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Embrace automation and manage its side effects, says Senior Deputy Governor Wilkins

Toronto—Automation, artificial intelligence and other innovations will benefit the Canadian economy by boosting productivity and living standards, but they could also have less desirable side effects on the labour market and income distribution that will have to be managed, Bank of Canada Senior Deputy Governor Carolyn A. Wilkins said today.

“Canada is well positioned to succeed in a digital world,” Senior Deputy Governor Wilkins said in a speech to the Toronto Region Board of Trade. “If we seek out and embrace new technologies while successfully managing their harmful side effects, we will create inclusive prosperity.”

While Canada’s productivity growth has been slowing since the turn of the millennium, new technologies could help turn the tide and boost Canadians’ incomes, Senior Deputy Governor Wilkins said. Some worry that automation will make many workers obsolete, but modern history shows that new jobs are created in place of old ones.

However, technological innovations can lead to a difficult transition period by changing the types of workers that will be in demand and they can lead to greater income inequality.

“As with previous technological transitions, education, skills training and continuous learning will be key,” Senior Deputy Governor Wilkins said, adding that it will also be important to resist protectionism, because openness to trade is a great driver of productivity growth.

The Bank, for its part, will continue to provide a stable economic environment that fosters productivity-enhancing investments in both physical and human capital, Senior Deputy Governor Wilkins said.

“The Bank of Canada’s monetary policy accomplishes a simple, yet vital, task: it manages the level of demand over the business cycle in order to meet our inflation target,” Senior Deputy Governor Wilkins said. “This is the perfect complement to the structural policies that governments at all levels in Canada are working to strengthen.”