

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

Strategy for a Resilient Economy: Building the most innovative economy in Canada

Introduction

Early in my career I worked as a bookkeeper. This gave me a deep understanding of how tight margins are for small and new businesses, as well as a deep respect for the contributions they make to our communities.

As an MLA, I have been so inspired by the innovative ideas and incredible drive of our local entrepreneurs. But changes in our economy, like the affordability crisis, have put more strain on small businesses and the over one million people they employ. As the effects of climate change take hold and uncertainty in global commodity markets grows, we need to build a resilient economy that can support the health and wellbeing of British Columbians for the long-term.

In recent decades, the resource industry has faced fluctuations of commodity markets; environmental degradation; and other changes in the global economy. Much of our recent prosperity has instead come from industries like technology, real estate, services and tourism. We must reinvigorate our resource economy in a way that is sustainable and brings good jobs to rural B.C. This portion of my platform considers how we can bring innovative jobs to rural communities. I look forward to releasing policies on natural resources soon.

Entrepreneurs, local businesses, and workers are forging ahead with their exciting ideas, but they're doing so without adequate provincial leadership. This means that we are just scratching the surface of our potential. To support a modern, innovative economy we need to create an economic environment that supports smart risk-takers and creative problem solvers by investing in our greatest resource: British Columbians. We need to recognise that healthy citizens who can afford to live in their communities are the foundation of a resilient, innovative economy.

In this platform I lay out some key policies and the high-level economic vision I will champion as Leader of the BC Green Party. As Leader I will consult with the B.C. Green Campaign staff and outside experts to further develop a comprehensive, fully-costed election platform.

Sonia Furstenau

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

Platform

The goal: To have the healthiest, most innovative and resilient economy in Canada by investing in the infrastructure and the wellbeing of the people who are the foundation of the economy.

Creating the economic conditions for entrepreneurship, innovation and quality jobs

The economic conditions for entrepreneurship and innovation are directly tied to the social conditions in which people thrive in their communities. Employers in turn thrive when they are able to harness the energy of that healthy and creative workforce. To compete with other innovative economies, we need to recognize that social policy *is* economic policy and invest in the people of B.C.

1. Adopt health and wellbeing budgets with genuine progress indicators indicators focused on economic, health, social and environmental factors, and require Ministries to justify spending in accordance with measurable progress on these indicators.
2. Scale up social program funding to improve indicators in #1. Priority programs will include: universal early childhood education and child care; public and post-secondary education; programs to achieve universal livable wages, such as a guaranteed livable income; demand and supply-side affordable housing measures; and mental health.
3. In consultation with business, labour and other stakeholders, explore policies to improve work-life balance and health and wellbeing for workers, such as a shorter work week for full-time workers and modernized labour laws for independent contract workers.

Strategic policies and investments to support innovation, entrepreneurship and quality jobs

B.C. is fortunate to have experts on innovation who already have plans for how we can modernize our economy. It's time to listen to their advice and implement evidence-based policies to support British Columbian innovation.

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

4. Fund innovation clusters based on the proposal from the Innovation Commissioner's report, including regional/community clusters that focus on rural and First Nations ecosystems; emerging technology clusters that bring together talent and resources from business and academia; and scale up, market-driven clusters that support firms to thrive, connect to global opportunities and raise growth capital.
5. Review the Employer Health Tax and reconsider the suggestions proposed by the MSP Task Force as a means of replacing revenue.
6. Increase funding and spaces for innovation-related post-secondary spots, co-ops and apprenticeships.

Background and policy research

Beyond GDP

The concept of GDP is a century old and it is an overly simplistic way of measuring the health of our economy. GDP is an aggregate measure that accounts for all “the goods and services produced by a country’s economy during a specified period of time”.¹ It does not measure the positive and negative impacts of those goods and services, even when those impacts have real costs to our economy. As Amit Kapoor and Bibek Debopoy illustrate in the Harvard Business Review, “GDP takes a positive count of the cars we produce but does not account for the emissions they generate; it adds the value of the sugar-laced beverages we sell but fails to subtract the health problems they cause.”²

B.C. has enjoyed the strongest GDP growth in the country, while our affordability crisis continues to make headlines around the world. GDP doesn't tell us how difficult it is for British Columbians to start business, or how long it takes to save money for a down payment on their first home. *Generation Squeeze* estimates that it takes now takes British Columbians 19 years to save for a down payment. In Metro Vancouver it takes an astonishing 29 years.³ This means we have an economy that is not rewarding hard work and good ideas. These economic

¹ <https://www.britannica.com/topic/gross-domestic-product>

² <https://hbr.org/2019/10/gdp-is-not-a-measure-of-human-well-being>

³

https://d3n8a8pro7vhmx.cloudfront.net/gensqueeze/pages/5293/attachments/original/1560279096/Straddling-the-Gap-2019_final.pdf?1560279096

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

conditions are not conducive to our province reaching its full potential. If we want to build a truly modern economy we need to move beyond GDP towards more meaningful measures of progress.

Other countries are already embracing this approach. In May 2019, New Zealand unveiled its Wellbeing Budget 2019⁴. The budget focused on five priority areas: mental health, child wellbeing, Maori and Pasifika aspirations, productivity, and economic transformation. In the past, Ministers and agencies focused almost exclusively on their own areas of responsibility when designing budget initiatives. In 2019, Ministers worked together closely, focusing on how they could *collectively address* the wellbeing priorities. Each bid for funding requires a wellbeing analysis to make sure that funding would address those priorities.

There are also useful examples in Finland and Scotland, which have both used comprehensive indicators to guide economic policy decision-making for over a decade. Finland uses *Findicator*, an online compendium of approximately 100 indicators in 12 topic areas.⁵ Scotland uses its National Performance Framework. It sets out Scotland's purpose and vision on the UN Sustainable Development Goals through 11 National Outcomes and 81 economic, health, social and environmental national indicators.⁶

Spending on social programs will also support better health outcomes. Public health researchers increasingly advocate for a "health in all policies" approach, because research shows that efforts to improve affordable housing, child welfare, and income security all have substantial health benefits.⁷ Healthcare currently comprises the vast majority of the provincial health budget. Our current system mostly focuses on acute care, rather than preventative care, despite research showing that prevention is more cost-effective.⁸ By shifting to a strategy with more comprehensive indicators, we can focus more on keeping people healthy, rather than simply treating them when they are already sick.

⁴ <https://treasury.govt.nz/sites/default/files/2019-06/b19-wellbeing-budget.pdf>

⁵ <https://findikaattori.fi/en/indicators>

⁶ <https://nationalperformance.gov.scot/index.php/measuring-progress/national-indicator-performance>

⁷ <https://link.springer.com/article/10.17269/s41997-020-00294-6>

⁸ <http://www.lse.ac.uk/website-archive/newsAndMedia/newsArchives/2010/02/popps.aspx>

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

As Leader, I would adopt health and wellbeing budgets with indicators focused on economic, health, social and environmental factors, and require Ministries to justify spending in accordance with progress on these indicators.⁹

Creating the conditions for innovation and entrepreneurship

Research shows that a modern economy centred around innovation relies on particular economic conditions. Sweden, which ranks first in the Global Innovation Index, has built the conditions for innovation to flourish by building a strong social safety net.¹⁰ As Ryan Darnell and Matt Weinberg of New York’s Max Ventures and the Columbia Business School put it, “social safety nets that exist in Sweden don’t just benefit the poor, they also empower anyone who wants to take risks and build a business from the ground up.”¹¹ People need to have a basic level of security in order to take risks. We need to recognize that our social policy *is* economic policy.

Progressive social policies will also support existing businesses. B.C. has high levels of employment, but a top concern of existing businesses is a persistent and worsening labour shortage.¹² As Catherine Holt, CEO of the Victoria Chamber of Commerce writes in the *Times Colonist*, “The dominant concern I continue to hear from Chamber members is that, in our current low unemployment economy, we have too many jobs going unfilled. We need more workers. And that means we need government help with things that attract workers — affordable and available housing, childcare, transportation and better access to health care.”¹³ Government can support business by improving investments in education, transit, child care and

⁹ Indicators may include income inequality; intergenerational inequality; Indigenous inequality gaps, including health and income security; gender pay gap; ratio between average home prices and full-time earnings; homeless rate; mental health status; child poverty; child wellbeing and happiness; work-life balance; loneliness; trust in government; post-secondary education rate; crime victimization rate; food insecurity rate; unmanageable debt; carbon stored in forests; drinking water access; net GHG emissions (carbon budgeting); PCT renewable energy; KG waste per capita; air quality; and natural resource sustainability.

¹⁰ https://www.globalinnovationindex.org/userfiles/file/reportpdf/GII_2019_EN_English.pdf

¹¹

<https://www.forbes.com/sites/columbiabusinessschool/2019/04/19/sweden-europes-historic-current-and-future-innovation-hub/#4a3bd466674a>

¹² <https://biv.com/article/2019/07/labour-shortage-worsening-bc>

¹³

<https://www.timescolonist.com/opinion/op-ed/catherine-holt-good-business-requires-good-government-too-1.24066300>

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

other affordability measures to ensure they are able to hire enough people to run their businesses effectively.

Early Childhood Education (ECE) is a good example of how investing in social policy directly yields economic dividends. Canada currently ranks 33 out of 35 OECD countries in ECE enrolment.¹⁴ This is a huge missed opportunity to invest in our current and future workforce. In addition to addressing the cost of childcare, high-quality public ECE is associated with favourable long-term outcomes including graduation rates, college attendance, adulthood self-control and self-esteem, and positive parenting practices.¹⁵ Studies show ECE reduces mortality rates and is especially impactful for children from low-income households, therefore addressing systemic inequality.¹⁶

Studies have shown that every \$1 invested in ECE yields \$12.90 for the economy down the road.¹⁷ While other policies will help build B.C.'s innovative economy in the short and medium term, I firmly believe we need to have a strategy for the long-term. Providing all British Columbians with high quality ECE is one of the best investments that will help parents now, while setting up an entire generation of British Columbians for success in the decades to come.

B.C. also needs to do far better when it comes to addressing inequality. Canada ranks 20 out of 34 OECD countries in combating income inequality.¹⁸ In B.C., one in five children live in poverty.¹⁹ From 2005 to 2015, incomes for the lowest 20% of B.C. earners dropped by 7.5%, while incomes for the top 20% grew by 7.4%.²⁰ The negative social and economic effects of inequality are well-documented. A modern, innovative economy relies on an educated workforce that is also physically and mentally healthy, and whose hard work is rewarded. By under-investing in our population, we are not only failing to take care of one another, we are putting our economy at a disadvantage, especially relative to other innovative OECD economies.

¹⁴ https://earlyyearsstudy.ca/report_chapters/margaret-mccain-introduction/

¹⁵ <https://www.brookings.edu/research/the-long-term-impact-of-the-head-start-program/>

¹⁶ <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.582.5921&rep=rep1&type=pdf>

¹⁷ <https://journals.sagepub.com/doi/10.3102/01623737027003245>

¹⁸ 3 OECD. (nd) Income Inequality. Data. OECD Social and Welfare Statistics: Income distribution. Retrieved from <https://data.oecd.org/inequality/income-inequality.htm#indicator-chart>

¹⁹ <https://still1in5.ca/2019-child-poverty-report-card/>

²⁰

<https://www.nationalobserver.com/2018/01/10/opinion/inequality-rearing-its-ugly-head-bc-and-we-can-do-better>

Sonia FURSTENAU

FOR EVERY COMMUNITY

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

Mental health is another major issue with detrimental effects on the health of British Columbians, as well as our economy. The Canadian Mental Health Association estimates that there are currently 800,000 British Columbians experiencing a mental health or substance abuse issue.²¹ B.C.'s provincial health officer reports that British Columbians' mental health is worsening, especially among younger people.²² Compounding the mental stresses on young people are the dual crises of climate change and affordability.²³ Young people are the emerging leaders of our province and they should feel hopeful and excited about their future. We need to invest in mental health services at every stage of British Columbians' lives so that they can be supported to live healthy, fulfilling lives. British Columbians should be able to pursue their dreams and ambitions knowing that if they work hard, they can achieve them.

We also need to recognize that the nature of existing jobs is changing. Contract, short-term and insecure work is on the rise. These workers generally do not have access to the same kinds of job security and benefits as employees at larger firms do. We need to update our labour laws and government programs to ensure we are adequately and fairly supporting their success. As Leader, I would consult with businesses, labour, and other stakeholders to explore policies that will support contract workers.

I will also spearhead consultations to explore how we can support British Columbians to have a healthier work-life balance. When people have more time to spend with their family and friends, they spend it making their communities happier, healthier, and more connected places to live. They provide vital care services for their loved ones, both young and old, and invest more time in their own mental health and wellbeing.

Based on this principle, Finland is exploring the concept of a six hour, four day work week.²⁴ Last year, Microsoft Japan tested a four day work week and found that employees were not only

²¹ <https://cmha.bc.ca/impact/facts-and-figures/>

²²

https://www.huffingtonpost.ca/2019/01/28/bc-mental-health-report_a_23655310/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAKGFwH5O1RiBGPscYGNtkKZBC4nKJEoilgLPscofi6_q6Qc9HfCxLIE8vt9pj-jh1jQOhLuuG8IQesGUVNLCnBZRw6FJ-ku6-EBHTU7jO_xGmQnjhpwR3VEDhUAnr4XW8JJ4o1qlwuclXWvz0ex-Cao6PjYfT-m5Sim6KThGXT

²³

<https://www.theguardian.com/commentisfree/2019/aug/13/climate-crisis-mental-health-environmental-anguish>;

<https://vancouversun.com/health/local-health/b-c-counsellors-see-more-clients-struggling-with-housing-anxiety>

²⁴ <https://qz.com/work/1780373/finlands-prime-minister-wants-her-country-on-a-four-day-workweek/>

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

happier, they were also more productive.²⁵ In an innovative, knowledge-based economy, many employers are already assessing their employees' work in more qualitative ways, rather than just simply in number of hours worked. While there are many considerations to make in implementing such a transformative policy, we should engage businesses, workers, and other stakeholders in a discussion on them and determine how the government can modernize laws and regulations to support an innovative economy and workforce.

Strategic policies and investments to support innovation and entrepreneurship

Some of the B.C. Greens' greatest contributions to the Confidence and Supply Agreement are policies from our 2017 platform to support the emerging economy, the Innovation Commission and the Emerging Economy Task Force (EETF). These entities have made informed, evidence-based recommendations on how B.C. can build a modern economy centred around innovation. My economic strategy recognizes this important work and would implement many of their recommendations. The Innovation Commissioner and the EETF have additional reports forthcoming. I will also carefully consider their new recommendations and work to incorporate them into my leadership platform.

My platform commitment #4 would create the innovation clusters recommended in the Innovation Commissioner's 2019 report:

- "Regional/community clusters that focus on rural and First Nations ecosystems. Each community in B.C. is different but we can encourage community development through conducting technical and business assessments in each community and linking with universities and colleges.
- Emerging technology clusters that bring together talent and resources from business and academia to take advantage of the opportunities that emerging technologies will bring, such as quantum computing, AR/VR, regenerative medicine, AI and energy fusion.
- Scale up, market-driven clusters that support firms to thrive, connect to global opportunities and raise growth capital, leading to further growth. As businesses grow into large, global leaders, they create more jobs, expand the economy, and are less likely to relocate."²⁶

²⁵ <https://www.theguardian.com/technology/2019/nov/04/microsoft-japan-four-day-work-week-productivity>

²⁶ https://lifesciencesbc.ca/wp-content/uploads/2019/01/innovationcommissioner_progressreport_fi nal_web_pdf.pdf

Sonia FURSTENAU

FOR **EVERY** COMMUNITY

EMBARGOED UNTIL 12:00PM ON FEBRUARY 28, 2020

Another body that has made useful evidence-based recommendations to the government is the Small Business Task Force. One of their recommendations is to review the Employer's Health Tax, which was implemented by the NDP government to replace revenue after removing MSP premiums. Although I support the removal of MSP premiums, I have concerns about the impact of the EHT, as well as the fact that it was created despite the government's own MSP Task Force having made different recommendations.²⁷ As Leader, I would pursue a policy of reviewing the EHT and reconsidering the recommendations made by the MSP Task Force.

Finally, one of the key concerns I hear from the technology sector is the need for talent. As we grow our innovative economy, we need to ensure we avoid labour shortages. We need to scale up the ability of our post-secondary institutions to meet the increased demand for workers in these sectors by increasing the number of post-secondary spots in these fields.²⁸

²⁷

<https://globalnews.ca/news/4038448/b-c-government-ignores-advice-from-msp-task-force-brings-in-payroll-tax/>

https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/small_business_task_force_final_report.pdf

https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/small_business_task_force_final_report.pdf

²⁸ This policy is a proposal from the BC Tech Association
<https://wearebctech.com/bc-budget-submission-2020/>