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BUSINESS STORY

## Revenge of the laggards creates job bonanza

JAY BRYAN

Montreal Gazette

Tuesday, June 11, 2002

For years, we've been used to thinking of provinces west of the Ottawa River as the economic winners in this country, while to the east were also-rans and losers. Sadly, it was pretty much true.

Federal policy poured billions into grandiose regional-development subsidies over the decades, but nothing seemed to change. Until now.

Buried in the latest employment report from Statistics Canada are numbers that point to remarkable vitality in eastern Canada. The key statistic is the "employment rate," which is simply the percentage of the working-age population with a job.

The employment rate is a key measure of a region's economic vitality because it's hard to be prosperous if half your adult population isn't working.

It's a more solid measure than the unemployment rate, which is based on subjective criteria about who is really looking for a job and who isn't.

For a very long time, the employment rate in Canada's five eastern provinces (from Quebec east) was well below that of the western five, mostly because job opportunities weren't as good.

The eastern five were prone to investment-repelling politics, with separatism in Quebec; cronyism and vote-buying in the Maritimes.

But in recent years, something has changed, and it shows up in a big way

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in the most recent job numbers. Employment rates in the east, and particularly the big three economies of Quebec, Nova Scotia and New Brunswick, have shot up in the past year.

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Quebec (59.8 per cent, up 1.9 percentage points) and Nova Scotia (57.1 per cent, up 1.3 points) are at their highest rates ever. New Brunswick is up a whopping 2 points to a near-record 57 per cent.

Meanwhile, the three big provinces west of the Ottawa River are dragging, with Ontario, Alberta and British Columbia all showing a drop in their employment rates.

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This is temporary in all three cases - due largely to trouble in the auto industry, the oil patch and softwood lumber - but it is interesting nevertheless that the the former laggards are leading.

And leading in a big way. Fueled by Atlantic energy production and Quebec's revitalized industrial base, job growth in Nova Scotia was 2.9 per cent in the past 12 months, New Brunswick's was 4 per cent and Quebec's a soaring 4.2 per cent. Compare this with 0.8 per cent in Ontario, 1.4 per cent in Alberta and minus 1.3 per cent in B.C.

This phenomenon has been building for the past few years. Quebec's employment rate lagged the Canadian average by 4.5 points four years ago. Now it's just 1.7 per cent behind.

Nova Scotia was 6.8 points below Canada five years ago; now it's within 4.4 points.

Economist Earl Sweet at the Bank of Montreal sees this as a happy confirmation of the economic axiom that every region has its own economic advantages, if only it doesn't suppress growth with dumb policies.

With the end of frequent separatist crises in Quebec, investment flowed in, attracted by a fine work force, promising industries and a good location.

With the adoption of investment-friendly policies in New Brunswick, the development of oil and gas off Newfoundland and Nova Scotia, and improved infrastructure throughout the region, the Maritimes are thriving.

Will it last? No reason why not, says Sweet. Once you stop shooting yourself in the foot, you might well find that you can pick up the pace permanently.

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