Hot Charts

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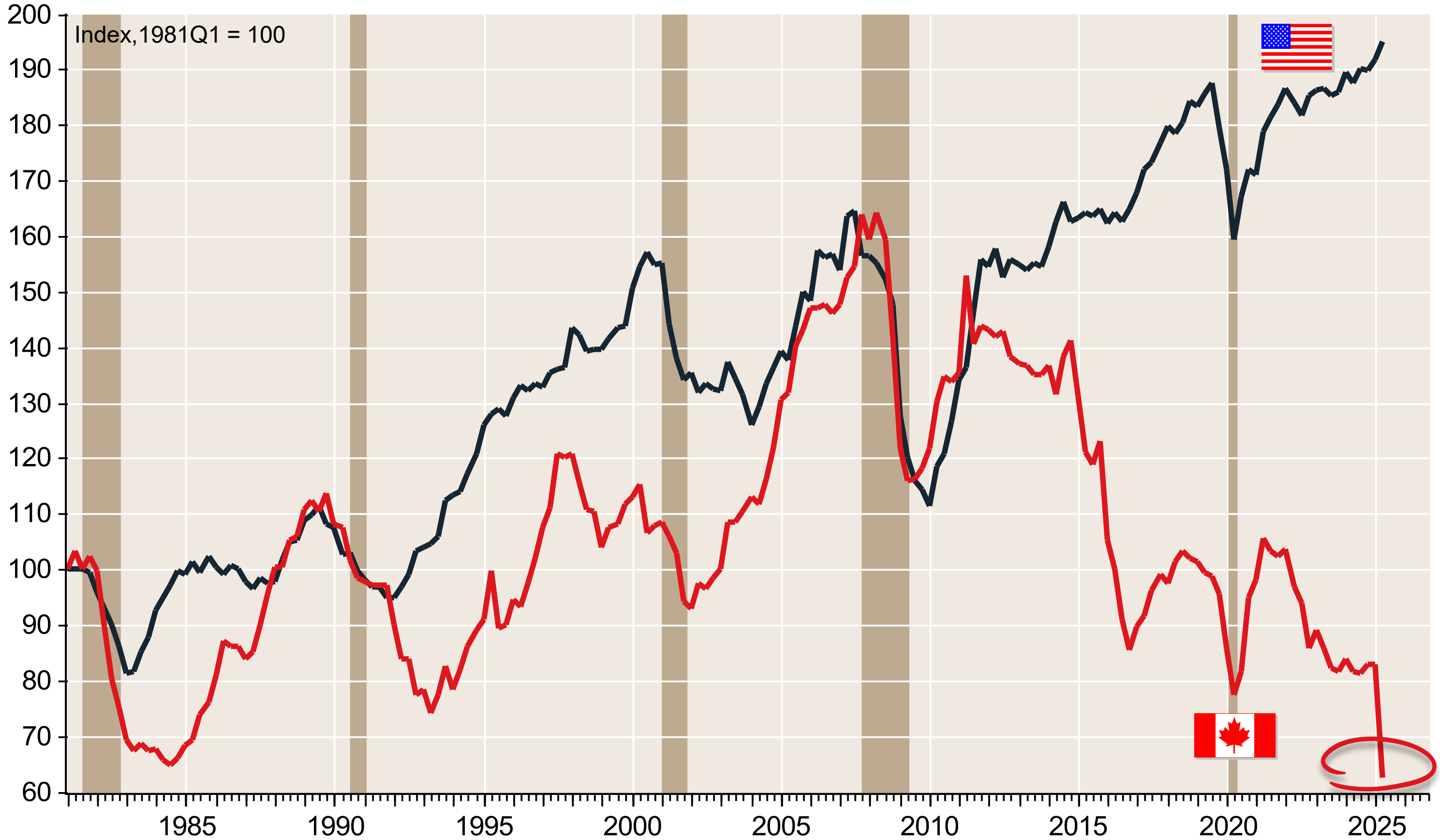
Canada Watch

By Stéfane Marion and Matthieu Arseneau

We've written about the plight of Canada's industrial sector [**here**, **here**, and **here**]. If that didn't grab your attention, perhaps this will: according to the latest national accounts data, real investment in industrial machinery & equipment fell in Q2 to its lowest level on record (data back to 1981). As today's Hot Chart shows, the divergence with the U.S. is nothing short of appalling. How did we get here? Years of excessive regulation, and a chronic lack of ambition by successive governments in promoting domestic transformation of our natural resources—recently made worse by Washington's protectionist agenda. That failure has eroded Canada's manufacturing base and left us at risk of becoming irrelevant in global supply chains. To Ottawa's credit, the pledge to quickly ramp up military spending to 3.5%–5% of GDP could help catalyze a reindustrialization. But time is of the essence—if we are to salvage what's left of the sector. What Canada needs is a wartime multi-pronged strategy that ends the dithering: a competitive tax regime, a sweeping reduction in red tape, and clear laws on how we intend to develop our natural resources. Clarence Decatur Howe—the architect of Canadian industrialization—showed what determined leadership can achieve. Canada must now draw on that inspiration to rebuild its industrial base before it's too late.

Canada: The industrial implosion

Investment in industrial machinery and equipment (volumes)



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NBC.EconomicsStrategy@nbc.ca

To contact us:
514-879-2529

Stéfane Marion
Chief Economist and Strategist
stefane.marion@nbc.ca

Matthieu Arseneau
Deputy Chief Economist
matthieu.arseneau@nbc.ca

Jocelyn Paquet
Senior Economist
jocelyn.paquet@nbc.ca

Kyle Dahms
Senior Economist
kyle.dahms@nbc.ca

Alexandra Ducharme
Senior Economist
alexandra.ducharme@nbc.ca

Daren King, CFA
Senior Economist
daren.king@nbc.ca

Warren Lovely
Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich
Rates Strategist
taylor.Schleich@nbc.ca

Ethan Currie
Strategist
ethan.currie@nbc.ca

Angelo Katsoras
Geopolitical Analyst
angelo.katsoras@nbc.ca

Nathalie Girard
Senior Coordinator
n.girard@nbc.ca

Giuseppe Saltarelli
Desktop Publisher
giuseppe.saltarelli@nbc.ca

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