

Towards an innovative canadian economy



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I. Introduction

This paper aims to examine the present state of the Canadian Economy. It also scrutinizes the nature of new world concepts such as globalization and trade liberalization, and information technology and communication revolution. This paper will look into the definition of each innovative factor and then examine why each poses possible transformations and developments for the Canadian economy. To add to that, the possible effects of these innovative factors to the Canadian economy are then identified at the end.

II. Body

a. Overview of the Canadian Economy

As one of the wealthiest nations in the world, Canada stands as one of the members of the the Organization for Economic Co-operation and Development (OECD) and Group of Seven (G7).

In this world-trading country, resources for various industries depend mostly on its natural resources- that is why primary sectors are still of utmost importance in the country.

The vast land of Canada offers a myriad of natural resources that vary from region to region. There's the forest industry in British Columbia, Oil industry in Alberta, mining Industry in Northern Ontario, and the fishing industry in Atlantic provinces to name some.

Canada is also a world leader in the production of gold, nickel, uranium, and lead. Some of the biggest companies in Canada are those based in natural resource industries, such as EnCana, Barrick Gold, and Falcon bridge.

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Majority of these products are exported to other countries particularly to the United States.

Apart from the factors that involve exporting, the importance of the primary sectors are further stressed since many secondary and service industries are directly linked to primary ones. One instance is that the pulp and paper sector, Canada's largest manufacturing industry, is directly linked to the logging industry.

However, the said industries in the primary sector are becoming less important to the overall economic evolution of Canada. The reason behind is that only a very small part of the Canadian population-merely 4%- are employed in these fields.

Like other nations which rate as first world, Canada has an economy that is largely dominated by the service industry. Three fourths of the Canadian people are employed in the said industry. Apart from the said ratio, Canadian industries also attract professionally trained immigrants to help meet their labor demands since a large part of their skilled workers also migrate to the United States. Due to the large number of skilled immigrants in Canada, the country gains more skilled workers than it loses.

Another important sector is that of the manufacturing, with the automobile industry in Southern Ontario as the most vital for the economy. Also, Canada is highly dependent on international trade, especially trade with the United States and members of the World Trade Organization.

As for the economic indicators, Canada's Gross Domestic Product continues to grow increasingly after factoring out inflation. Canadian dollar value also

increases and the employment growth continues to be exceptionally strong since 1999.

b. Innovative Factors that may affect the Canadian Economy

- Globalization and Trade liberalization

Definitions

There are a number of definitions that are offered for the word Globalization.

Some of which are identified below:

The increase in mobility of goods, services, labor, technology and capital worldwide.

A complex series of changes which may be economic, social, technological, cultural or political in nature. These changes result to increasing interdependence, integration and interaction between people and companies in disparate locations.

Also, globalization may refer to collective changes as a process, which may either be positive or negative:

It can be viewed as an engine of commerce.

A process that increases the standard of living, both to developing countries and to First World and Third World countries.

It can be a means to promote imperialism. A process that overlooks human rights of those who belong in developing countries. Though globalization claims to bring development, it is being used merely as a means to legitimate plundering and profiteering for First world countries.

Apart from the offered definitions though, characteristics of globalization such as the following are also identified:

Economically:

Increase in international trade

Increase in international flow of capital

Creation of international agreements leading to organizations like the WTO and OPEC

Development of global financial systems

Increase in the role of international organizations such as WTO, WIPO, IMF in dealing with foreign transactions

Increased economic practices like business outsourcing, especially by multinational corporations

Culturally:

international cultural exchange

faster Spreading of multiculturalism; individual access to cultural diversity, decreased diversity through hybridization and assimilation

Greater international travel and tourism

Higher incidence rate of immigration

Spread of local foods to other countries

Creation and development of infrastructures that primarily cater to global telecommunications and greater transborder data flow, using the Internet, communication satellites and telephones, among others.

Increase in the number of standards applied globally; e. g. copyright laws and patents

Formation of a set of universal values

As for trade liberalization, it is often referred to as a component of globalization. It is a process where cross border trade is intensified and international trade moves towards the elimination of national borders such as tariffs and exchange controls, as well as internal restrictions, such as directed credit and preferential purchasing. Trade liberalization is often characterized by the removal of impediments to competition and the rise of a new free market economic policy.

What is the present state of the Canadian trade relations? How do these factors affect the Canadian economy?

Canada at present remains to be one of the major exporting and importing countries in the world. It has entered into various trading agreements and pacts such as the North American Free Trade Agreement, Free Trade area of the Americas, and the World Trade Organization, among others. In all of these though, the most influential to the Canadian economy is the WTO. In the said agreements, Canada has been known to be a strong proponent of for the elimination of tariffs on goods and services being traded, as well as a reduction of other barriers to trade.

Canadian goods find their way throughout the globe. Among the major countries and regions with which Canada trades with are the European Union, Japan, China, Mexico, and the United States. Asia on the other hand, remains to be an important target, though exports to some Asian nations were declined in 1999.

As the smallest economy in the G7 countries, Canada also has the smallest share in world merchandise exports. However, this situation may immediately change overtime as it also has the highest average growth rate in the group from 1995-2005. To add to that, the trade balance for merchandise is positive. That means Canada has sells more than what it buys especially in the transactions involving leading industries such as agriculture, fishing, energy, forestry and automotive.

At present, Canadians continue to expand their networks abroad more than ever before. Trade liberalization through pacts and agreements especially that of the World Trade Organization and the North American Free Trade Agreement (NAFTA) reduced the costs associated with international trade, increased production runs and encouraged specialization.

Being a world trading country, Canada's international commerce largely affects its economic status. Among the globe's major trading economies, Canada is considered as one of the most open to foreign trade changes and advancement. It stands as the world's fifth largest exporter and importer, making trade the source of more than 70% of its GDP. Moreover, the export industry provides for almost 40% of the economy, and it is also deemed as the source of an estimated quarter of all Canadian jobs. Increased exposure to foreign competition has also contributed much to the development of the Canadian economy as it energized and spurred innovation, attracted foreign investment and created hundreds of thousands of jobs for Canadians.

- Information Technology and Communications Revolution

Definitions

Information Technology (IT) is usually defined as the use of technology in managing and processing information, especially in large organizations. It particularly deals with the use of electronic computers and computer software in order to convert, store, protect, process, transmit, and retrieve information. Thus, computer professionals are often called IT specialists or Business Process Consultants, and the division of a company or university that deals with software technology is often called the IT or Information Technology department. Other names for the latter are information services (IS) or management information services (MIS), managed service providers (MSP).

On the other hand, Communication Revolution is the rapid continuous of the growth of use of Information and Communications Technology. It is usually identified as a step towards the attainment of a global village where the gap posed by geographical distance between nations is bridged and a communication link connects the people across the globe.

What is the present state of IT and Communication revolution in Canada?
How do these factors affect the Canadian economy?

The rapid advancement in information technology in Canada has led to the development of the “connection” between Canadian businesses. Nowadays, advances in communications technology are tested and exploited to reach out to the global marketplace.

Advances in communication and transportation technology combined with free-market ideology, have granted traders and businesses providers with unprecedented mobility to trade their goods and services.

Moreover, the rapid diffusion of information and communication technologies lowered transportation costs and improved delivery times. Technological progress and productivity gains in the global marketplace have also lowered prices on many goods. As perceived effect, Canadians developed strong reliance towards international trade, particularly in North America.

III. Conclusion

Today, the economic progress of Canada is propelled by four important interconnected innovative factors - globalization, trade liberalization, information technology, and communications revolution. Each of which contributes to the creation and development of the other.

As we see, the electronic expressway of automation, information and instant communication brought about by the use of information technology brings about the emergence of the communication revolution while at the same time, hastens the process of trade liberalization and thereby promotes globalization. Globalization on the other hand contributes to the improvement and invention of information technology gadgets.

In the economic level, the advances in technology and the increased globalization of markets and the emergence of liberal trading regimes are basically altering the way Canadians conduct their business. As an end result, Canada is rapidly moving toward a knowledge-based economy built on innovation and technology.

Also, the four innovative factors developed a new kind of worker in the Canadian job market- the knowledge worker. This set of knowledge worker are consisted of individuals who have diplomas or a university degree which

are knowledgeable and are able to adapt to the industries that function through the use of information technology- particularly companies that are into business outsourcing. These knowledge workers are deemed as vital assets in modernizing, innovating and ultimately expand the Canadian economy. With the requisite skills, training and education needed to participate effectively in high-tech industries; knowledge workers are finding themselves in great demand worldwide.

To sum it all up, to be able to ensure the development of the Canadian economy, the Canadian people should be able to make sure that they will not be left behind in terms of the four innovative factors.

In the line of trade liberalization and globalization, Canada's current and future prosperity depends on the international framework of rules that provides access to growing world markets.

As for the information technology and the communications revolution, Canada's economic growth relies in their ability to keep pace with changes in technology, business practices, social systems, and public interests in a global village that is beginning to take its form. Canadians should also learn to develop new and improved products for world markets while at the same time actively invest in the development of new and advanced technologies, after investing first in the research and development sector.

Also, Canadian firms also need to develop more technology alliances since are deemed as the best keys to innovation. In addition, they should also tap into new sources of capital other than their natural resources. Apart from that, the Canadians should meet skill requirements in the labor market.