

LIBERAL BIENNIAL CONVENTION 2012 POLICY SESSION REPORT

Name of session: The jobs we want. The jobs we need

List of all participants (including moderator, panellists, Caucus reps, NPEP representative and rapporteur):

Moderator: David Merner, President of LPC (BC)

Caucus rep: Scott Brison, Liberal Finance Critic

Panelists: Rana Sarkar, President of the Canada-India Business Council

Elyse Allan, President and CEO of General Electric Canada

Jonathan Hausman, Co-Chair of the Advisory Board at the Munk School of Business

NPEP rep: Wendy Menzies

Rapporteur: Sen. Celine Hervieux-Payette

Approximate number of delegates/observers in attendance:

150-175

Key points raised by panellists:

Ms. Allan

- GE has dramatically shifted to sales outside the U.S. 60% of sales are non-U.S. Canada is usually the 3rd largest market (sometimes second in a good year)
- She has full time recruiters who have trouble finding workers.
- They have been investing heavily in Brazil, Australia, Russia, China etc...
- GE Canada has to compete against the other GE plants for investment from the company.
- Our natural resources help GE Canada push for that investment.
- The level of education of the people is also a big determining factor. Canada and Australia are two of the few countries that have both strong education and strong resources. It is a very strong competitive advantage for Canada.
- We need to develop the resources in a responsible way. We must acknowledge that the resources (and hence the growth opportunities) are not in urban centers and we need to build the infrastructure that will help us capitalize on those possibilities.
- Resource sector jobs are not the bad jobs we sometimes paint them as. They are highly skilled. Similarly, many manufacturing jobs are not all good jobs and can be very low skilled.
- Manufacturing and resource sector jobs do not have to be opposed. The infrastructure for resource extraction, from pipes to water delivery to machines, needs good manufacturing to become a reality.
- Healthcare will be a driver of growth. Our universal healthcare system provides some benefits that make innovation here very attractive.

- So what is holding us back?
 - Regulatory challenge. There are too many hurdles in the process of regulatory approval. By the time she gets through the paperwork the investment has gone elsewhere. There is a lack of coordination in the regulatory approval process. There is so much duplication between different levels of government and even agencies at the same level.
 - We need to develop talent with partnerships between academia, business and governments. Our First Nations have tremendous potential but they need training. Bringing in immigrant workers in a timely way is very difficult due to the regulatory burden.
 - Investment. Often investment has to follow some simple ground rules. For instance if the workers with the right skill set are in India then the plant must go there. But by pursuing open trade we can mitigate the negative effects of this reality.

Mr. Sarkar

- Globalization is not a genie that can be put back in the bottle.
- The West is no longer where the wealth resides.
- The new consumptive economies will also be great generators of innovation.
- A billion people in developing economies are set to become consumers in the Western sense of the word. They are moving from rural areas to cities.
- The fact that we are in a resource `super cycle` is good news for Canada over all.
- We are on the cusp of a life sciences and biotech revolution which will change the marketplace and our lives.
- The challenge for Canada is how to reconcile our resource economy with the part of the economy that is hurting.
- Our productivity gap with the U.S. is only going to grow because America has been making the necessary investments to improve in this area.
- What we should respond as government to is:
 - National policies might not work as they did. We need to simplify things like the tax system.
 - We need to build bridges between the skilled and unskilled workforce through lifelong learning.
 - Universities, businesses and government need to collaborate better.
- Trade agreements must be pursued.

Mr. Hausman

- We are facing two major challenges. Globalization and technology.
- The old debate about jobs moving south under NAFTA seem almost `quaint` compared to the challenges we face today in the global economy.

- China is competing in all fields for jobs: high, medium and low skilled.
- Asian Universities are graduating twice the level of science and engineering students as the United States. Canada is substantially behind the U.S. in this regard which has invested heavily in productivity and innovation.
- What we need to do is shed our old way of seeing things:
 - Our natural resources, while they provide benefits across the entire economy, we must accept that the commodities boom will finish one day. China is already talking about moving more towards a service based economy.
 - We tend to think that we need to defend our `national champions` and keep corporate HQs in Canada. Nobody today maintains a vertical production process the way companies used to.
 - We shouldn't worry about globalization. We need to access global networks in order to thrive.
- We can't make jobs (other than temporary jobs with short term stimulus). We must induce jobs by creating an architecture that is open to foreign investment.
- We must invest heavily in basic research. U.S. invests 1% of GDP. China invests 2%. And we need more centers of excellence to take that research to the next steps. In Toronto there is a cutting edge cancer research center that is the best in the world. It is attracting people from all over the world. We need to replicate this in other sectors and to do that we need infrastructure, both physical and talent.
- How do you create a workforce that is willing to take risks?
 - Healthcare
 - Education
 - Autonomy. The public sector must be willing to let the new kinds of jobs grow by letting them take risks
- Finland does as this and happens to be one of the most successful countries in terms of standards of living.
- We must balance the economy. Our resources create so much wealth but we have not achieved the economy wide balance that we need like Chile and Norway have.

Key points raised by Caucus rep:

- Yesterday's ratings downgrade in Europe reminds us all that we are in very tenuous economic times.
- The recovery is slow and we are going through a global restructuring.
- In Canada we are led by demand for commodities which is driving up the dollar and hurting other sectors, namely manufacturing and other value added jobs. Job growth in Canada is focused almost entirely in the provinces that have strong resource bases.
- Questions we need to ask:
 - How do we ensure prosperity across all regions?
 - What do we do after the current commodity boom ends?
 - How do we deal with our aging population?

- What policies will help us build the jobs of the future?

Key points raised by NPEP rep on member feedback and online resolutions:

- Among the resolutions being debated this weekend is resolution on Science and policy that offers hope by connecting education to the world of business. It calls for more money for research until we reach international competitive levels.
- Fiscal responsibility. The Liberal Party's success in the 90s and early 2000s has borne huge benefits that the Conservatives are now capitalizing on. The Conservatives however have squandered much of that with expensive promises such as the unaffordable crime bill.
- Our aging population requires a solid safety net built with programs such as the CPP. We continue to support this approach and want to build on it by developing new programs such as the voluntary supplemental CPP.
- The elimination of the wheat board allows huge corporations to control what we eat.
- Infrastructure. We need a sustainable plan to tackle the infrastructure deficit.

Highlights of Q and A session:

- My company (small renewable energy business) is losing access to funding from federal programs.
 - Brison: We are hearing that the SR&ED program might be in danger. We believe it is important and know that certainty with the program is important.
- R&D is shrinking. Nortel used to do much of it in this country. What would it take to do real basic research in Canada. What would it take to entice a company to undertake that research here?
 - Allan: GE does a lot of basic research but ultimately we need to sell products so we are largely focused on commercialization on very specific and focused areas of basic research.
- Student debt is crippling our young people's ability to innovate after graduation.
 - Allan: We need to be the country developing the technology that extracts resources. We need to own that IP, even if the machinery is built elsewhere.
- Should the government be more involved in venture capital?
 - Hausman: No, government's do not pick and chose well.
 - Sarkar: In Canada we have a dearth of venture funds and there could be tax incentives developed to nudge this sector to grow.
- Liberals have lost all the agricultural ridings in Canada not because the Conservatives have good policy but because we don't do good policy either.
 - Wendy Menzies: Our last platform had great policies developed by producers themselves. We perhaps failed to communicate it to farmers.
- What can we do as a country to help promote entrepreneurship, especially coming right out of school?
 - Allan: We need to understand the supply chain.

- Hausman: Early in education we need to be increasing students awareness about the effects of globalization. It is particularly poorly handled by graduate programs.
 - Sarkar: We have to learn to fail. We need to experiment and learn to accept failure and to then learn from that experience.
- How do we make deregulation into a Liberal policy?
 - Brison: Liberal government's have done a lot deregulation and we cut corporate taxes, but that was when the budget was balanced.
- I haven't heard much about the service sector. Is the concept of a service sector obsolete under the future you envision?
 - Allan: One of our greatest opportunities is the servicing around technology, resources and manufacturing.
- What do you think of the idea of using prizes as incentives to innovate?
 - Sarkar: The most famous one is the 'X' prize, but there are literally countless opportunities to seize, especially with open sourcing, with this kind of incentive.
 - Allan: GE does some of this. It is a different kind of model but we find it tends to work.
- How do you create the kind of non-standardized thinking that leads to non-standardized jobs. Especially when post-secondary education generally standardizes thinking?
 - Hausman: A non-standardized job requires interaction with many other people. You can't standardize relationships. Students and businesses need to have access to all the most up to date information about who provides the best technology, infrastructure, research etc...
 - Sarkar: The programs we've developed are all geared towards old style manufacturing jobs. We aren't good at programs for non-standardized jobs such as childcare.
- Small businesses create the most jobs but the capital pool isn't very accessible by those small businesses. How do we connect capital to small business?
 - Brison: In every small town there are millionaires who want to invest in their town and it's businesses. I'd like to see incentives to get them to invest and be mentors in their communities.
 - Hausman: Banks have a very weak relationship with small business. The infrastructure we have in terms of stock markets, venture capital etc... is extremely outdated. Public money may not be the answer, but we do need to look at the regulations that might be holding us back.
- We need to move education back to rural areas. Technology can help reduce the cost of learning and make it accessible to people everywhere.
 - Sarkar: Distributive education is going to happen whether we like it or not. We should decide if we want to be leaders or followers. India is now leading the way.
 - Hausman: Universities should consider becoming private. The public system does not lend itself to the kind of distributive education model because the students coming to campus is a cash cow that they can't let go of.
- What do we do to mitigate the bust at the end of a resource super cycle. And how do we develop the resources responsibly?

- Hausman: We shouldn't spend all of the benefits of the resource boom in the present, some should be saved. We run a huge risk that in the near future people might not need that much oil or gas. We need to define what being an energy super power means by continually evolving and staying a step ahead of the game. Perhaps that means leading the way in renewable energy.
- What do you think about the Party's plan to raise the corporate tax rate
 - Allan: Lower taxes help us to attract investment to GE Canada. As long as we keep it competitive we can continue to attract that investment.

Notable proposals, ideas, suggestions (research to be undertaken, outreach or seminars, roundtables or conferences to be organized, or ideas for caucus interventions in Parliament):

The Q&A brought up the issue of distributive education. This could be a good issue for us outside of cities where youth often don't want to leave their homes to pursue education.

The idea that government programs are generally geared to yesterday's "standardized jobs." We need to shift and think about creating the non-standardized jobs of tomorrow.

Positive/negative feedback from audience and general mood in the session:

Generally upbeat.

Frustration from some of the rural delegates about our lack of policies to help farmers.

Some negative feedback in regards to our position on corporate taxes.