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5 Minutes for Business

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Economic Rewind: A Decade in Review

Are you ready to rewind to the start of 2010? A time where your radio boasted the Black Eyed Peas and boot cut jeans were fashionable. While this may sound like a dystopian past, it really wasn't. The start of this decade was actually a sign of hope for Canadians as we weathered the financial crisis better than our G7 peers, and the economy started to rebound.

Following the financial crisis of 2008, Canada fell victim to a labour market downturn. With many employers cutting back on the number of hours that employees were working as well as their number of employees, the unemployment rate was the highest of that decade, reaching 8.4% in December 2009. But January 2010 marked a turning point with a slight increase in employment, kicking off a decade of robust job growth. For the majority of the decade, the unemployment rate for Canadians consistently declined and hit its lowest point in four decades at 5.5% in October 2019. But the following month also broke a record—this time a concerning one—when Canada lost 71,000 jobs in November, the largest monthly decline in employment in over 10 years. Going into the next decade, Canadians will be looking closely at employment numbers to see whether these job losses are simply a blip or a harbinger of things to come.

A decade of very positive employment gains also helped mask some underlying issues in the economy and labour market. Many of the job gains can be attributed to new Canadians filling open positions, helping to alleviate the burden on business of finding talent in a tight labour market. However, growth in labour productivity and GDP per capita

has been anemic. Canadian productivity has been diverging from U.S. growth rates for the entire decade—year-over-year productivity growth was 0.3% in Canada in 2019 compared to 1.8% in the U.S. Meanwhile, Canada's GDP per capita has decreased by 3% since 2010 while the U.S. saw a 35% increase over the past decade.

The core of the problem is deteriorating Canadian competitiveness. Canada was ranked in the top 10 in the World Economic Forum's Global Competitiveness Rankings in 2010. Since then, we have seen a steady decline falling to 14th in 2019. Many of our challenges are our own making, such as our broken regulatory system, inter-provincial trade barriers and an antiquated tax system. In particular, the latter has hurt our competitive position. In 2010, Canadian corporate taxes were 3.9% lower than the OECD average. Since then, Canada has refused to join a wave of global tax reform that has resulted in our corporate taxes now being 0.9% higher than the OECD average.

While 2010 brought the hope of economic growth after a recession, 2020 brings fear of an economic downturn after a period of sluggish growth. So what is Canada's economic strategy in this shifting landscape and how do we ensure businesses remain competitive? We will look at answering this and more at our [Canada 360° Economic Summit](#) on January 30 in Toronto. [Click here](#) to join us for a day of discussions with business, political and thought leaders on how we can shape the growth and direction of the Canadian economy over the next decade.