

CHECK AGAINST DELIVERY

Recession: Times they are a changing

Slide 2 (blue P)

When my mother

Was growing up in Cape Breton

During the Great Depression,

Folks had a first hand understanding

Of economic downturn

For my grandfather,

Work sharing

Was working one day a week

At the steel plant for one day's pay.

The social safety net

Was the barrel of mackerel from Main a Dieu

In the cellar

And the sacks of blue potatoes

From Grand Mira in the pantry.

Times have changed.

These days

We are hopefully

A little more sophisticated in our understanding

And response to economic downturn

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These days

We now know

To a surprising extent,

Communities and their companies

Can influence how recession affects them.

I think Halifax will dodge

The worst effects of this economic storm.

I think we'll go into recession late

And come out early.

I'm just as sure they'll be some pain

Along the way.

But, recessions brings more

Than doom and gloom.

They also speed up the pace

Of major change in our economy.

Some of these work in our favour

I want to talk about these

But first

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Slide 3 (smily)

Lets talk about our economy.

And where we are right now.

There are three types of recession.

The V recession

Where the economy goes down sharply

And rebounds just as sharply.

This is probably where we are right now

The second type is the W recession.

The double dip recession

Just as we begin to come out,

We slip back.

This kind of recession is much longer and tougher

The third kind of recession is the L recession...

Made popular by Tom Freedman

(The world is flat guy from the New York Times).

We go into recession and never come out

Just a bit dark.

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Fortunately

No one can find data on this hockey stick recession.

Slide 4 (1980s)

So what do the numbers tell us?

Employment change in Canada,

Atlantic Canada and Nova Scotia

In the early eighties

Reflects the V pattern.

Slide 5 (1990s)

The recession of the early 1990s is different

While Canada came out after a few years

Employment in Nova Scotia

And the rest of Atlantic Canada

Took a long time to come back.

You may notice that Halifax

Went in late

Can you see the double dip for Halifax?

This is related to big government layoffs

Beginning in 1992

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Despit this, Halifax came out of the 1900s recession

Ahead of Canada

Good news if you believe history.

Slide 6 (2000s)

This is what we look like right now

Halifax is late into recession

Just like the 1990s.

The message here

Is that the Halifax economy

Is very resilient...

The second message,

I guess, is that we have to keep an eye

On government jobs over the next couple of years

As deficit spending

Gives way to expenditure control

Slide 7 (ski)

So where are we

Most economists think we are in a V.

Like this diagram,

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We can't tell

Just yet

Where the bottom is.

The US has been in this for a while.

More than a year

Canada since the fall

And HRM...

Well, we're just slipping in.

How deep we go depends on

The fundamentals of our economy

And the timing and focus

Of government stimulus policies.

But the nature of the downturn

Also depends on our behaviour as business and consumers

It depends on our attitude...

That's always a difficult one.

When pollsters ask people

How do you feel

About the economy

People tell them that they feel rotten.

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We hear this every day

Economists

And this may surprise you....

Don't tend to spend too much time

Asking people how they are feeling.

We prefer to go out and find data

That describes how people

Are behaving.

For example, when I look at gas sales

Thanks to my friends at Wilsons

Sales in Nova Scotia and Halifax

Are still strong

So,

Despite how people may feeeeeeel;

Most people in Halifax are still behaving

Like they did a year ago.

They're still jumping in their cars

And driving to work every morning

And driving home every night.

However, Diesel sales have begun to slip recently

Which means there aren't as many

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Trucks and pickups

Out there doing business...

An early sign

That we will not miss the economic storm.

Slide 8 (Stable sectors)

But the centre

Of this particular storm

Is in the manufacturing belt of Central Canada

And the boom and bust resource economies in the west.

Halifax has one of the most diversified

And stable economies in the country.

Many of our major industries

Are resistant to down turn.

Our banks are still lending,

Our developers are still bring projects forward.

I wouldn't trade places

With too many cities

Slide 9 (arrow)

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We may dodge the worst of the recession

But there is no way to avoid

Big macro trends

Washing over economies everywhere.

These trends will bring big change.

To us here in Canada, in Nova Scotia and in Halifax

For example,

Some industries begin to move into the sunset faster

During recession.

Others become tomorrow winners.

The pace of Urbanization picks up.

Business are more likely to sold

And pressures to centralize operations goes up.

I want to talk about the first two

Of these trends today...

Slide 10(sunset)

Recession can generate

Big changes in the structure of our economy.

A sorting of winners and losers among industries.

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The easiest way to observe this sorting

Is by looking at employment trends

We all know that

Over time

Some industries become important,

The so-called sunrise industries.

And some become less important....,

The sunset industries.

Slide 11 (bubble June)

This is what this looks like

When you draw a picture

That tracks change in employment

In various economic sectors

During good times

Against employment change

When the economy is slowing.

In this case

The first six months of 2008.

In sunset industries

The growth that has been slowing

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During good times

Slows even more during recession.

For sunrise industries...

The growth may continue

Even in recession.

So recession accelerates

Structural change

Slide 12 (Feb 2009)

You can see the shift

In the last 14 months in this slide

Lets toggle back and forth

They say you can't pick winners.

They are right

The winner's pick themselves.

Want a quick look at who's winning

Slide 13 (lables)

One of the challenges

At time like these

Is we often focus our efforts

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On sunset industries

The auto industry comes to mind.

When we should be looking

At the exact opposite end of the spectrum

Slide 14 (regions labour force population)

Now let me talk about a second big trend

Urbanization

Last year

For the first time in history

The world had more people living in cities

Than in rural area.

Canada became an urban Nation

Several decades ago.

Nova Scotia is part of this trend

Although we like to think of our selves as rural,

The fact is two thirds

Of our population live within

An hour's drive of Halifax.

The Urban reality has reached us

And the pace of urbanization

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Is gaining momentum...

Right now..

As we can see

Halifax's labour force growth

Has been strong recently

So is growth in other areas

Directly connected to the

Halifax hub

What this means of course,

Is that today

And increasingly in the future,

Urban centres will drive growth...

In Nova Scotia, and around the world

Slide 15 (close)

So where do we go from here.

Some of it is in our hands.

I think our behaviour...

Yours and mine...

Will determine how long we stay in recession

And how strongly we come out of it.

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Attitude is important.

Predictions of doom and gloom can be self fulfilling.

I believe that companies and communities

That face the future

With a realistic but positive attitude

Come out of recession early

And prosper sooner.

I think

Confident communities and confident business

Just grow faster.

I think that

In the coming weeks and months,

People are hoping for

Careful government infrastructure spending

And other strategies

That will shorten the economic downturn

And lessen its severity.

I think we need thoughtful spending

Around sensible priorities

Priorities that take advantage of

The big trends shaping our economy and our world

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Priorities that support

Growth sectors of our economy

Priorities that support

The economic engines called Cities

Hopefully,

We will get our priorities right.

If not,

Don't worry

They are still selling pickled mackerel

By the barrel

In Main a Dieu

And blue potatoes

Still grow in Grand Mira.

I checked.