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We asked 10 Canadian economics experts:

What is the one policy idea that would have the biggest impact on the economy if it were enacted by the next government?

On a scale of 1-5, how would you rate the chances of this happening?

David K. Foot

Professor emeritus of economics at the University of Toronto

The government should support moderate increases in interest rates. Saving for retirement is essential in aging populations. Higher interest rates would encourage more retirement savings, improve retirement incomes for many and contribute to the security of all pension plans by improving yields and reducing discounted future liabilities. In addition, since interest rates and exchange rates move in tandem, higher interest and exchange rates are necessary to ensure that a low Canadian dollar does not precipitate a fire sale of Canadian companies, especially in the resource sector and what is left of Canadian manufacturing. Recent historically-low interest rates have not increased investment, productivity or economic growth, but instead have increased personal debt, house prices and future uncertainty. In Canada's aging population, slower economic growth is inevitable and not necessarily bad. The environment will benefit. Also, per capita incomes can still increase because population growth is slower. It is time to recognize that the downsides of low interest and exchange rates now outweigh the upsides, and adjust economic policy accordingly. The government should recognize this as should the Bank of Canada.

Chances of this happening: 1/5

http://www.theglobeandmail.com/news/we-asked-10-canadian-economics-experts-onequestion/article26384723/