



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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Manitoba's Losing its Edge: It's time to Reject Austerity

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January's job numbers for Manitoba recently gained praise from Premier Pallister, with an estimated 6,500 jobs created, but longer term economic trends should be the focus. Monthly job numbers generate headlines and can provide important indications of movement in the labour market, but they are highly variable from month to month. As trends emerge overtime, we become more confident in what the data is telling us. Longer term economic trends in Manitoba suggest that the austerity agenda that dominated the Pallister government's first term needs to be reconsidered.

The reality is that Manitoba's labour market is losing its edge relative to the rest of Canada, with advantages in unemployment, labour force participation rates and employment rates narrowing or disappearing in recent years. For example, between 1999 and 2016, Manitoba's unemployment rate was 2 percentage points below the national rate on average, while from 2017–2019 that gap fell to 0.4 percentage points. For young people, the narrowing has been even more dramatic, with Manitoba completely losing a three-point advantage since 2015. Similarly, the participation rate gap has narrowed from a peak of 2.5 percentage points in 2015 to less than one in 2019.

Job growth in Manitoba is also lagging

federal trends. Canada had strong job creation in 2019, with indicators suggesting many of these were 'good jobs' and most of them were full time. Manitoba, on the other hand, saw effectively no job growth, with increased part time employment at the expense of fulltime work, and more Manitobans leaving the job market than those entering. The prospects are not expected to improve anytime soon, with employment forecasts significantly below national projections for 2020.

It isn't just labour market indicators that are heading south. Economic growth rates in Manitoba were higher than the national average four out of five years between 2012 and 2016, averaging 2.3 per cent. This fell to 2 per cent between 2016-2018, and over the last year Manitoba's economic growth projections have been revised down significantly, with the Conference Board of Canada (CBOC) predicting growth of less than 1 per cent in 2019 and 2020.

While the Pallister government continues to emphasize national and global economic challenges outside of its control, its austerity measures are also hurting growth. Falling infra-structure spending by the Manitoba government has been particularly harmful to growth and employment prospects, given infrastructure's strong local and regional economic spinoffs. Major infrastructure projects initiated by the previous

there is an alternative.

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government have reached or are nearing completion, leaving a significant gap that the private sector has been unable to fill. Paired with aggressive cuts to the public sector jobs, and broader retrenchment in health, education, and social services, Manitoba has faced the highest net interprovincial outmigration since the 1990s.

Given Manitoba's dismal growth prospects, and the likely worsening global economic situation arising from the COVID-19 virus, Budget 2020 provides an opportunity for the Pallister government to reverse course. Promising signs in the last Speech from the Throne indicated a willingness to start spending again on infrastructure. This would be a clear reversal, but pragmatic one: Forecasts of last-in-the-country economic performance for 2020 hardly align with the Premier's commitment to make Manitoba the "most improved province". The province should also consider reinvesting in social infrastructure that is equally important for supporting a strong and prosperous province.

This is all unlikely to happen at any meaningful scale if the Pallister government continues to prioritize cutting taxes. Provincial government revenues have declined significantly as a percentage of economic output over the last 12 years, falling from just over 25 per cent to 23 per cent of GDP. If revenues had been maintained at 2006/07 levels, an additional \$1.9 billion would have been available to the province, more than double the actual deficit inherited by the current government in 2016.

The Canadian Centre for Policy Alternatives Manitoba will be releasing its *Alternative Provincial Budget (APB)* today - an alternative vision to help reverse the province's economic malaise while at the same time taking steps to address the climate crisis and growing inequality. This alternative speaks to the reality that austerity not only hurts the most vulnerable in our communities, but hurts our economic development prospects as well.

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Change Starts Here: Manitoba Alternative Provincial Budget 2020 is being released today, March 3rd, 12 noon at the Broadway Neighbourhood Centre, 185 Young St. in Winnipeg.

Report available at www.policyalternatives.ca/mbapb2020

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