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## U.S. intolerance gives Ontario an edge

*But report says that, to maximize the opportunity, we have to ramp up investment in higher education*

By **Iain Marlow** Business Reporter

Ontario's "creative" economy stands to benefit in the years ahead from relative intolerance south of the border, a new report says.

A provision in some U.S. stimulus funds that prohibits spending on foreign-born professionals who hold H1-B work visas may allow Ontario to scoop up talented professionals denied job placements in the United States, says the latest report from the provincial Task Force on Competitiveness, Productivity and Economic Progress.

"This policy mistake – driven by attitudes of fear – can be Ontario's opportunity," the report says. "Foreign students represent a huge potential advantage because they bring skills and energy to Canada."

But, to take advantage of this fully, Ontario needs to continue investing in higher education, measures that also include increasing the number of postgraduates and opening up and improving the university experience here, says the report, to be released Monday under the direction of Roger Martin, dean of the University of Toronto's Rotman School of Management.

In an interview, Martin said that unless Ontario reinvigorates its education system, based on the advanced jobs of the near-future, there will be a continued graduation of young adults who lack the skills necessary to compete for jobs.

"This year, 20 per cent of 19 year olds are setting themselves up for not getting a job," he said. "Is that what we want?"

Although the downturn has been devastating for hundreds of thousands of Ontario workers and has obliterated companies' profits, it may be a good time for exceptional companies that can seize on weakened rivals.

"For strong Ontario companies, there is no better time than in a downturn to grab market share," Martin said.

"It's a wonderful time for companies ... to be on the offensive, so I encourage Ontario companies to realize that this is a once-in-a-decade chance to do that."

Martin explained that Ontario's tax structure has been adjusted to encourage new business, with the harmonization of the GST and PST, the elimination of the capital tax and the reduction in the general corporate rate as clear, business-friendly steps.

"We're now in good shape on taxation. For the first time since I've been doing this work, we have an attractive tax structure for investment," said Martin, who presided over the *Navigating Through the Recovery* report, the non-profit group's eighth annual research effort. "The sky has cleared a little bit and companies can feel they can reinvest."

Martin said the recession has not changed his group's recommendations to the province on how best to encourage innovation and prosperity.