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# FAST FACTS

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## Manitoba's Economic Indicators: The facts are more uplifting than the fiction

**T**here are those who worry that Manitoba is not performing up to its potential, but they don't seem to have examined actual economic and social data. If they had studied recent trends, they would have reached a very different conclusion.

The most obvious measure of economic performance is growth in Gross Domestic Product (GDP), which measures the value of goods and services produced and consumed in the economy. The chart below shows that Manitoba has outperformed the nation as whole for each of the last four years. It also shows that, although Manitoba has been affected by the global recession, it has weathered the storm better than the rest of Canada. In 2009, Manitoba was showing weak, but still positive growth, while Canada's economy shrank by nearly 2.5%.

### GDP Growth adjusted for inflation (real GDP)

	Canada	Manitoba
2006	2.823	3.399
2007	2.200	2.693
2008	0.518	1.924
2009	-2.462	0.048

This is also a much better performance than the 3.3% decrease in real GDP that the province

experienced in 1991 recession, or the 2.63% drop that occurred in 1982. Thus the province's cyclical fluctuations have been moderated and economic growth has become more stable.

Manitoba is also doing considerably better than the rest of the country in minimizing job losses. The table on unemployment shows Canada's unemployment rate ballooning from 6.3% in 2006 to 8% in 2010. Manitoba had a consistently lower rate for each of these years rising slightly from 4.3% to 5.4%. This lower rate is not due to a disproportionately large group of people in Manitoba staying out of the job market and not wanting to work. The participation rate (the percentage of people in work, or seeking work) in Manitoba has been consistently higher than the national average.

### Unemployment and Participation Rates (Percent)

	Unemployment		Participation Rate	
	Canada	Manitoba	Canada	Manitoba
2006	6.3	4.3	67.0	68.5
2007	6.0	4.4	67.4	69.0
2008	6.1	4.2	67.7	69.3
2009	8.3	5.2	67.1	69.1
2010	8.0	5.4	67.0	69.6



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## *FAST FACTS continued ...*

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In terms of wages, after tax average incomes in Manitoba are still \$1500 below the national average. However, they have been growing more quickly. Canadian income increased by 5.4% from 2006 to 2008 while it has gone up by 8.7% in Manitoba. Moreover, if we use the median wage (if you arranged people from richest to poorest the median would be the person in the middle), Manitoba compares very well with the rest of the country. The table on wages shows that in 2006 the median income in Manitoba was \$1200 lower than the national average, but by 2008 it was only \$100 less. It means, among other things, that the “average” Manitoban has an income close to the “average” Canadian, but rich Manitobans do not have as much income as rich Canadians.

### **Real After Tax Incomes**

	Canada		Manitoba	
	Average	Median	Average	Median
2006	29800	24200	27500	23000
2007	30900	25100	29200	24100
2008	31400	25200	29900	25100

It should also be good news to most of us that Manitoba’s income growth has come alongside greater equality than elsewhere in the country. One measure of equality is the gini coefficient. The closer the number is to zero, the narrower the gap between the highest and lowest incomes.

Income inequality in Manitoba was growing between the late 1970s and early 2000s, but happily, as the following table shows, that is changing.

### **Gini Coefficient**

	Canada	Manitoba
2006	0.318	0.304
2007	0.316	0.310
2008	0.321	0.298

These changes show that incomes in Manitoba have become more equal in recent years, while inequalities have been increasing in the rest of Canada.

Poverty has also declined. The percentage of the population below StatsCan’s low income cutoff (LICO – the most frequently used measure of poverty) has been falling. In 2006 Manitoba had a larger percentage of its population below the LICO than the national average, but by 2008 it had a smaller percentage below this poverty line.

### **Percent of Persons Below LICO**

	Canada	Manitoba
2006	10.5	11.3
2007	9.2	10.1
2008	9.4	8.6

Lastly, vocal critics have made much of the forecasted Manitoba deficit. Yet deficits are what governments are supposed to run in recessions to stimulate the economy, maintain consumption and minimize unemployment. Every province in the country, with the exception of Saskatchewan, budgeted a deficit for 2010 (although Alberta was able to draw from a rainy day fund to balance its books). The Manitoba debt stands at around 27% of GDP, the fourth lowest in Canada.

This is not to say that Manitoba is free of economic difficulty. Unemployment has been increasing, the GDP growth rate has been worryingly low and too many people still struggle to make ends meet. However, Manitoba’s recent economic performance has been considerably better than the rest of the nation. At the very least Manitoba is so far riding out the economic slump that has crushed much of the rest of the country. People and media who decry the state of Manitoba’s economy might do well to examine the statistical evidence more carefully. It tells a different, more positive story.

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