

The OECD report provides a broad menu of policy recommendations. Each recommendation applies in varying degrees to individual economies; collectively, they provide a comprehensive strategy for reducing unemployment. This strategy is fully consistent with Canada's policy priorities.

Regarding macroeconomic policy, the study recommends that governments pursue vigorously their medium-term fiscal policies of deficit reduction and sustained price stability.

On the role of structural factors in the long-run upward trend in unemployment, the study recommends that member governments introduce measures aimed at:

- nurturing an entrepreneurial climate that encourages the creation of new firms, and enables all firms to increase efficiency and employment;
- reforming social assistance and tax policies to increase incentives to work and to hire;
- encouraging active labour market policies that link benefits with an active job-search or training;
- contributing to technological innovation and diffusion to produce high-productivity, high-wage jobs;
- improving skills through better education and lifelong training;
- addressing youth unemployment by smoothing the school-to-work transition; and
- increasing working time flexibility.

Canada's Policy Response and Objectives

While recognizing that there are no quick fixes, the Canadian government is meeting the challenge of creating the conditions for more and better jobs. The government has adopted a three-pronged approach to increasing employment.

First, appropriate macroeconomic policies have been put in place. The government's commitment to maintaining low inflation and reducing and ultimately eliminating its budget deficit will help to ensure sustainably low interest rates and stimulate growth and job creation.