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HARD WORKING PROVINCE: IS IT ENOUGH?

Rising profits and falling labour shares in Nova Scotia

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CANADIAN CENTRE FOR POLICY ALTERNATIVES

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Introduction

Conventional economics tells us that "a rising tide lifts all boats": When general economic prosperity prevails, everybody benefits. But not in Nova Scotia. Over the past 20 years, the big boats rose, but the rising tide swamped the small boats.

As in Canada as a whole, the past 15 years have been good economically for the province of Nova Scotia. The province's economy expanded by 62.44% since 1981 and most of that growth – 36% – has occurred since 1997. This expansion was fuelled by a rise in labour productivity but Nova Scotia's economic prosperity was not shared as equally as it had been in the past.

Compared to the country as a whole, where workers' earnings "merely" stagnated despite rising productivity,[1] the situation in Nova Scotia is worse. In the same period as the general provincial economy expanded and productivity rose, the average "real" (inflation-adjusted) weekly earnings of Nova Scotia workers *actually declined* by 5%.

Even without the details, average Canadians know intuitively that recent economic growth in the economy is not benefiting them. In a 2006 survey by Environics, 70% of Atlantic Canadians said that they thought most of the benefit went to the richest Canadians.[2] This report shows their perceptions are correct.

Conventional economic wisdom submits that Nova Scotia is a province of low productivity, and earnings should be low as well because labour earnings and productivity are commonly thought to be directly related to each other. This report shows that conventional wisdom doesn't reflect reality in the least: real productivity has risen while real earnings have dropped.

Nova Scotia's productivity has been rising for many years, and, more importantly, it has been *rising at the same rate* as that of Canada as a whole. If earnings and productivity are indeed correlated, earnings should have risen as well. Until 1991, this is essentially what happened in Nova Scotia. But since 1991 that relationship seems to have become unglued. Productivity has been rising while real earnings have fallen.

There is now a disconnect between productivity and earnings in Nova Scotia – and that disconnect is reflected in the disproportionate share of gains in prosperity enjoyed by business owners rather than workers. In the past 15 years, the business share of profits has shot up while labour's share of wage gains has fallen. Nova Scotians have contributed to the province's prosperity through work and improved productivity yet most have seen no benefit, and many have suffered. A very select few have profited enormously.

This is not the way it is supposed to be. Under capitalism, the poor and the working class may fall behind in bad times. But are they not supposed to gain when the economy is booming, especially when their work is contributing to the province's prosperity?

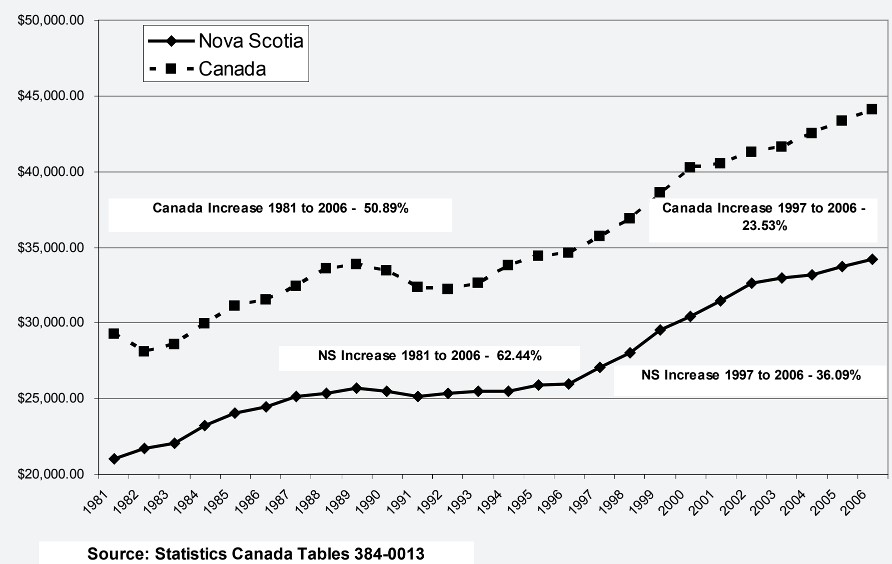
A Growing Economy, Growing Productivity

Up to just recently, the Nova Scotia economy has enjoyed a sustained period of economic prosperity, as measured by real GDP (Gross Domestic Product) per capita. From 1981 to 2006, the economy grew by 62.44%; much (36%) of it from 1997 onward (Figure 1). There was a flat period during the recession of the early-1990s, then the pace picked up very briskly after 1997. Nova Scotia's economic growth rate between 1981 and 2006 even surpasses that of the country as a whole, which was only about 51%. In absolute terms, Canada's GDP per capita exceeds that of Nova Scotia, due to the contribution of the wealthy provinces, which have a richer store of natural resources and/or more manufacturing. Nova Scotia's lag in absolute prosperity compared to the rest of the country is a problem. But it is important to note that the proportional rise in material wealth in Nova Scotia has more than kept pace with the rest of the country.[3]

Workers contribute to GDP both via the number of hours they work and how much they produce during each of these hours, i.e. how *productive* they are while they work. The standard measure of productivity, used by Statistics Canada and which we also adopt, is simply output per hours worked. Measured in that light, productivity is often assumed to be directly related to earnings – the more productive workers are, the higher their earning should be. So it is worthwhile to focus on productivity for a moment to see how Nova Scotia has fared. We come back later to the number of hours worked by Nova Scotians.

While Nova Scotia's economic output per person was gaining on the rest of the country, the productivity of the workforce – the amount of output for each hour worked – was also increasing. In the same 25-year period, Nova Scotia's labour productivity (measured as GDP per hour worked) rose by 37%, and by 25% since 1990 (Figure 2). Once again, the progression of productivity in Nova Scotia virtually kept

FIGURE 1 **Real GDP per capita, Canada and Nova Scotia, 1981-2006 (2006$)**



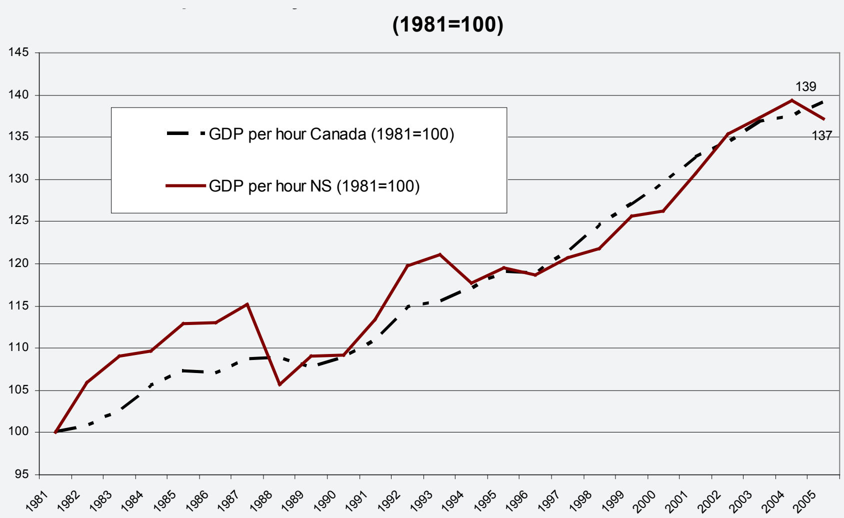
pace with the rest of the country. To illustrate and compare the evolution of productivity in Canada and Nova Scotia, we set both of their values to 100 in 1981 in Figure 2. That way, they have the same starting point even though productivity levels differ in absolute terms. Over that 25-year period, productivity grew by almost the same amount for Nova Scotia as for the rest of the country.

That said, the province's productivity in absolute terms remains about 20% below the country as a whole. Does this mean that workers in Atlantic Canada just don't work as hard as workers in the rest of the country? There is a common, chronic and persistent misperception that productivity is based on *how strenuously* workers work. If productivity is low, the thinking goes, then workers must be lazy. If it is high, then workers must be industrious. Such a perception is highly erroneous and not borne out by the evidence.

In modern economies, it is not how hard workers work, but other factors, that determine productivity. Such factors include the amount of capital and the level of technology, the value-added in the products, and the level of education, training, and skill among the workers chosen to do the work. These factors are mostly under the control of the employer. But the misperception that productivity somehow hinges most critically on the personal traits and efforts of individual workers is persistent, especially when it comes to Atlantic Canada. The myth is that if we lag behind other provinces in productivity, it must be something about us as people. This is typified by Stephen Harper's infamous words in 2002, "There is a dependence in the region that breeds a culture of defeatism."[4]

The lower productivity levels in Nova Scotia are related to the structure of the province's economy. For example, manufacturing, a relatively high productivity sec-

FIGURE 2 **Real productivity increase in Canada & Nova Scotia 1981-2005**



Source: Statistics Canada CANSIM Tables 282-0028 and 384-0002

tor, contributes almost 17% to the national economy but less than 10% to Nova Scotia's.[5] This is also something for Nova Scotians to be concerned about, but it does not have much to do with how hard we toil.

Let's focus back on GDP for a moment. The province's total output of goods and services is increased both by people working more hours and by their productivity during those hours. If purported lackadaisical tendencies at work are not to blame for the lower GDP per capita in Nova Scotia, then perhaps it is because we work fewer hours than the rest of the country. Upon close scrutiny, this proves not to be the case.

A Hard Working Province

BY CANADIAN STANDARDS, NOVA SCOTIA IS DEFINITELY NOT a high-wage province. In 2007, more than one out of every four Nova Scotians worked for less than $10.00 an hour.[6] By this standard, Nova Scotia has the third highest proportion of low-paid workers in the country, after Prince Edward Island and Newfoundland/Labrador. The province also has the third lowest average hourly wage, above New Brunswick and PEI and roughly on par with Newfoundland.[7]

Statistics Canada figures indicate that Nova Scotians work, on average, just as long as other Canadians and above the Canadian average in such categories as hours worked and proportion of people working more than 40 hours a week.[8] This despite the fact that in recent years the overheated oil economies of Alberta, Saskatchewan and Newfoundland have pushed working hours up in those provinces.

There are hints that Nova Scotians have more than the usual trouble saying no when the boss comes calling with extra work.

A study of work-life conflict by Linda Duxbury and Chris Higgins shows workers in the Maritimes are more likely to take work home and also perform more hours of "Supplemental Work at Home" than anywhere else in the country.[9] Says Duxbury, "If I had a business looking for hard-working and committed workers, I'd go to the Maritimes."[10]

Another study finds a greater proportion of Atlantic Canadians fail to take the vacation time due to them compared to the national average. "We're hard working Atlantic Canadians and we've lost that sense of workplace balance," suggests one specialist in work-life issues.[11]

A study of working hours in Nova Scotia[12] finds a growing polarization of working hours: a declining proportion of Nova Scotians works "standard hours" (i.e. 35-40 hours per week), while an increasing proportion is working either shorter or longer hours. An increasing percentage is also holding down more than one job, though this does not always add up to standard hours, especially in the case of youth.

More than half – 57% – of Nova Scotians working overtime in 2007 did not get paid for it.[13] That's the highest rate of unpaid overtime in the country and has been for many years.

So let's finally lay to rest any false premise that Nova Scotians and Atlantic Canadians aren't working hard and long. But what difference does this make to the amount of money they bring home? Or perhaps a better question is: returning to the initial misperception, are they being fairly rewarded for all their hard work?

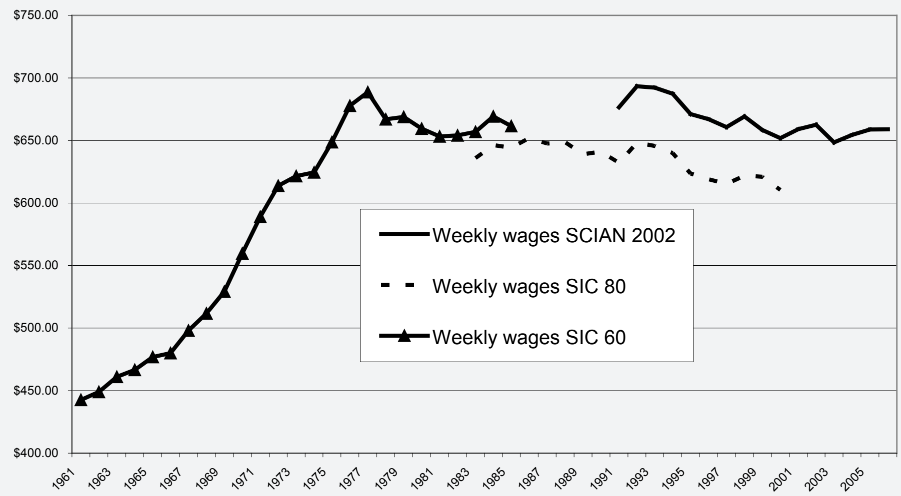
Falling Earnings

It is generally accepted that a growing economy and improved labour productivity should translate into rising real earnings. That is to say, if there is more to share and if workers are more productive, it could be expected that workers would get an increase in living standards. So how have Nova Scotia workers fared?

On the question of earnings alone the story is a little complicated because, over time, Statistics Canada has changed the methods it uses to categorize jobs and industries. For example, for weekly earnings there is one set of data from 1961 to 1985, another from 1983 to 2000, and a third from 1991 to the present. The series from 1991 appears to show higher earnings than the previous series, but this effect comes mainly from different methods of calculating.[14] That is to say, workers are in reality no richer from one data series to the other, simply, the average reported for the province is different because of changes in the statistical methods used to compute it.

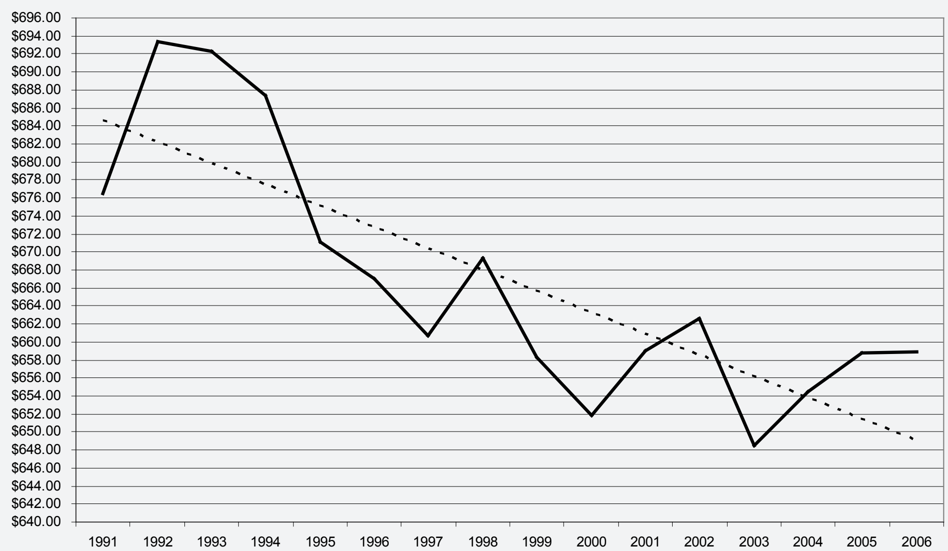
Because of the changes in measurement, we cannot provide a continuous data set for earnings. Nevertheless, the overall trends are resoundingly clear. Figure 3 shows these series for the average earnings of a Nova Scotian worker over time. The breaks on the chart represent the points at which the methods of categorization were changed. Despite these breaks, it is clear that earnings of Nova Scotians increased through the 1960s and most of the 1970s. It is also clear that since then, earnings have faltered. Workers' earnings have stagnated for some 30 years. This is similar to the results for Canada as a whole.[15] But what is different from the national trend and depressingly clear is that since 1991 at least, average real earnings in Nova Scotia have actually dropped. That is, they are lower now than they were 15 years ago. Worse still, as we show below, some people have been doing very well, so the decrease in earning experienced by a lot of workers has been greater than what was observed for the average.

Figure 3 **Real weekly earnings Nova Scotia 1961-2006 (2006$)**



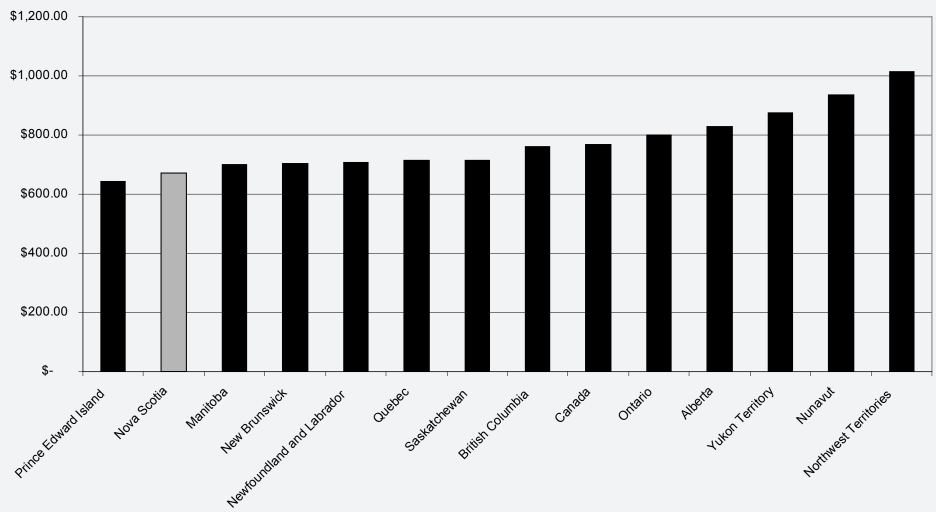
Source: Sources : (1) Satistics Canada, CANSIM database, table 326-0021; (2) Satistics Canada, CANSIM database, table 281-0028; (3) Statistics Canada, CANSIM database, table 281-0006; (4) Statistics Canada, CANSIM database, table 281-0021

Figure 4 **Nova Scotia real weekly earnings 1991-2006 (2006$)**



Source: Statistics Canada CANSIM Tables 282-0028 and 384-0002

FIGURE 5 **Weekly earnings all provinces April 2007**



Source: Statistics Canada CANSIM Table 281-0026

If we focus on the series from 1991 to 2006 (Figure 4), the underlying trend line is unmistakable, showing a decline in Nova Scotians' average real earnings of approximately 5%.[16] Based on prices in 2006, the average Nova Scotia worker made $676.49 a week in 1991 but only $658.94 in 2006.

Nova Scotia has the second lowest weekly earnings in the country (Figure 5).[17] Once again, this is despite the fact that workers in Nova Scotia work just as hard, if not harder, than workers in the rest of Canada.

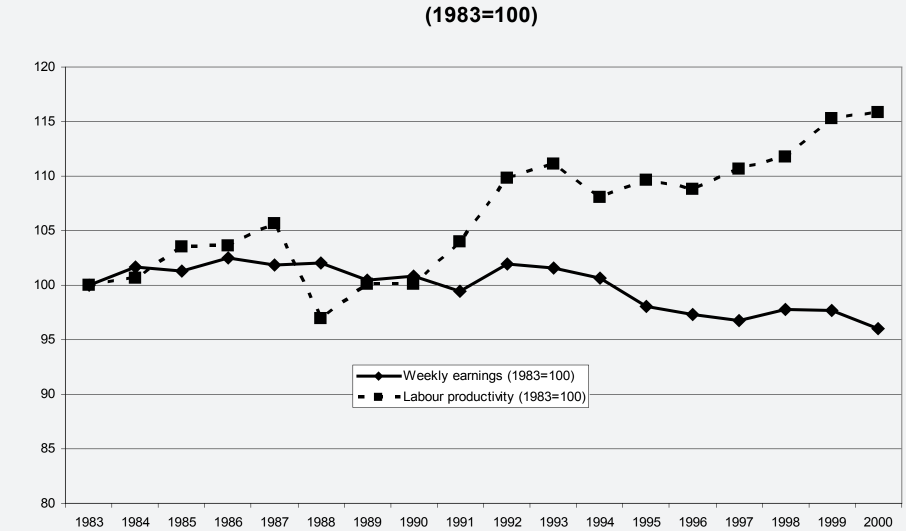
Productivity vs. Earnings

While labour earnings in Nova Scotia have stagnated in the last three decades and worsened in recent years, productivity has grown dramatically, despite the low capital investment (see below). But the received wisdom appears to be that wages are running ahead of productivity. It is a common mistake to confuse the growth in productivity in the region, roughly comparable to that of the whole country (Figure 2), with the fact that in absolute terms, productivity in Nova Scotia remains below the Canadian average. For example, business columnist Jim Meek cites a study on labour market performance by the Fraser Institute that purports that high minimum wages in Atlantic Canada are a cause of lagging productivity. While Meek does criticize the Fraser report for "gloat[ing] about our shortcomings," and admits that overall economic growth in the region has been good, the article does buy into a negative link between earnings and productivity.[18] This is a continuation of a myth that goes like this: Atlantic Canada's productivity is low, therefore earnings must also be kept low. It ignores the link that if productivity rises, then wages should rise as well. But Nova Scotians' earnings are falling while productivity rises.

If we trace earnings and productivity to the period preceding 1980, we find that the relationship between them is strong. Historically, as capitalist economies became more productive and more wealth was created, the lot of both workers and capitalists improved. Profits increased as the economy was growing, but workers also benefited through increased earnings. The benefit to workers may not have appeared immediately, nor as strongly, but as productivity rose, so did earnings. This was especially true in the 30-year period after the Second World War, when an implicit compromise between capitalists and workers meant that rising productivity translated into rising earnings.

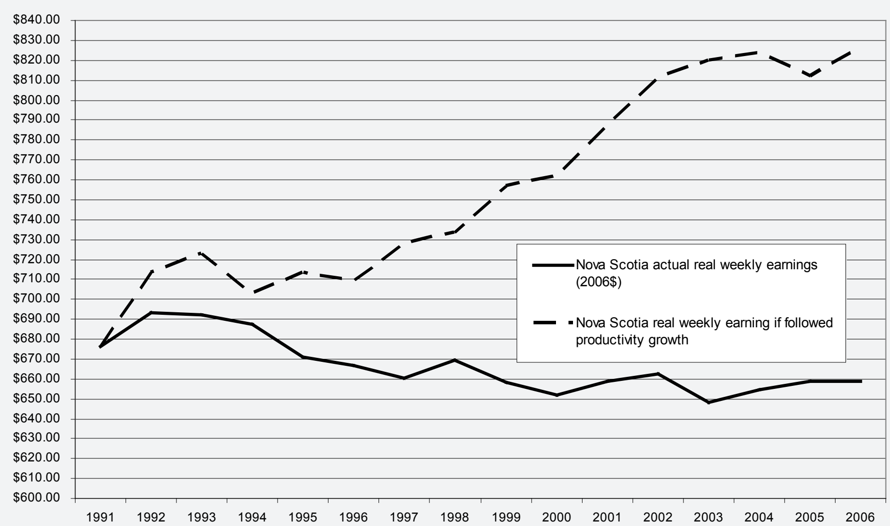
This relationship was broken near the end of the 1970s, however, and since then productivity and labour earnings have been following opposite trends, as can be

FIGURE 6 **Real labour productivity and real weekly earnings 1983-2000**



Sources : (1) Satistics Canada, CANSIM database, table 326-0021; (2) Satistics Canada, CANSIM database, table 281-0028; (3) Statistics Canada, CANSIM database, table 281-0006; (4) Statistics Canada, CANSIM database, table 281-0021.

FIGURE 7 **The earnings-productiviy gap in Nova Scotia 1991-2006**



Source:: Statistics Canada CANSIM Table 282-0028 and 384-0002 gathered from Figures 2 and 3. The divergence has been accelerating in Nova Scotia since the beginning of the 1990s. This is illustrated in Figure 6, where we set the value of productivity and earnings at 100 in 1983 and follow their progression until 2000. In the second half of the 1980s, the stagnation in earnings was mirrored in a slow improvement of productivity overall, mainly because of the major decrease in 1987. For a while, therefore, the two indices were back moving roughly together.[19] By contrast, since 1990, the divergence is unmistakable: Earnings are decreasing while productivity has resumed its upward trend, a pattern which shows no sign of reversal.

Figure 7 focuses in on the period from 1991 to 2006. We present the line for actual average weekly earnings of Nova Scotia workers adjusted for inflation. In addition, we present another line that represents what average weekly earnings would have been had they fully reflected the rise in productivity in the same period. We know that the real weekly earnings dropped from $676.49 to $658.94 in that period. But if earnings had really followed productivity (as they are supposed to do,) they would not have dropped, but rather risen to $826.21 or by 22%.

Where Has the Money Gone?

We know that for the last several decades the province's GDP and labour productivity have risen. But workers' earnings have dropped. So where did the benefits of rising productivity go?

One way of figuring out how wealth generation is being distributed in the economy is to compare the proportion of wealth going to different groups over the years. No single year can tell us as much as trends that emerge over time.

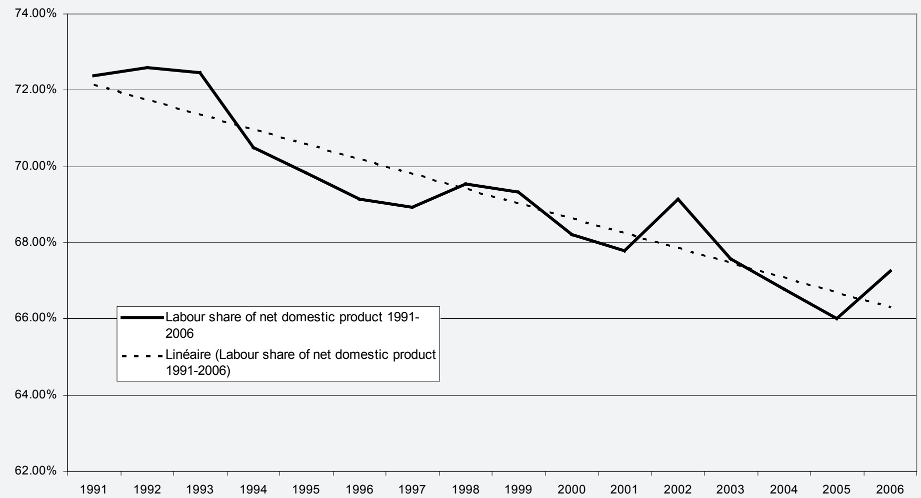
Like Russell and Dufour, we focus on the labour earnings and the profits of capital, using data provided by Statistics Canada. Russell and Dufour[20] explain how they use the Statistics Canada data to do this:

> Statistics Canada provides a classification system that is used to explore distribution issues. However, we have elected to make a few changes to the categories of that classification system in order to focus on trends related to wages and profits.[21] (...) After making these modifications – for example after subtracting taxes from GDP – we are left with what we call the "remaining economic pie", the great majority of which is divided between workers as wages and salaries and corporations as profits.[22] We focus on two particular shares of income: the proportion of this remaining economic pie earned by Canadian workers through wages and salaries[23] (referred to as "the wage share") and the proportion going to corporations in the form of profits (referred to as "the profit share").

Using this methodology, we present workers' share in Figure 8 and capital's share in Figure 9. We also insert a "trendline" in both charts to smooth out the fluctuations due to economic cycles and illustrate longer term trends.

As the trendline in Figure 8 shows, since 1991 workers' share of income in Nova Scotia has clearly fallen.

FIGURE 8 **Labour share of net domestic product Nova Scotia 1991-2006**



Source: Statistic Canada Table 384-0001

On the other hand, the profit share of income has risen. The difference in direction could hardly be starker.

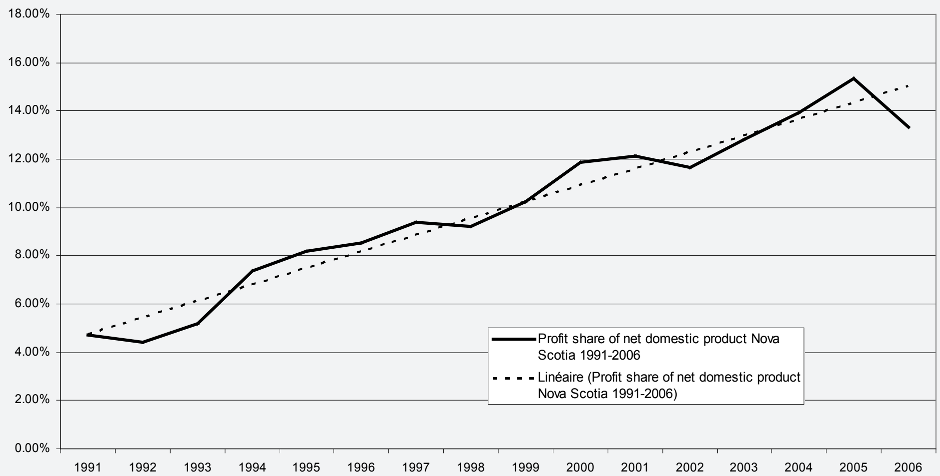
The decrease in the labour share is not surprising: the average weekly earnings of Nova Scotian workers have been diminishing while the economy was growing, so they clearly were not the ones reaping the fruits of their hard work. But if not to workers, the growing prosperity had to accrue to somebody else. Figure 9 suggests that corporations, and indirectly their owners, are the prime beneficiaries of that growth.[24]

This trend is not unique to Nova Scotia, but the size of the gap is. David Harvey has chronicled a worldwide phenomenon of resurgent capital, as the rich reversed 40 post-war years of falling income inequality,[25] and Peter J. Nicholson describes the phenomenon in a recent *Globe and Mail* article:

> The trends suggest that the neo-conservative movement that gained strength in the U.S. after the stagflation of the 1970s, and amid growing concern over the excesses of the welfare state, may have created a social and political environment more tolerant of winner-take-all behaviour. This was captured by the words of Gordon Gekko in Oliver Stone's 1987 film, Wall Street: "Greed is good." And it has been spectacularly illustrated by the remarkable rise in senior executive compensation, especially in the U.S. In the 1960s and '70s, CEO compensation at the top 50 American companies averaged about 40 times the average worker's pay. By 2003, it was more than 350 times.[26]

The situation in Canada mirrors Harvey's remarks: the 100 highest remunerated CEOs made, on average, 218 times the average wage, up from 104 only eight years

FIGURE 9 **Profit share of net domestic product Nova Scotia 1991-2006**



Source: Statistic Canada Table 384-0001

before.[27] Looking at extremes, it takes only four hours and four minutes for Canada's 100 best paid CEOs to make as much as somebody on minimum wage earns in a year working full-time.[28]

The phenomenon extends beyond CEOs, however. According to a recent study by Statistics Canada, income gains in recent years have been concentrated at the very top, dropping rapidly as we go down the income scale.[29] For example, while the 1% of Canadian families with the highest income saw an increase of over 80% in their real taxable income between 1982 and 2004, families in the next 4% (top 5% - 1%) experienced an increase of about 30% during the same period. Meanwhile, families in the bottom half mainly saw their income shrink between 1982 and 2004. The contrast is even starker for individuals: Most individuals in the bottom 70% experienced a decrease in income between 1982 and 2004, while the 1% with the highest income saw an increase of over 60% in its revenue. So not only are the rich winning out, but most of the gains accrue to a very small number of them at the very top of the income distribution.

Conclusion

Inequality and poverty should be the concern not only of social activists, trade unionists and those critical of business. Anyone concerned with the economic future of the province of Nova Scotia should be alarmed. Indeed, there is a strong argument that low earnings actually contribute to low productivity, which in turn contributes to low earnings, and on and on in a vicious circle.

Traditionally, conservative economists argued that low wages act as a spur to productivity. Low earnings, they claimed, give people an incentive to work harder and smarter and to increase their education and training. However, a growing economic literature proposes just the opposite causality, with low wages leading to low productivity, and high wages leading to high productivity. As Altman summarizes:

> High wages create pressure on firms to become more efficient and innovative whereas low wages allow firms to engage in less efficient economic behaviour while remaining competitive and profitable. For this reason, high wages are viewed as a potential boon to the process of economic growth and development, whereas low wages are viewed as a potential drag. This is contrary to the view typically held by conventional theory, wherein high wages are anathema to the growth process.[30]

Although Nova Scotia's real productivity has increased, we are still a low productivity province compared to the rest of the country. Nova Scotia's addiction to low wages may well be contributing to the perpetuation of that low productivity.

Andrew Jackson cites some of the reasons for Canada's traditional lower performance compared to other OECD countries and these reasons apply even more strongly to Atlantic Canada:

> Our poor relative productivity performance is due to the long-standing structural problems of Canadian industry: too many small, undercapitalized plants; relatively

> low-firm investment in advanced machinery and equipment, R and D, and training; and, an underdeveloped advanced capital goods sector… In the 1990s, Canadian industry invested much less than the U.S. in machinery and equipment, especially the new information-based technologies, resulting in large differences in the quality of the capital stock. Business investment in research and development increased a bit in the 1990s, but remained at less than two-thirds the U.S. level. Business investment in worker training similarly continues to lag well behind U.S. and average OECD levels.[31]

A report on manufacturing by the Centre for the Study of Living Standards seems to confirm that Atlantic Canada has Canada's productivity problems writ larger:

> "…the relative drop in capital intensity[32] in Atlantic Canada has played a large role in the deterioration over time in Atlantic Canada's manufacturing productivity."[33]

It is increasingly evident that our province's productivity lag has little to do with how hard and long Nova Scotians work; it has much more to do with how our bosses deploy capital – the amount of investment they make and the efficiency with which they use it. Nova Scotia as a province and Nova Scotian employers seem simply not willing to invest in their own human resources, whether it comes to education, training, social wages, and market wages. It's just too easy to make profits on low wages. Easy, but shortsighted.

Over and above the argument for productivity, even the strongest champions of business would agree that income inequality and poverty erode the capacity of a society to renew itself and generate wealth in the future. Here is the paradox: The more the expansion of collective wealth (which we all seek) is put in peril, the less equitably wealth is shared. For domestic businesses, growing inequality inevitably spells the diminishing capacity of the middle and lower class to purchase the goods and services these businesses produce. The evidence is also strong that inequality and poverty are breeders of poor health and poor educational outcomes[34] for which we will all pay, sooner or later, but for which our public health system most definitely pays.

Far from enhancing productivity, keeping wages low actually reduces productivity – and therefore long-run profits – while also increasing business and public costs to repair the social and economic damage of inequality. For many reasons, both utilitarian and humanitarian, raising earnings, reducing inequality, and improving the health and education of our population are goals that all Nova Scotians must pursue.

There is every indication that Canada's, and Nova Scotia's, long economic boom is ending. During that boom, we have shown that the market did not deliver what it was it was supposed to: more money in the average Nova Scotian's pocket. Now that we head into a declining economy, with less money to go around and prices of food and energy rising, dare we still rely on the market?

Notes

1 Russell, Ellen and Mathieu Dufour, 2007. *Rising Profit Shares, Falling Wage Shares.* Canadian Centre for Policy Alternatives. June.

2 Canadian Centre for Policy Alternatives. 2006. *Growing Gap, Growing Concerns: Canadian Attitudes toward Income Inequality*. Ottawa: Canadian Centre for Policy Alternatives. November 20.

3 We note in passing that any claim to the effect that the province of Nova Scotia no longer has the ability to sustain social programs like health care, education, and social services is more than dubious. If the province's economy is 62% richer than it was twenty-five years ago, don't we have 62% more output to devote to such common public goods?

4 CBC News, May 30, 2002, reported in "Harper Index" found January 8, 2008 at http://www.harperindex.ca/ViewArticle.cfm?Ref=0023

5 Statistics Canada. 2006. Market Research Handbook, Catalogue #63-224-XWE.

6 Morissette, René. 2008. "Earnings in the Last Decade", *Statistics Canada – Perspectives on Labour and Income*, Vol. 9, no. 2, February. Catalogue # 75-001-XIE.

7 As Newfoundland's oil economy comes on stream, its hourly average wage will doubtless exceed that of Nova Scotia.

8 Sources: Usalcas, Jeannine 2008. "Hours Polarization Revisited", *Statistics Canada – Perspectives on Labour and Income,* Vol. 9, no. 3, March. Catalogue # 75-001-XIE, and Statistics Canada, CANSIM database, Table 282-0018.

9 Duxbury, Linda and Chris Higgins. 2003. Work–Life Conflict in Canada in the New Millennium: A Status Report, Final Report.

10 The Canadian Press. 2003. "Happiness can't be bought: just ask an underpaid Maritimer." *Halifax Chronicle-Herald*. November 20, A1.

11 Hoare, Eva. 2004. "Apparently we have to be told we need to take more vacations." *Halifax Chronicle-Herald*. April 19. F1.

12 Pannozzo, Linda and Ronald Colman. 2004. "Working Time And The Future Of Work In Canada: A Nova Scotia GPI Case Study." GPI Atlantic. April.

13 Source: Statistics Canada, CANSIM database, Table 282-0082.

14 A large part of the difference comes from changes in the categories of workers included in the data series, but this does not affect the overall trend.

15 Russell, Ellen and Mathieu Dufour. *Rising Profit Shares, Falling Wage Shares.* Canadian Centre for Policy Alternatives. June.

16 In a recent study, "Earnings in the Last Decade", published in February 2008 by Statistics Canada as part of its *perspective* series (catalogue # 75-001-X), René Morissette argues that Nova Scotia experienced a growth of 10.7% in its real hourly earnings between 1997 and 2007, rather than the decline we show. Morissette derives this using a different dataset – the labour force survey (LFS), while we use the survey of employment, payroll, and hours (SEPH) – which he adapts in various ways (he discounts the month of December, etc.). The LFS only stretches back to 1997, forcing Morissette to take a shorter view than us, and therein lies part of the explanation for the discrepancy, statistical technicalities aside. Looking at Figure 4, it can be seen that 1997, Morissette's start date, is a trough, and that earnings are peaking at the end of the

period. So part of the growth he finds is attributable to the choice of dates. A second factor that explains the divergent results is that we use weekly earnings and he uses hourly earnings. The number of hours worked per week has slightly decreased in recent years (about 3.5% in total between 1997 and 2006 (CANSIM, table 282-0018)), so the downward trend in weekly earnings is not entirely attributable to wages. Nevertheless, even if we take the full amount of growth, 10.7% over 10 years is not spectacular by any means, much lower than GDP and productivity growth, so the general point stands.

17 According to Morissette's study (see previous endnote), Nova Scotia is third worst, ahead of PEI and New Brunswick.

18 Meek, Jim. 2004. "The Sin of Wages in Atlantic Canada." *Progress.* Nov 9.

19 Earnings have been stagnating since the end of the 1970s while productivity has generally been trending up, except in the second half of the 1980s, when both stayed more or less put.

20 Russell, Ellen and Mathieu Dufour, 2007. *Rising Profit Shares, Falling Wage Shares.* Canadian Centre for Policy Alternatives. June.

21 [Russell and Dufour] abstract from taxes by subtracting them from total income and regroup the categories of corporate profits, profits of government business enterprises, inventory adjustments, and depreciation under a single "profit share" category, since income in these categories all goes to corporations. [They] elect to keep the investment and farm shares separate, given that they don't neatly correspond to profits or labour earnings. Finally, (…) [they] dispense with the income of unincorporated businesses rather than try to divide it between profits and labour income.

22 The "remaining economic pie" is the amount of GDP earned as gross corporate profits, wages and benefits, farm income, and income from investments.

23 "Wages and salaries" refer to all forms of employment income: anyone who gets a paycheque – whether they are high or low income earners – will be counted in this category.

24 It should be noted that many of these corporations are based outside of Nova Scotia i.e. in central Canada, the US and overseas. One need only think of Michelin, Manulife, Bell, Sears, Bowater, and the chartered banks.

25 Harvey, David. 2005. *A Brief History of Neoliberalism.* Oxford University Press.

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