

**Mulcair's PLAN**

# Middle class jobs

**First step:**  
Kickstarting manufacturing  
and small business job creation

## Media backgrounder

JANUARY 27, 2015



## The challenge

### Middle class families are falling further behind.

Amidst growing economic uncertainty, too many Canadian families are struggling. There are currently 1.3 million unemployed Canadians. That's over 200,000 more people out of work than before the recession. Middle class families are working harder, while falling further and further behind.

Manufacturing accounts for 11 percent of Canada's GDP and employs over 1.7 million Canadians, but has been hit hard by job losses over the past decade.

Small businesses are responsible for nearly 40 percent of Canada's GDP, employ more than 7.7 million Canadians and created 78 percent of all new private sector jobs over the last decade. Yet despite small businesses driving so much of Canada's job creation, Conservative governments have instead opted to hand out tens of billions of dollars to the most profitable corporations.

Conservatives also cut hundreds of millions in support for business investment in R&D by slashing the Scientific Research & Experimental Development tax credits. This included eliminating capital expenditures from eligibility, putting capital-intensive sectors like manufacturing at a major disadvantage and distorting economic activity.

## Our commitment

### Creating well-paying jobs in a diversified economy.

Tom Mulcair understands that to put Canada on track, and for middle class families to thrive, we need to take concrete steps to diversify Canada's economy. This means ensuring the strength of traditional sectors like resource extraction and manufacturing, while seizing new opportunities to innovate and grow.

The NDP is proposing steps that can be taken right now to support Canada's manufacturing heartland and to signal to investors that an NDP government will usher in the next era for Canada's manufacturing sector.

#### Tom Mulcair and the NDP will:

- // **Create an innovation tax credit** for businesses that invest in machinery, equipment and property used in innovation-boosting research and development. This plan will save Canadian manufacturers making these critical R&D investments approximately \$40 million each year.
- // **Cut the small business tax rate from 11 to 9 percent** to better support a sector of our economy that creates nearly half of all new jobs in Canada. We'll start with an immediate reduction from 11 to 10 percent, injecting some \$600 million into Canada's small businesses—followed by an additional reduction to 9 percent as soon as finances permit. Fully implemented, this will cut small business taxes by nearly 20 percent.
- // **Extend the accelerated capital cost allowance** for manufacturing and processing machinery and equipment, set to expire this year. This will encourage new investment and help make Canada's manufacturers more globally competitive. This measure will save manufacturers approximately \$600 million a year for two years to help attract new investors, grow their exports and create good, family-supporting jobs.

## What they're saying

Canada's manufacturers will compete and grow only if they are able to keep pace with the new products, new technologies and new skills required in a modern, innovative, and highly competitive economy. Renewal of the Accelerated Capital Cost Allowance for manufacturing investments in machinery and equipment will accelerate the adoption of new technologies. Tax credits for new product development and commercialization and for employee training are also key measures that support manufacturing success.

**Jayson Myers**, *President and CEO of Canadian Manufacturers and Exporters*

Cutting the small business tax rate by nearly 20 percent will provide a big boost to small business owners across the country and help them create jobs.

**Dan Kelly**, *President and CEO of the Canadian Federation of Independent Business*