

Mike Pennock (BC Ministry of the Environment)

Slow Growth and Well-being in the Canadian Context

Most forecasts for national economies expect that mature nations such as Canada will experience slower economic growth in coming decades, relative to past rates. This was reflected in the recent long-term forecast for the Canadian economy by the Centre for the Study of Living Standards. This transition is due to underlying demographic factors which are slowing labour force growth as well as slower labour productivity growth. Although there is a consensus among forecasters about the inevitability of slower growth, there is less consensus about the magnitude and implications of the change. This paper makes the case that countries such as Canada could enter into a prolonged period of slower growth without pronounced negative consequences for population well-being if other contributors to well-being are both protected and mobilized to offset the impacts of slower income growth. The most serious threat to well-being arising from the slow-growth scenario is an expected increase in income inequality and household debt. Canada may be particularly vulnerable to these effects because it is entering a slow growth era with relatively high levels of inequality and household debt, relative to most other mature nations.