The Forum should be established for an initial four-year period. The Forum’s mandate should be renewed if a Parliamentary review concludes that it has been effective in fulfilling its responsibilities.³⁵

To be sure, the group will need to consider productivity issues, but that analysis will need to occur within the context of the Great Jobs Agenda.

To lead to truly informed policy decisions this analysis must look at each sector, not just the economy as a whole:

“An evaluation of economic performance requires an analysis at the level of individual industries, such as automotive, steel, banking, and retailing. This is the “sector” level. You must also look at the sector level for causal factors for economic performance.”³⁶

Here are some examples of the types of issues this analysis should reveal:

- The need for specialized training and research institutions on a sector-by-sector basis;
- Specialized infrastructure needs on a sector-by-sector basis;
- The need for special regulatory regimes on a sector-by-sector basis; and
- Any other special needs identified on a on a sector-by-sector basis.

¹ These recommendations spring from a preliminary draft of the Canadian Chamber's (CCC) recommendations to this committee. The MCC endorses the entirety of the CCC's recommendations save and except in relation to the issue of a single securities registrar – the MCC is not prepared to endorse a single securities system without further assurances such as some form of regional representation on the governing body and the location of the regulator outside of Ontario.

² For a more in-depth discussion of the Great Jobs Agenda see the MCC's 2006 Provincial Pre-Budget Submission at <http://www.mbchamber.mb.ca/pdfdocs/pdf06/2006Pre-BudgeSubmission.pdf>

³ The World is Flat: A Brief History of the Twenty-First Century, (New York: Farrar, Straus and Giroux, 2005), p.45.

⁴ *Ibid.*, p. 239.

⁵ "Canadian Competitiveness: A Decade after the Crossroads", (CD Howe Institute, 2001), p. 20.

⁶ Thomas D'Aquino and David Stewart-Patterson, Northern Edge: How Canada Can Triumph in the Global Economy, (Stoddart Publishing Co. Limited, Toronto, 2001), p. 59.

⁷ The idea for a 'creative capital' mindset arises from Richard Florida's The Rise of the Creative Class and is discussed further in The Flight of the Creative Class.

⁸ David Sirota, Louis Mischkind and Irwin Meltzer, The Enthusiastic Employee, (Wharton School Publishing, New Jersey, 2005), p. 106.

⁹ The Flight of the Creative Class: The New Global Competition for Talent, (HarperCollins Publishers Inc., New York, 2005), p. 96.

¹⁰ Report of the Standing Senate Committee on Banking, Trade and Commerce, "Falling Behind: Answering the Wake-Up Call, What Can be Done to Improve Canada's Productivity Performance?", June 2005, p. 4.

¹¹ Tarek M. Harchaoui and Faouza Tarkhani, "Four Decades of Productivity Performance in Canada", The Canadian Productivity Review, Statistics Canada, (October 2005), p. 5.

¹² Report of the Standing Senate Committee on Banking, Trade and Commerce, "Falling Behind: Answering the Wake-Up Call, What Can be Done to Improve Canada's Productivity Performance?", June 2005, p. 5.

¹³ "Protesting Too Much: The Rhetoric and Reality of Corporate Tax Cuts", p.1.

¹⁴ Tarek M. Harchaoui and Faouza Tarkhani, "Four Decades of Productivity Performance in Canada", The Canadian Productivity Review, Statistics Canada, (October 2005), p. 13.

¹⁵ TD Financial Group, "Canadian Corporations are Riding the Profit Surge", TD Economics Topic Paper, April 28, 2005.

¹⁶ Canadian Chamber of Commerce 2005 Pre-Budget Submission, "Enhancing Productivity Growth in Canada".

¹⁷ *Ibid.*, p. 5.

¹⁸ "Rebalancing priorities for prosperity", Fourth Annual Report, November 2005, p. 45.

¹⁹ *Ibid.*, p. 45.

²⁰ *Ibid.*, p. 46

²¹ *Ibid.*, p. 44.

²² "Paid to be Poor: Report of the 2005 Manitoba Low Wage Community Inquiry", www.just-income.ca, pp. 19-20.

²³ Ibid., p. 21.

²⁴ “Submission to: The Commission on Improving Work Opportunities for Saskatchewan Residents”, (October 2005), p. 9.

²⁵ For example, part-time work has a higher incidence of ‘low pay’ (however defined) than full-time work, yet only 25% of Canadians who worked part-time said they would prefer full-time. “Paid to Be Poor”, p. 35.

²⁶ The qualification of ‘unduly’ is necessary because the Great Jobs Agenda will exert pressure on low-skilled, low-wage jobs. First, it will lead to more innovation which may well reduce the number of low-skilled jobs. Secondly, by growing the number of high-skilled jobs and enhancing individual access to those jobs it will create an upward pressure on low-skilled wages by reducing the number of workers available or willing to take low-skilled jobs. Thirdly, it gives workers the chance to move to more rewarding jobs if they feel their current employment is undervaluing them.

²⁷ TD Economics Special Report, September 8, 2005.

²⁸ At p. 19.

²⁹ Andrew Sharpe, Executive Director of the Centre for the Study of Living Standards, Edited Testimony given to the Senate Standing Committee on Banking, Trade and Commerce, May 11, 2005, p. 3.

³⁰ “Brief to the House of Commons Federal Labour Standards Review Commission”.

³¹ “Flexible Labour Standards for the Modern, Sophisticated Workforce” (September 15, 2005), http://www.fl-s-ntf.gc.ca/en/sub_fb_22.asp.

³² Ibid.,

³³ The World is Flat, p. 288.

³⁴ Northern Edge, pp. 208-209.

³⁵ At p. v.

³⁶ William Lewis, The Power of Productivity, (University of Chicago Press, Chicago, 2004) p. ix. This approach has also been endorsed by Porter and Martin, “Canadian Competitiveness: A Decade after the Crossroads”.