State of the Manitoba Economy REPORT • 2004

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Overview

In the 2004 provincial budget, the Manitoba government projected that the province's economy would increase 2.9% in 2004, and by a further 2.9% in 2005.[1] If these projections are in fact realized, not only would Manitoba's economic growth rate surpass the 2.0% rate of 2003, it would be the province's highest annual growth rate since 2000. It would also exceed the long-term average for the 1982-2003 period, which was a very modest 2% per year.

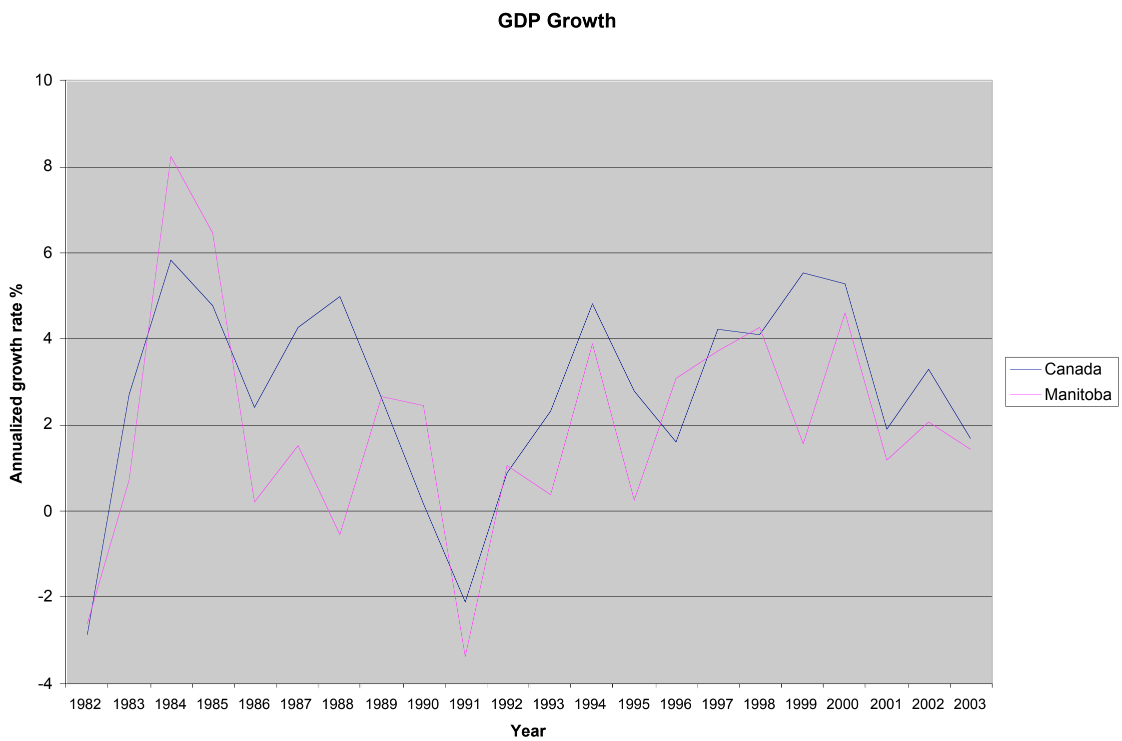
Economic forecasting is not a perfect science, but there are a number of economic indicators that do provide some foundation for the projected upturn in economic activity. Foremost among these indicators is a stronger overall performance of the Canadian economy. After growing at a 3.4% rate in 2002, real Canadian GDP growth dropped to 2.0% in 2003. Analysts have attributed this slowdown in part to the adverse impact of unanticipated economic shocks which hit the Canadian economy last year. Specifically, the BSE and SARS crises had direct negative effects on Canadian beef producers and the tourist industry, but these shocks spilled beyond the confines of those industries through the effects on suppliers and in terms of reduced demand for other intermediate and final goods. Secondly, as noted in last year's *Report,*[2] the dramatic rise in the Canadian dollar relative to its American counterpart eroded the global competitiveness of Canadian producers. The more optimistic economic forecasts for 2004 are premised in part on the assumption that Canada will be spared any further BSE/SARS type afflictions as well as any further significant exchange rate appreciation. Midway into 2004, the optimists appeared to have been right. In fact, after soaring to a value of $0.7713 (US) in December of 2003, the Canadian dollar has depreciated a bit in the first half of 2004, closing at $0.7437(US) on June 30, 2004.[3] The Canadian economy is also benefiting from improved economic growth in the United States in the last half of 2003 and which has continued through the first quarter of 2004.[4] As a result, the Canadian economy grew at an annualized rate of 3.0% in the first quarter of 2004, and an impressive 4.3% in the second quarter.[5] Taken together, these figures would suggest that 2004 will improve upon both 2002 and 2003.

The Manitoba economy is inextricably linked to the Canadian and North American macroeconomies, and these indicators have moved in a direction supportive of increased economic activity within the province. The 2004 provincial budget, released in April, forecast 2.9 % real growth not just for Manitoba, but for the Canadian economy as well. In light of the Canadian data for the first half of 2004, this appears to be a somewhat conservative estimate. What is interesting, however, is the expectation that Manitoba's growth rate will be approximately equal to that of the country as a whole. This is noteworthy because, as shown in Figure 1, Manitoba's growth rate has been noticeably below that of the national economy for all but a handful of years over the last two decades. If Manitoba's growth rates

Manitoba's growth rate has been noticeably below the national average for all but a few years over the last two decades

were to equal the Canadian average, 2004 would turn out to be an especially impressive year for the Manitoba economy.

Figure 1

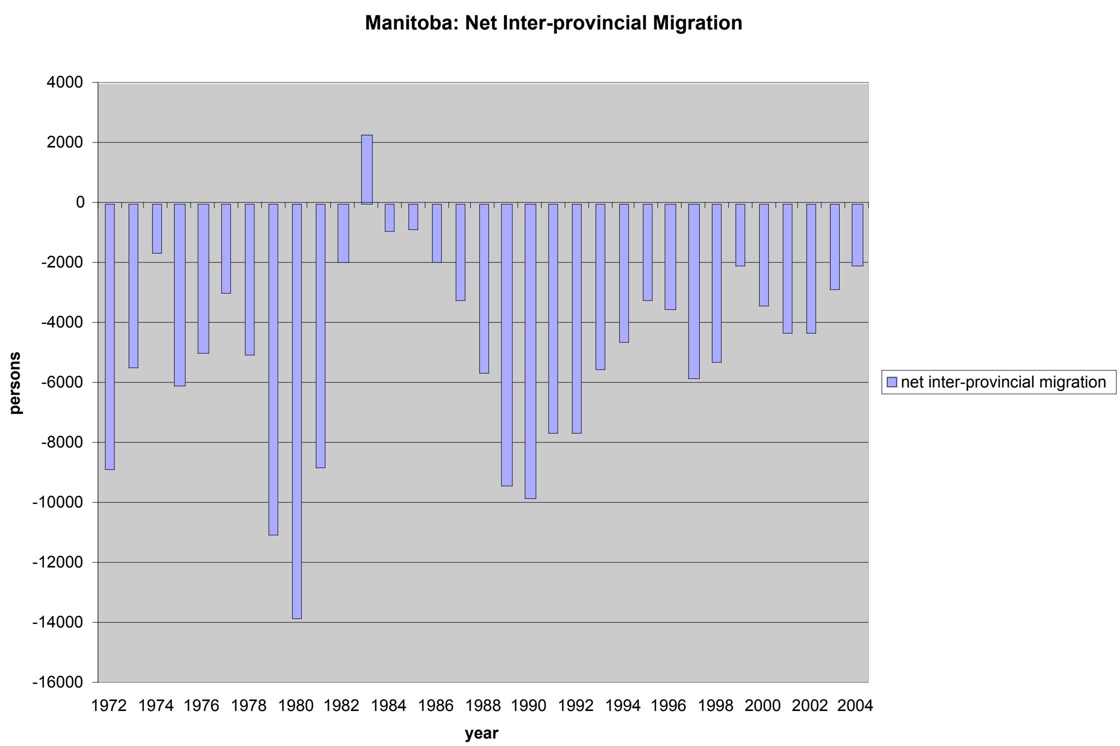


Source: Statistics Canada, CANSIM series v15855432 and v15855804.

Closer examination is warranted, however, and it is appropriate to begin with some consideration of demographic factors. Between 1981 and 2003, Canada's population increased by 27.4%, but the Manitoba increase was only 12.2%. Higher rates of population growth can be a positive factor influencing GDP levels. On the supply side, a growing population can increase the productive capacity of the economy by augmenting the labour force and, via immigration, increasing the stock of human capital, entrepreneurial skills and financial resources. On the demand side, growing population increases the demand for both public and private goods and services, with a consequent stimulus for domestic producers. Thus, sluggish population growth in Manitoba has tempered the rate of economic expansion relative to the Canadian average.

Population itself, however, is not independent of the relative economic conditions in any given region. A growing economy, especially one with rising living standards and expanding services, attracts capital and labour, which in turn contributes to population growth. Thus, circles of cumulative causation can operate in which economic growth and rising population mutually reinforce each other. For Manitoba, with low rates of natural population increase, net immigration acts as the key variable in determining population growth rates. Net *international* migration levels have been rising in Manitoba over the last six years, and reached a total of 6,471 for the 2003 calendar year.[6] Net inter-provincial migration has been negative for almost every year over the last three decades, but the net loss of 2,095 Manitobans to other provinces in 2004 is significantly lower than the average of the last 30 years (see Figure 2). However, although these figures indicate that 2003 saw some improvement in immigration inflows into Manitoba, these numbers are small relative to the overall size of province's population. As a result, population increase has not been able to raise growth rates of the Manitoba economy to levels equaling or exceeding the Canadian average, nor has strong economic growth in Manitoba acted as a powerful magnet in attracting to the province a growing share of the geographically mobile population both within Canada and beyond its national boundaries. Of course, acknowledging that there are grounds for the existence of a process of positive mutual interaction between population levels and economic growth does not imply that population increase is necessarily a desired goal of economic policy. Quality of life and the material standard of living can plausibly claim to be of paramount importance, in which case per capita measures of economic activity and income are especially relevant. These are taken up in the next section, but the less than impressive performance of Manitoba with respect to aggregate population changes does suggest that real weaknesses and limitations are associated with the provincial economy.

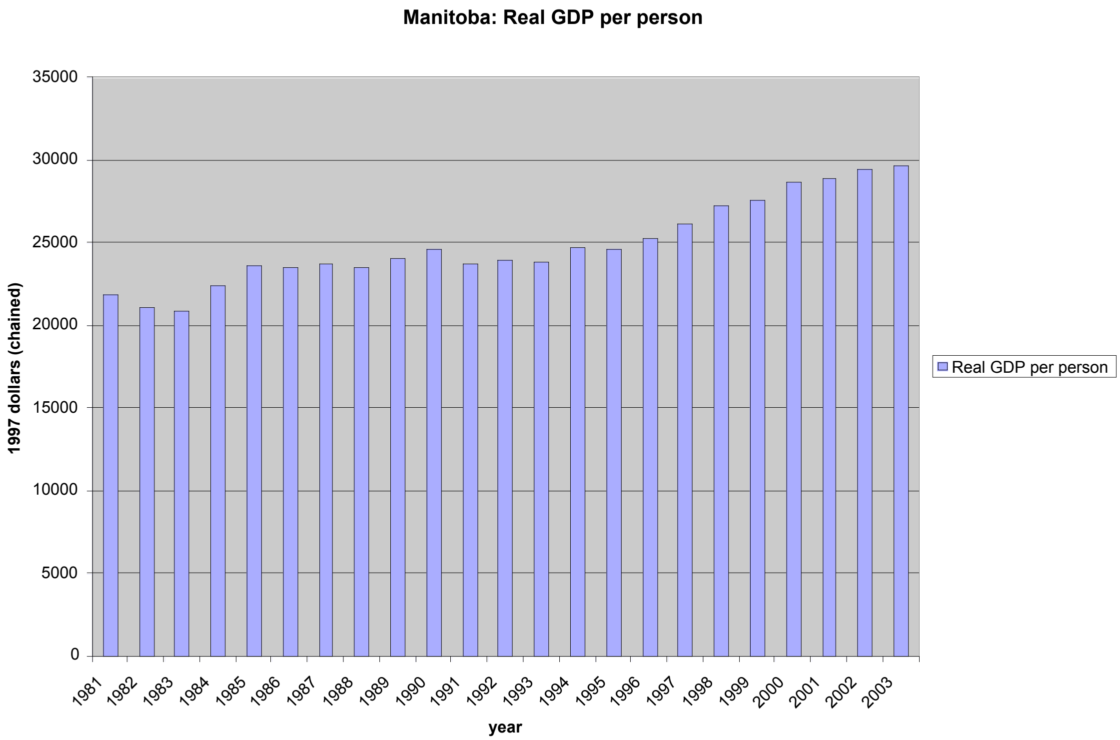
Figure 2



Source: Statistics Canada, CANSIM series v391140.

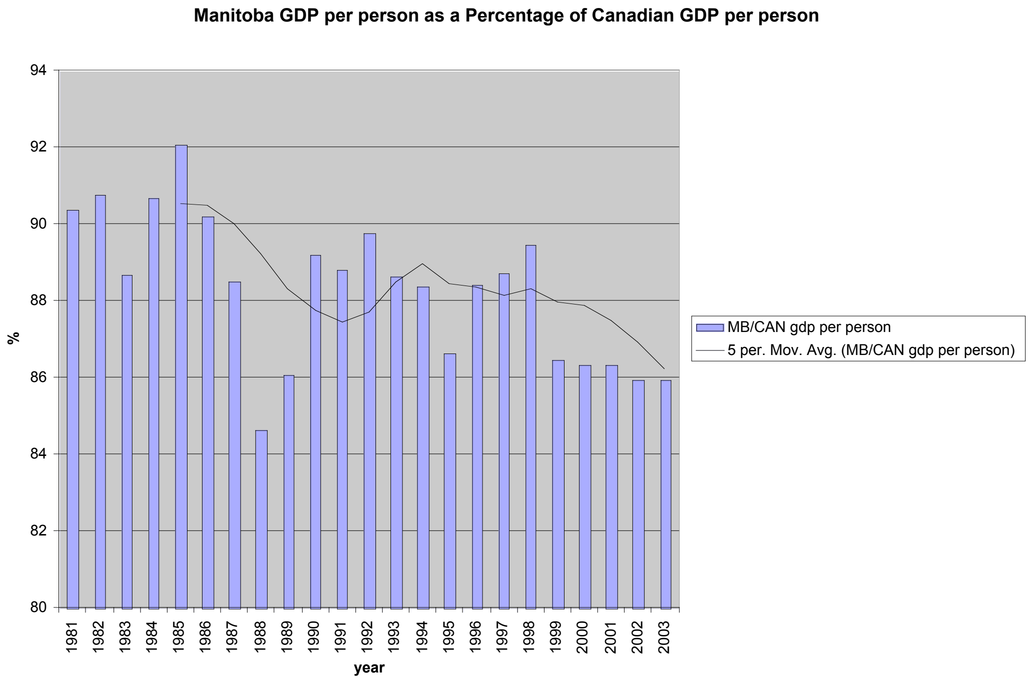
Figure 3 shows Manitoba's real GDP per capita since 1981. The recessions of 1981-82 and 1991 are marked by decreases in real GDP per person. The data also reveals that real per capita GDP hardly grew at all between 1985 and 1995, with the result that the last 8 years look rather good. However, this apparent strength of the Manitoba economy is diminished somewhat when these results are placed in a national context. Manitoba was not unique in experiencing stronger growth rates after 1995, and if a rising tide raises all boats, some nevertheless lie deeper in the water than do others. As a benchmark, GDP per capita in Manitoba can be compared with the Canadian average. As shown in Figure 4, Manitoba's GDP per capita has consistently been below that of Canada as a whole. Furthermore, notwithstanding some fluctuations, the relative gap has been widening, so that, by 2003, real per capita GDP in Manitoba was less than 86% of the Canadian average.

Figure 3



Source: Statistics Canada, CANSIM series v15855778 and v13.

Figure 4



Source: Statistics Canada, CANSIM series v15855778, v15855410, v1 and v13.

In the next section of this report, Manitoba's GDP will be decomposed and examined on the aggregate expenditure basis, thereby highlighting the relative importance and recent trends of consumer expenditures, business investment, government expenditures, and imports and exports. This is then followed by disaggregating the provincial economy according to industrial sector, and examining in particular the agricultural, resource, manufacturing and service sectors. Section IV focuses on the labour market. The final section then returns to the issue of Manitoba's recent economic performance, concluding with an assessment and prognosis.

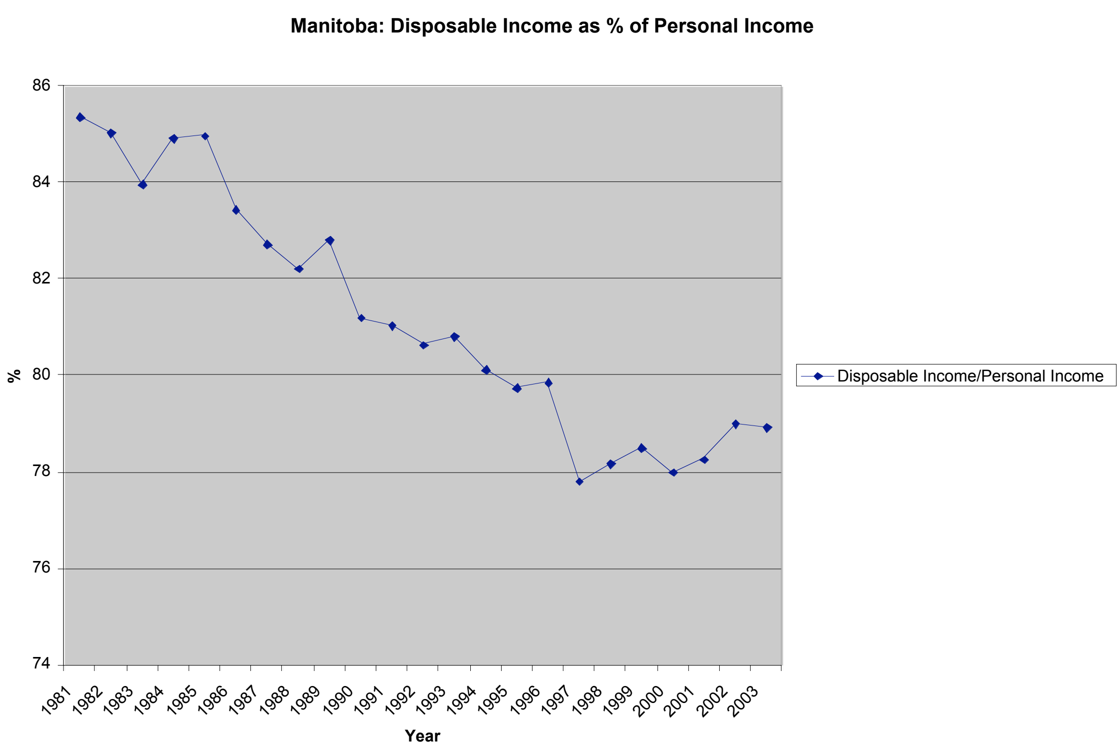
Manitoba GDP: The Components of Spending

In the provincial economic accounts, consumer spending equals 61% of the province's GDP. Growth in consumer spending has been relatively strong over the last five years, surpassing the growth rate of real provincial GDP in 4 of those 5 years. In 2003, consumer spending in real 1997 dollars increased 2.5%, compared to the modest GDP growth of 1.5%. Similar strength in consumer spending has occurred in both Canada and the United States, suggesting that much of the vitality of this sector cannot be attributed to factors specific to Manitoba. Consumers in both countries have benefited not only

Consumers have benefited from rising incomes and lower interest rates.

from the rising incomes of a growing economy, but also from the trend to lower interest rates. In regard to the latter, the prime rate in Canada has fallen from 7.27% in 2000 to 5.0% in June 2003, and then down further, settling at 3.75% as of June 2004. Lower interest rates ease the debt and mortgage obligations borne by consumers, enabling them to increase the share of household income they may wish to allocate towards other discretionary purchases, as well as making the option of seeking financing for further purchases more attractive. This is a major factor contributing to the dramatic expansion of consumer credit in Canada, which increased 40% between January 2000 and April 2004.[7] Furthermore, consumer spending has benefited from the recent rounds of tax cuts sponsored by both the provincial and federal governments. These cuts have a direct impact on personal disposable income. As shown in Figure 5, the ratio of disposable income to personal income in Manitoba reversed its downward slide in 1997, and rose from just under 78% in 1997 to 79% in 2002 and 2003. This single percentage point increase represented, in 2003 alone, an additional $307million in the pockets of Manitoba consumers. The relative rise in disposable income will likely be sustained in 2004 due to the implementation of additional cuts in personal tax rates at both the provincial and federal levels.[8]

Figure 5



Source: Statistics Canada, CANSIM series v691678 and v691679.

Business investment expenditures consist of investment in inventories and gross fixed capital formation. Inventory spending is quite variable from year to year, and even from quarter to quarter, but as a percentage of total business investment, it is small, usually amounting to less than 10%. The importance of gross fixed capital formation lies not only in its relative magnitude, but also because it is the latter category which directly affects the economy's capital stock, and is an important means through which technological progress is introduced and established within productive enterprises.

Real gross fixed capital investment by Manitoba businesses in 2003 totaled $5,290 million (1997 chained dollars), which was up slightly from $5,231 million in 2002 – an increase of only 1.13%. Indeed, after surging in the 1995-97 period, low but positive growth in business fixed capital investment has been the norm in Manitoba, giving rise to a period of steady but high investment that stands in contrast to the pronounced cyclical character of business investment in the 1981-97 period. This indicates that business investment has not been spearheading the expansion of the Manitoba economy over the last 6 years, but decomposing this investment aggregate helps clarify the elements operating here.

Gross fixed capital formation consists of three categories: residential structures, non-residential structures, and machinery and equipment. Residential structures includes owner-occupied housing and these expenditures can be conceptualized in terms of the consumer (or household) decision-making process, rather than in terms of an investment decision by a business. Thus two very different types of economic agents are involved here, making decisions for two very different purposes. Investment in residential construction will then depend upon factors affecting consumer spending as well as the general business climate. As noted above, for consumers, the economic environment has been favourable in recent years which should act to enhance private spending on residential structures. This is borne out by the data where real private spending (1997 chained dollars) on residential structures in Manitoba has risen from $992 million in 1999 to $1,375 million in 2003, which is an increase of over 38%.

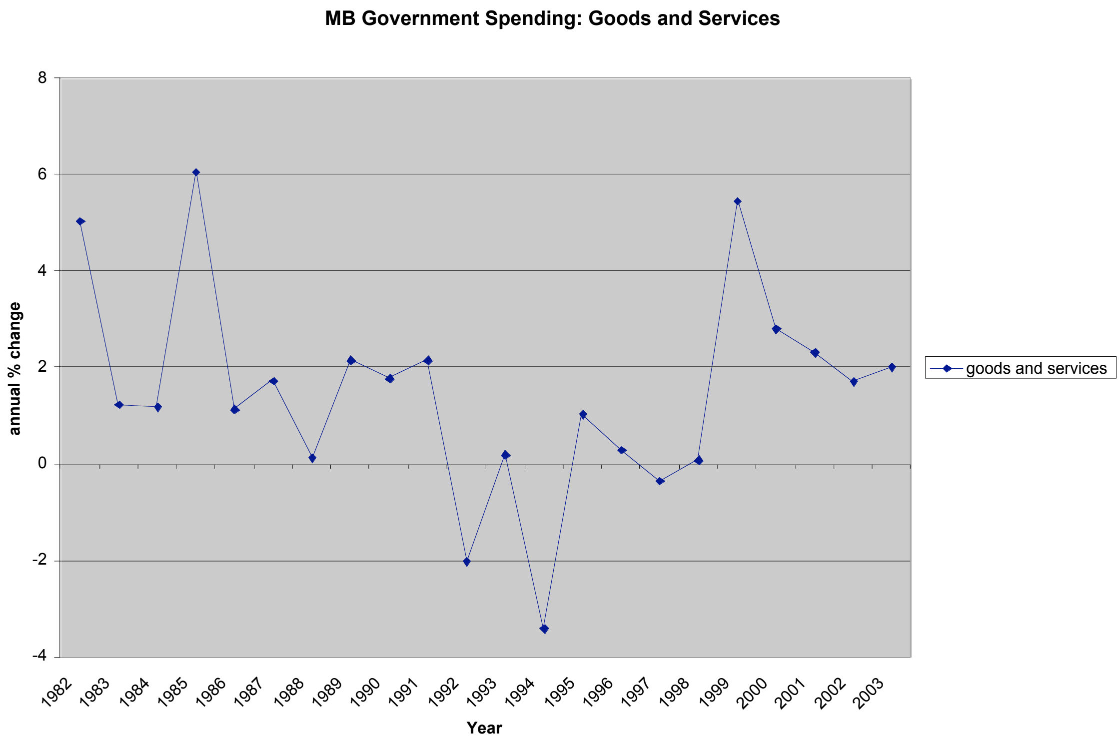
The situation in the other two components of business fixed investment is dramatically different. Spending on non-residential structures has been marked by a high degree of cyclical volatility over the last 20 years. After three years of decline, business investment in non-residential structures reversed itself in 1994. From a level of $870 million (1997 chained dollars) in 1993, this component of business investment soared, reaching $1,521 million in 1998. Since then, however, the levels have dropped, with expenditures of only $1,117 million in 2003. Real spending by businesses on machinery and equipment also increased significantly in the second half of the 1990s, rising from $1,330 million (1997 chained dollars) to $2,852 million in 2000. This high level of expenditure has been sustained over the last 3 years (the figure for 2003 was $2,832 million), but, on the demand side at least, it is not driving the economic expansion.

Analysis of the recent trends of these three components of private investment expenditures provides scant ground for anticipating any resurgence in investment spending in 2004 or 2005. The boom in non-residential construction in the 1993-98 period created significant additions to productive capacity and were presumably designed to accommodate more than the immediate needs of the enterprises involved. Real expenditures on machinery and equipment remain high, but there are no signs that spending on these items will undergo a further dramatic escalation of the sort experienced in the last half of the nineties, which was due in part to a booming demand for capital goods that could both embody the new information and communications technologies, and operate effectively in these new high-tech sectors. Furthermore, the continued decrease in interest rates since 2000 which have helped boost residential construction have not been sufficient to generate higher levels of non-residential private investment. If current interest rates are now at or close to their floor, with expectations of rate increases to follow, then the surging residential investment component could be expected to lose some steam, with a resulting diminution of aggregate private sector investment spending in Manitoba. There are limits to the extent to which consumers can sustain private domestic demand.

Spending by the three levels of government in Manitoba on goods (including capital goods) and services amounted to 24.7% of GDP in 2003. As a percentage of GDP, this component of spending has been relatively constant over the last 7 years, but this plateau is 2 to 5 percentage points below the levels for the 1981-97 period. The willingness of the different levels of government to embrace the nostrums of fiscal prudence throughout much of the 1990s is evident in Figure 6, where the growth rate in real government spending on goods and services (excluding capital goods) was negligible between 1992 and 1998. Beginning in 1999, however, there was some relaxation in the degree of fiscal austerity. As illustrated in the chart, this category of spending has subsequently sustained rates of annual increase which exceed the average of the last 20 years. Real gross fixed capital formation by government in Manitoba fluctuates considerably from year to year (see Figure 7), but here again a strong increase in 1999 and another substantial increase in 2003 have brought this component of spending to a record $818 million (in 1997 chained dollars).[9] Regardless of the ideological, as well as budgetary, objectives that ushered in the fiscal retrenchment which marked the 1990s, the easing of draconian restrictions on public spending has helped sustain the modest economic growth that Manitoba has experienced since 1999. In the last 3 years, total government spending (i.e., goods and services and fixed capital formation) has, in real terms, increased at an average of 2.3% per year, which is just slightly below the 2.6% annual average increase in consumer spending.

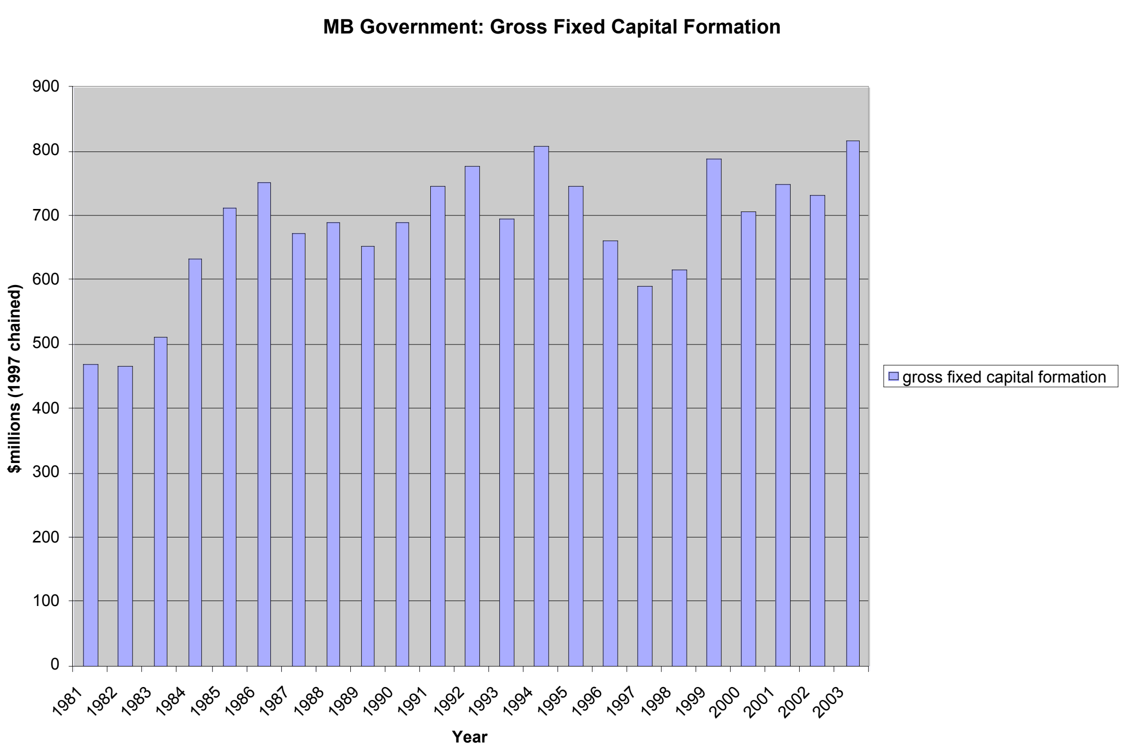
Government spending as % of GDP has been relatively constant for the last 7 years, but 2 to 5 percent below 1981 to 1997

Figure 6



Source: Statistics Canada, CANSIM series v15855784.

Figure 7



Source: Statistics Canada: CANSIM series v15855785.

Governments, however, have appeared reluctant to publicly acknowledge the positive role that the increase in public spending has played in sustaining domestic demand as the economy moved into the new century. Fiscal surpluses and debt reduction are at present well established in finance departments as the goals to which fiscal policy should commit itself. Constraints have been tightened further due to the recent spate of tax cuts which have littered budgets in recent years, especially at the federal and provincial levels. As a result, the room for fiscal manoeuvre has shrunk. The implication is that the fiscal stimulus that the modest increases in government spending have provided to the Manitoba economy in recent years, and especially during the 2003-04 fiscal year, is unlikely to be sustained in the near future. At the federal level, the *Budget 2004* reminded Canadians of the government's announcement of December 16, 2003, to launch "an extensive set of measures to review government spending and control costs."[10] The government pledged "a freeze on major capital projects," and promised to place a "limit on the rate of growth of the public service." It can be expected that the fallout from the federal "sponsorship scandal" will only strengthen Ottawa's resolve. After a 15% increase in *nominal* expenditures for direct program expenses in the 2003-04 fiscal year, the federal budget promises only a 2.4% increase in 2004-05, and a further 4.9% in 2005-06. With projections of annual inflation rates of 1.4% in 2004 and 1.7% in 2005, real federal spending for direct programs will hardly increase at all in the next fiscal year, and will in fact decline on a per capita basis. Federal spending will of course be spread across the country, but, at the provincial level, a similar prospect is presented in *The 2004 Manitoba Budget*. Nominal program spending increased 7.1% in the 2003-04 fiscal year, but the *2004 Budget* pares this down to a meager 2% increase for 2004-05.[11] With inflation expected to be greater than 1.1%, the real increase in program spending would be less than 1%. Progressively higher increases of 2.5%, 2.9% and 3.1% in nominal spending are projected for the succeeding fiscal years, but, even if they are realized, accounting for the effects of inflation will likely act to hold real spending increases to a 1% to 1.5% range. Thus, at best, tepid real spending can be expected in the Manitoba economy from government. As a result, a stronger performance will be needed from the province's private sector, or from propitious developments in Manitoba's export industries.

Figure 8

Source: Statistics Canada, CANSIM series v15855778 and v15855796.

Over time, provincial exports and imports have risen in conjunction with the expansion of the Manitoba economy. Since 1986, however, the growth rates of both exports and imports have exceeded that of the economy as a whole. As a result, as shown in Figure 8, exports as a percentage of provincial GDP has risen from 40 % in the early 1980s to over 60% at the turn of the century. Imports have followed a similar trend, reaching 64% of GDP in 2003. For Manitoba, imports have tended to exceed exports (see Figure 9) thereby giving the province a virtually perennial trade deficit. This gap, however, narrowed in the late 1990s, and in 2001 the province actually recorded a trade surplus. The decline in exports and a strong increase in imports in 2002 and 2003 have restored the negative trade balance. It is useful, however, to decompose the aggregate trade data so as to distinguish between trade with other countries and trade with other provinces.

Figure 9

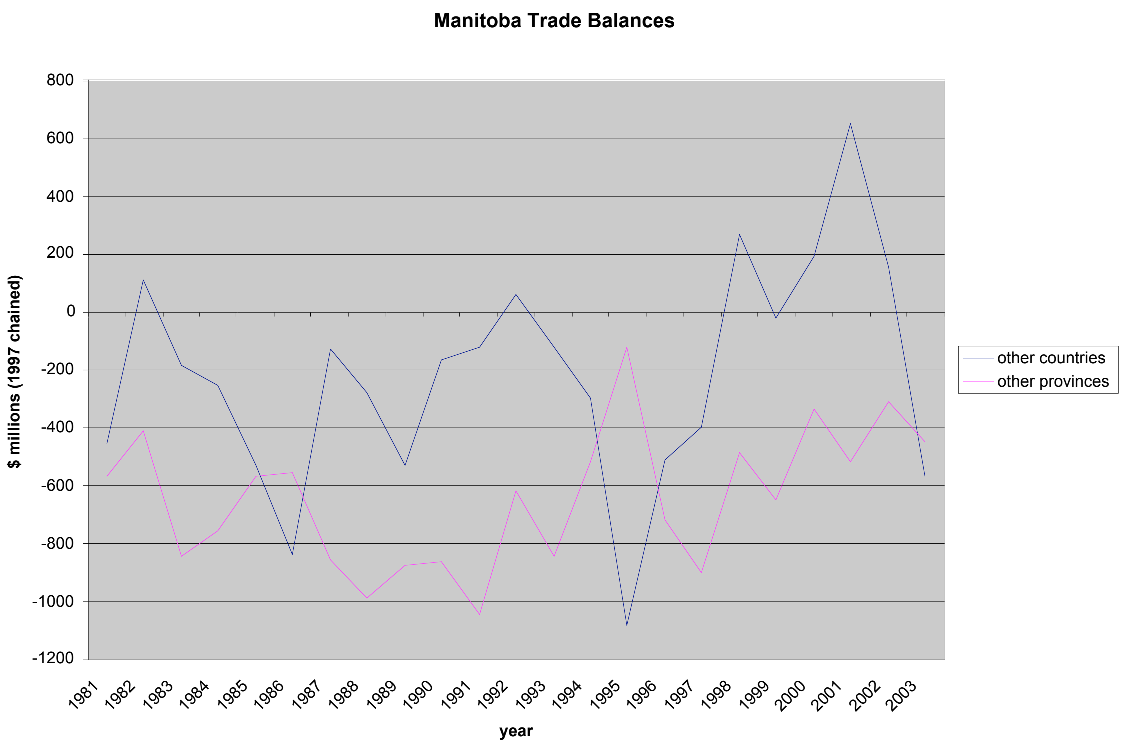
Source: Statistics Canada, CANSIM series v15855796 and v15855799.

There have been increases in both interprovincial and international trade, but the growth in the latter has been stronger over the last two decades, with the result that, in 2003, 47.9% of Manitoba's exports and 48.3% of Manitoba's imports were international. International trade has been strengthened by the reduction of international trade barriers, but the importance of the United States as a trading partner for Manitoba places emphasis on the rate of economic growth in the United States (which generates demand for imports from Manitoba and elsewhere) and on the Canada-US exchange rate as key determinants of fluctuations in the yearly levels of exports and imports. The booming US economy in the late 1990s combined with a depreciation of the Canadian dollar relative to both its US counterpart as well as a 6-country index of Canada's leading trading partners led to a dramatic improvement in Manitoba's international trade balance, resulting in a surplus in 1998, 2000, 2001 and 2002 (see Figure 10). This exceptionally strong performance seems to have been relatively short-lived. After obtaining a surplus of $652 million on its international trade account in 2001, the slowdown in the US economy contributed to the reduction of this surplus to $152 million in 2002. 2003 was a kind of *annus horribilis* as restrictions on beef exports, an appreciating Canadian dollar, and reduced hydro-electric production due to low water levels combined to yield a deficit of $568 million. Midway through 2004 the beef restrictions remain. However, improvement in the trade balance can be expected due to a

Improvement in Manitoba's international trade balance proved to be relatively short-lived

slight weakening in the value of the Canadian dollar over the first seven months of 2004, a stronger US economy, and the increased precipitation in the province which will facilitate a recovery of electricity exports. This expected improvement, however, does not appear to be sufficient to erase the entire international trade deficit in 2004.

Figure 10



Source: Statistics Canada, CANSIM series v15855797, V15855798, v15855800 and v15855801.

In regard to interprovincial trade, both exports and imports have been rising but, as illustrated in Figure 10, Manitoba's interprovincial trade balance has consistently been negative. At $451 million (1997 chained dollars), this deficit is less than the 20 year average, and in, general, the trend has been towards smaller trade deficits since 1992. The interprovincial balance has fluctuated less than its international counterpart, largely because it is not as directly sensitive to exchange rate movements, and because interprovincial trade barriers are less exposed to shifting political pressures than are international barriers. The international boundary is still a more substantial economic barrier than are interprovincial ones.

The increasing relative importance of international trade for the provincial economy should be viewed as the local manifestation of a larger, global tendency towards increased international movement of goods and services. This has often been identified as an aspect of the contemporary process of globalization. However, similar developments with respect to interprovincial trade suggest that the economic process that is operating here is not necessarily international in scope, but that it is part and parcel of a general geographic expansion of markets and capitalist economic relations, and that this expansion necessarily involves restructuring and a repositioning of local industries and regional economies. Manitoba's chronic interprovincial trade deficit suggests that Manitoba is unfavourably positioned within the national economy. Geography plays a role here, but so does the structure of ownership of productive resources, and the specific character of national economic policy. Some of these influences will be discussed further in the review of selected industrial sectors that follows in Part III of this report, and in the discussion of labour markets and income in Part IV. In the macroeconomic context, however, chronic interprovincial trade deficits, and the return to substantial deficits in the international trade account, constitute a significant leakage in terms of income expenditures in the provincial economy. In 2003, this aggregate trade deficit exceeded $1 billion (1997 chained dollars). The 2004 deficit can be expected to shrink a bit, but there are no indications that export led growth will suffice to ignite the Manitoba economy in 2004.

An Overview of Selected Industries

Agriculture

In Manitoba, the real value of agricultural production increased in 2003. Agricultural GDP at basic prices (measured in 1997 chained dollars) was valued at $1.67 billion.[12] This is an increase of 12.9% from 2002, and it brings the share of agricultural production in the province's economy to 5.2%. However, despite these strong production figures, 2003 was a difficult year for many producers and for this sector as a whole. Drought affected some parts of the province, and adverse price movements for a number of products, the effects of the BSE crisis on beef producers, and continuing increases in operating expenses all contributed to a fall in net cash income of over 50%.[13] The figures inTable 1 provide emphasize the severity of the economic difficulties in agriculture.

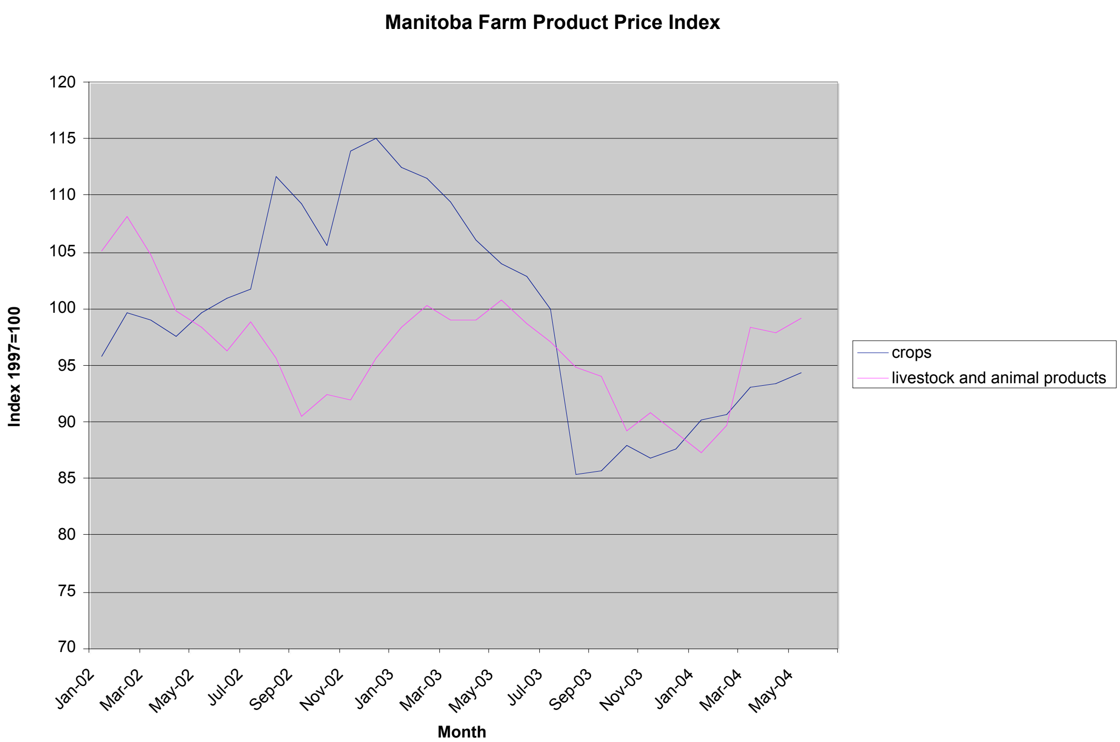
Table 1. Manitoba: Net Farm Income

	2002	2003
Total Cash Receipts	3,855,286	3,545,890
- operating expenses after rebates	2,929,087	3,093,631
= Net Cash Income	926,199	452,259
+ Income in Kind	8,278	8,145
- depreciation charges	397,354	426,244
= Realized Net Income	537,123	34,160
+ Value of Inventory Change	(36,331)	383,625
= Total Net Income	500,792	417,785

Source: Statistics Canada, *Net Farm Income*, Catalogue No. 21-010-XIE, May 2004, p.14.

Cattle producers were hit especially hard in 2003. Export markets were closed to Canadian beef on May 20, 2003 as a result of the BSE crisis. A partial lifting of the ban occurred in September of that year as exports of boneless beef from cows less than 30 months old were permitted. These restrictions markedly reduced not only the volume of beef sales in 2003, but also pushed down prices.[14] In the face of soft markets, many producers elected to hold on to their cattle. This has contributed to the dramatic increase in the value of farm inventories, but maintaining the enlarged herds entail an increase in feed costs, a decrease in cash income, and increased anxiety as the animals age while unfavourable market conditions persist. The second half of 2003 also saw hog prices drop by close to 20%, but this descent was quickly reversed in the first quarter of 2004 as prices soared to their highest level in over two years. In conjunction with the small but relatively steady rise in poultry prices, the overall price index for Manitoba livestock and animal products has improved in 2004 from its January nadir. As shown in Figure 11, although this index has not yet returned to the pre-BSE level of May 2003, the evidence suggests that 2004 looks like an improvement on 2003.

Figure 11



Source: Statistics Canada, CANSIM series v1811660 and v1811667.

The situation is quite different for crops, however. Oilseeds have shown steady improvement since the summer of 2003, but grain prices collapsed in the fall of 2003. There has been a slight recovery in grain prices in 2004, but they remain over 20% below the prices of last year. These adverse developments are well illustrated in Figure 11, which charts the movements of the aggregate price index for Manitoba crops. Farmers will need to have especially good yields in order to offset the impact of these recent decreases in crop

Net income for farmers will exceed dismal 2003 earnings but will not return to previous levels

prices. Overall though, the last 12 months have been an extended period of relatively low prices for most producers in this key sector of the Manitoba economy. In the face of rising costs, realized net income in 2004 of producers can be expected to exceed the dismal 2003 earnings, but is not likely to return to 2002 levels.

Other Primary Industries

Fishing and hunting, forestry and logging, and mining (including oil and gas production) comprise, along with agriculture, the primary industries. The GDP for these non-agricultural primary industries in 2003 was $711 million (1997 chain dollars), which is less than half the value of agricultural production.

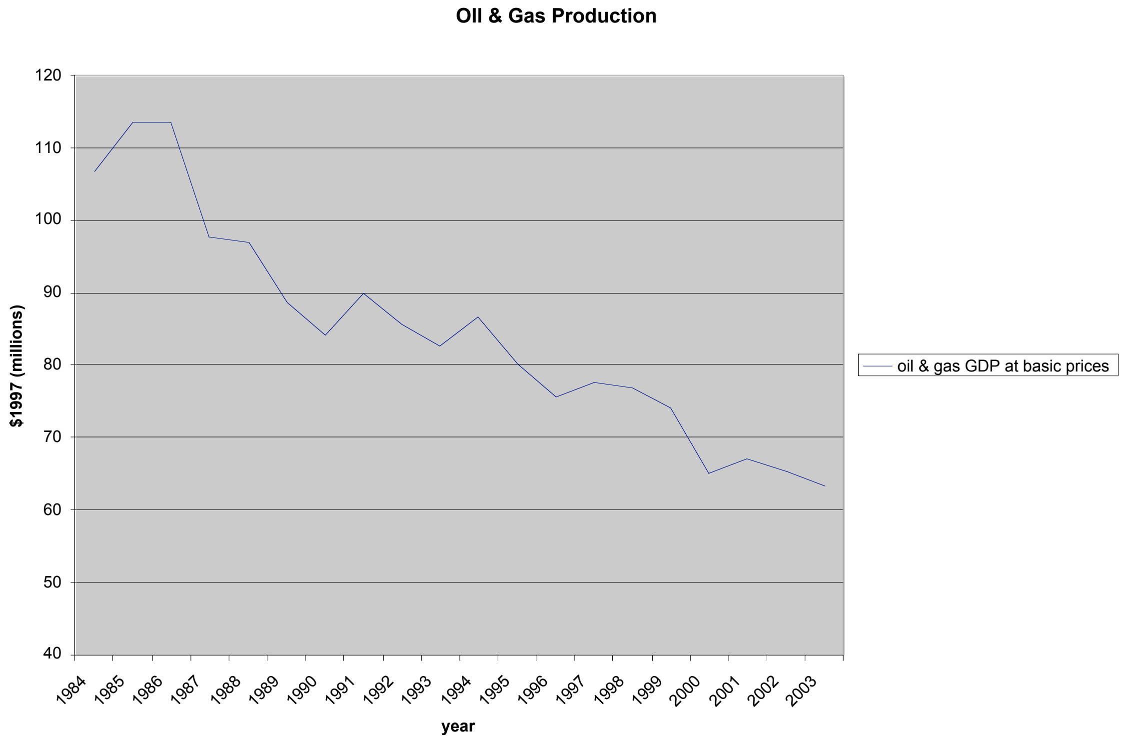
Mining is the largest contributor of these non-agricultural primary industries, with a 2003 GDP of $593.3 million (1997 chain dollars). For the mining industry however, 2003 was the second consecutive year in which the real value of output fell. Metallic ore mining, which makes up almost 75% of the GDP in this sector, has been the primary contributor to these falling GDP levels. After rising 36% in 2000 to $539.4 million, the value of metal production has fallen and was down to $436.1 million in 2003. This sharp reduction of over $100 million underlines two salient features of the mining industry: depletion of existing deposits and the volatility of world prices for the product. Exhaustion of better grade and accessible deposits are an unavoidable aspect of the exploitation of non-renewable resources, and, in Manitoba, this was recently exemplified in the 2002 closing of the Ruttan cooper-zinc mine. The reality of deposit depletion places considerable weight on the prospect of finding and developing new deposits, as well as undertaking further investment to intensify extraction of known deposits. Hudson's Bay Mining and Smelting's development of the new 777 copper-zinc mine at Flin Flon is scheduled to move to full production this year, which should boost output levels for the industry,[15] and the provincial government continues to use the tax system to induce exploration and capital investment.[16] Notwithstanding these efforts, however, world metal prices play a primary role in determining both the levels of current production and capital investment, and on this front, 2004 holds promise. Copper, nickel and zinc are the principal metallic minerals produced by Manitoba mines, and their prices have risen significantly. As shown in Figure 12, the Canadian price index for copper-nickel concentrates has risen from 82.0 in June 2003 to 127.0 as of June 2004. For copper-nickel, 2004 has delivered the strongest prices since 1995. The price of zinc concentrate is also up noticeably, although it remains well below the levels attained in the late 1990s.

Figure 12

Source: Statistics Canada, CANSIM series v1576492 and v1576496.

In comparison to metallic mining, the $64.6 million contribution to Manitoba's GDP in 2003 from oil and gas production is relatively low. The salient feature of this industry, though, is that despite a history of price fluctuations, there has been a steady decline in the real value of its output. The value of oil and gas production in 1985 and 1986 was $113 million (1997 constant dollars). By 2003, production had dwindled to only 56% of the 1986 mark (see Figure 13), reflecting the steady depletion of the resource. There is no reason to anticipate any reversal of this trend in the immediate future. The downward trend of oil and gas production is partially offset by the growing importance of non-metallic mining and quarrying. This sector is comparatively small, but the value of production here has doubled since 1997, reaching $56.8 million (1997 chained dollars) in 2003.[17] Although part of this growth can be attributed to the demand generated by the recent construction boom, further growth can be expected here, albeit not at the robust rate of the last seven years.

Figure 13



Source: Statistics Canada, CANSIM series v3827342.

Utilities

Electric power generation and distribution dominates the primary industries, and in Manitoba, that refers primarily to Manitoba Hydro. Manitoba is a major producer of hydroelectricity. As was pointed out in last year's *Report*[18], although hydroelectric generation is not a major employer (Manitoba Hydro has just over 4000 employees[19]) in the province, its economic contribution to the provincial economy is substantial. It provides relatively cheap electricity for Manitoba consumers and businesses, it is a major exporter (in 2001 electricity comprised 6% of Manitoba's total exports), and a portion of the profits earned (the equivalent of rents from publicly owned resources) have been used as a welcome supplement to the provincial government's budget. As a renewable resource, the problem of exhaustion of existing supplies is avoided, and there remains the potential for increased hydroelectric production through the development of an additional generating station on the lower Nelson River. Such developments, however, are by no means assured, since dam construction, flooding, and the creation of transmission corridors have an adverse impact on the land, water quality, fish and wildlife, and on the peoples and communities that depend on that resource base. Manitoba Hydro's history of dealings with the communities involved has been less than admirable, with the result that there is at present substantial concern, wariness and even resistance towards proposals for further development.[20]

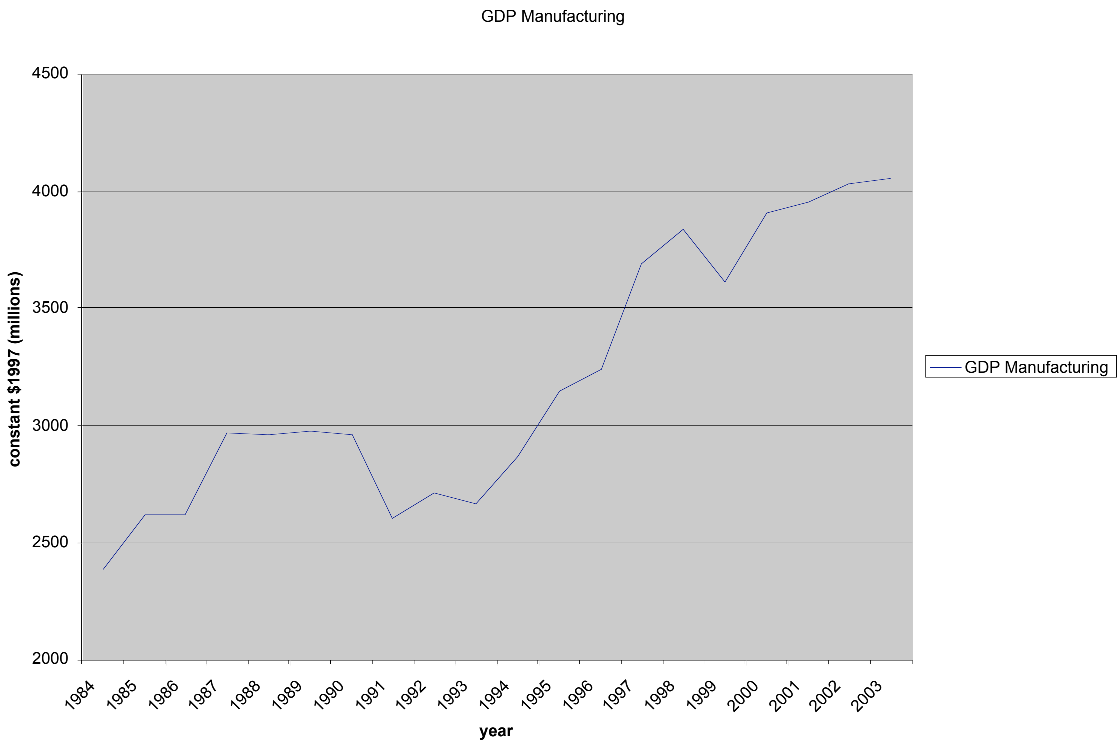
Although exhaustion of supply is not a feature of a renewable resource like hydro-electric power, production levels are prone to fluctuations due to variability in precipitation and its consequential effect on water levels and reservoirs throughout the system's drainage basins. The 2003 *Report* noted that hydro exports declined in 2002 due to low water levels. The results for 2003 were even worse. Manitoba Hydro reported that water supply conditions in Manitoba and Northern Ontario were close to the lowest levels on record, and that water levels in reservoirs in the Nelson and Churchill River watersheds were at a 27-year low.[21] As a result, the corporation's hydraulic power generation dropped to 13,433 gigawatt hours in the last 9 months of 2003, down almost 38% from the same period in 2002. Lower production resulted in reduced export earnings, which fell by $82 million to $278 million for the April 2003 - December 2003 interval. For Manitoba Hydro, reduced power generation also necessitated increased imports of power. These developments are primarily responsible for the projected $350 million loss for the corporation over the 2003-04 fiscal year.[22] For the sector as a whole, GDP from electric power generation transmission and distribution in Manitoba has fallen from its 2001 value of $886.1 million (1997 chained dollars) to $824.0 million in 2002 and then to $723.6 million last year. To put these figures in some perspective, it is worth remembering that this drop of over $160 million is equivalent to 0.5% of the entire 2003 provincial GDP.[23] Fortunately, precipitation levels for the first half of 2004 are above average, permitting the replenishment of water reservoirs and a reversal of declining output levels of the last two years. In the face of sustained demand for electrical power, the value of output in this sector is expected to increase in 2004, but recent experience emphasizes the potential for sharp and largely unanticipated fluctuations in output due to the sector's exposure to meteorological vagaries.

In the face of sustained demand, the value of electrical power is expected to increase

Manufacturing

Manufacturing GDP for 2003 was $3894.4 million (1997 chained dollars), which comprises over 12% of the total provincial GDP. With an employment level of 64,934 as of June 2004, manufacturing jobs provide 12.3% of total employment in the province.[24] Manufacturing's share of the province's exports is significantly higher. The *2004 Manitoba Budget* notes that in 2003, manufacturing accounted for 68% of the province's international exports, reflecting a steady increase from the 56% recorded for 1997.[25] However, although the real value of output in this sector has increased in each of the last four years, growth in 2001 and 2002 has been at the very modest rate of 1.4% per annum. In 2003, a miniscule increase of 0.2% was recorded. As indicated by Figure 14, manufacturing growth since 1999 compares poorly with the relatively robust expansion in Manitoba manufacturing over the 1994-98 period. The slowdown in the US with the passing of the "roaring nineties" and the ignominious end of the "dot.com" boom unquestionably tempered the growth of manufacturing output in the province, but the continual decline in the value of the Canadian dollar relative to its US counterpart helped sustain some manufacturing growth in 2001 and 2002. The sharp reversal of the dollar's decline in 2003 adversely affected Canadian producers, so avoiding a real decrease in production in Manitoba in 2003 could be viewed as a modest success in the face of adversity. However, there seems to be little prospect that the Canadian dollar will fall significantly in 2004, or even 2005. As a result, manufacturers who have tried to position themselves to exploit the export market cannot expect to find much relief through favourable currency movements, and these developments will act to restrain significant expansion in this sector.

Figure 14

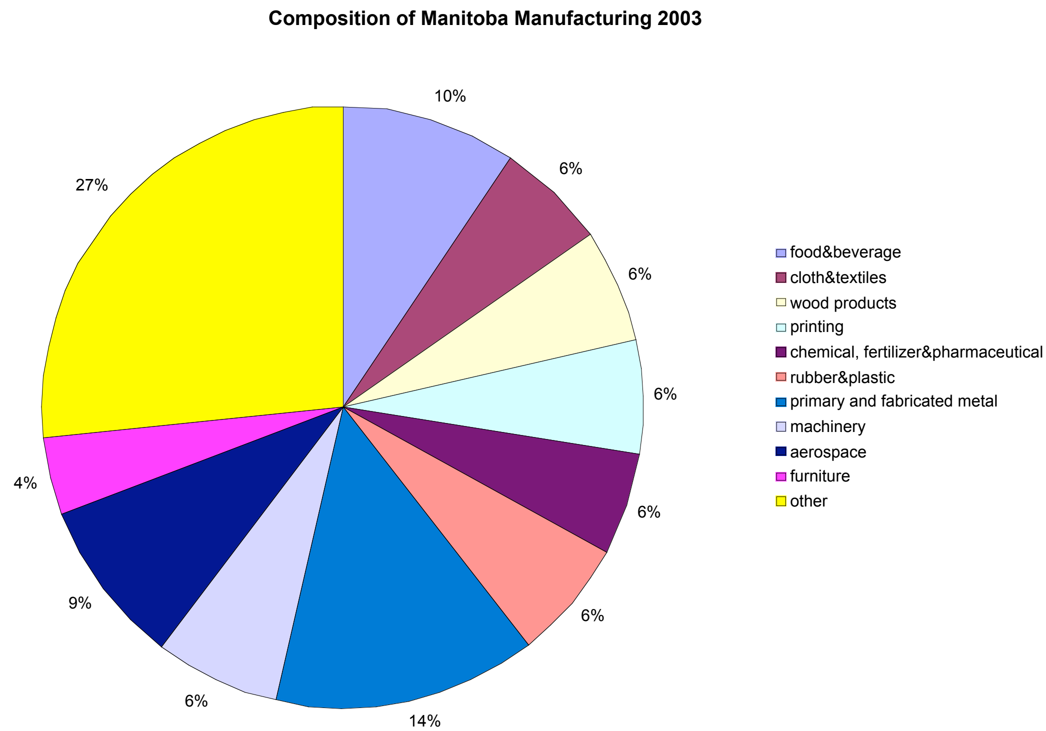


Source: Statistics Canada, CANSIM series v3827361.

The prominent position of manufacturing is a factor that contributes to the diversified character of the Manitoba economy. That diversification is also well established within the manufacturing sector itself. As shown in Figure 15, no single area of manufacturing is dominant within the province. Within these areas, the value of output fluctuates depending on specific market conditions and the investment and production decisions of producing firms. This constant reallocation of productive resources has yielded some evidence of certain trends within the manufacturing industries in Manitoba. Machinery manufacturing, for example, has fallen from producing output of $523.3million (1997 chained dollars) in 1997 to only $250.8 in 2003, a trend which reflects continued continental rationalization and centralization of this industry. On the other hand, new market opportunities have been exploited for other products, as is demonstrated by the impressive expansion of pharmaceutical and medical products manufacturing. Encouraged by a favourable legislative environment for the production and distribution of generic pharmaceutical products and by the publicly expressed commitment of federal and provincial government to health care delivery and research, production of pharmaceutical and medical products in Manitoba grew from $29.6million (1997 constant dollars) to $90.4 million last year. The value of Manitoba's resource base and the output of its primary industries are reflected in other important areas of manufacturing. In particular, the agricultural base has been of primary importance to local food and beverage manufacturers. The value of food and beverage manufacturing in the province is down slightly from levels in 1997, but within this industry, the strength of hog and poultry production has contributed, via backward linkages, to increases in the value of animal food manufacturing and, through forward linkages, to an increase in meat products manufacturing.[26] Forestry and logging, another primary industry, contributed only $63.3 million (1997 chained dollars) directly to the province's GDP in 2003, but it helped supply material for the wood product manufacturing industry. In 2003, the latter produced a GDP of $240.3 million, which constitutes approximately 6.2% of total manufacturing output in Manitoba.

However, global restructuring of manufacturing industries has not left Manitoba producers unscathed. In recent years, Winnipeg's garment industry has been directly involved in this global reorganization of production as leading firms such as Nygard, Gemini Fashions and Western Glove have moved to outsource the bulk of their manufacturing production to facilities in Asia and Central America.[27] The revised character of this industry was clearly defined by Bob Silver, president of Western Glove, who recently stated that the long term future of his company is to be "based upon product development, marketing, design and washing. Not production."[28]

Figure 15



Source: Statistics Canada, CANSIM table 3790025, selected series.

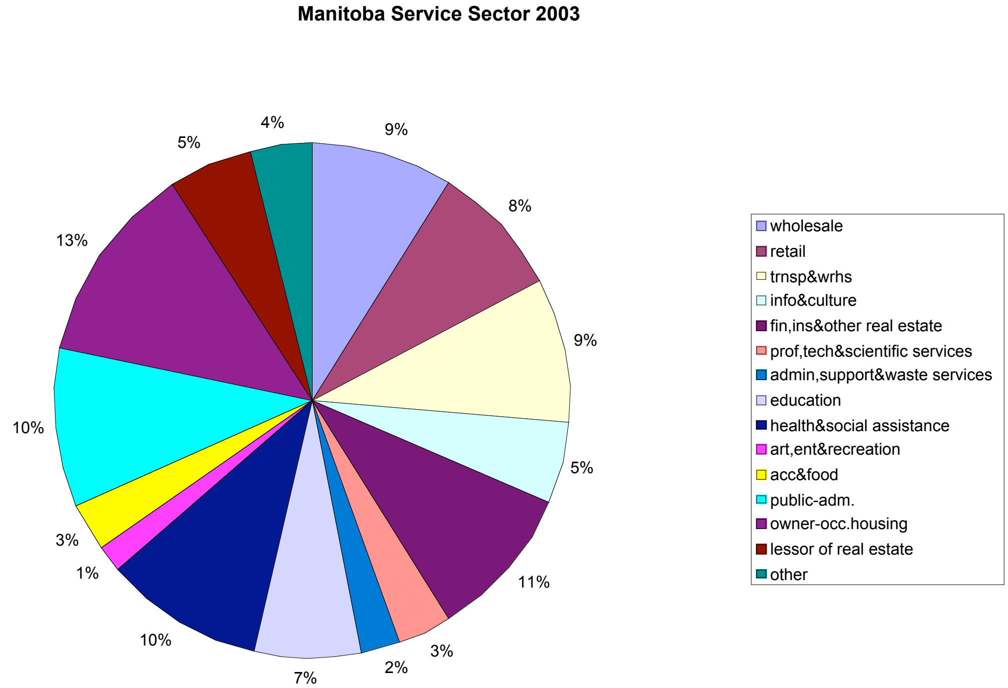
The Service Industries

In the 20th century, one of the most marked structural shifts in the advanced capitalist economies was the rise to prominence of service industries at the relative expense of goods producing industries in the primary and manufacturing sectors. The current sectoral composition of the Manitoba economy reflects this historical shift, with the result that, at present, the conglomeration of activities that are classified as service industries comprise approximately 72% of the province's GDP. With a GDP of over $22 billion in 2003, the service industries dwarf the $3.9 billion contributed by manufacturing.

The service industries, with a GDP of over $22 billion, comprise 72% of the provincial economy

Figure 16 decomposes the service sector into various subgroups, and expresses their relative size as a percentage of the service industry as a whole. Note that about 13% of the total consists of owner occupied housing, which, according to GDP accounting practice, is classified as an imputed service provided by and accruing to homeowners. Another 5% constitutes the services of those who lease real estate to others. Excluding real estate and housing, the other major components of the service sector comprise a diverse mix of public and private services. Public administration, and health care and social assistance are the largest categories in the public sector. Finance and insurance, wholesale and retail trade, and transportation and warehousing are the big players in the private sector.

Figure 16



Source: Statistics Canada, CANSIM table 3790025, selected series.

In the private sector, wholesale and retail trade have exhibited fairly robust growth, having increased 33.3% and 44.9% respectively since 1997,[29] and this growth reflects the previously mentioned strength in consumer spending over the last eight years. For the other major components of the service sector, however, growth rates have been decidedly more modest. Transportation and warehousing, for example, has only increased by 12% from its 1997 level, and the entire finance, insurance and real estate sector grew slightly less than 21% over the same period.[30] The factors underlying these modest growth rates are complex, but, in regard to finance and insurance, increased centralization and concentration of these industries in the major financial centres of Canada and the United States has likely resulted in some attenuation of their growth rates in other areas of North America. The major areas of the service industries in which the public sector plays a leading role have, as a result of the fiscal conservatism of the different levels of government, been even more constrained in terms of their expansion in recent years. For, example, since 1997, the value of production in health care and social assistance has increased only 17%. For public administration and educational services, the growth was only15% and, a rather meager, 8.5% respectively.[31]

Accommodation and food services comprised only 3% of the GDP of the entire service sector, but these producers are especially vulnerable to some of the external shocks which can buffet the Manitoba economy. Depending heavily on tourism, this sector was adversely affected by the rising Canadian dollar, the 2003 SARS outbreak, and the dampened enthusiasm for travel, especially by U.S. residents, in the aftermath of the September 11, 2001 tragedy. As a result, GDP in the accommodation and food services industry in Manitoba fell from $807million in 2000 to $767million in 2003. [32] This sector is also relatively labour intensive. The 38,084 workers employed in this sector as of June 2003 comprised over 9% of total service sector employment. Poor weather and a strong currency make it unlikely that there will be a significant improvement here in 2004. As of June 2004, employment had dropped to 37,537.

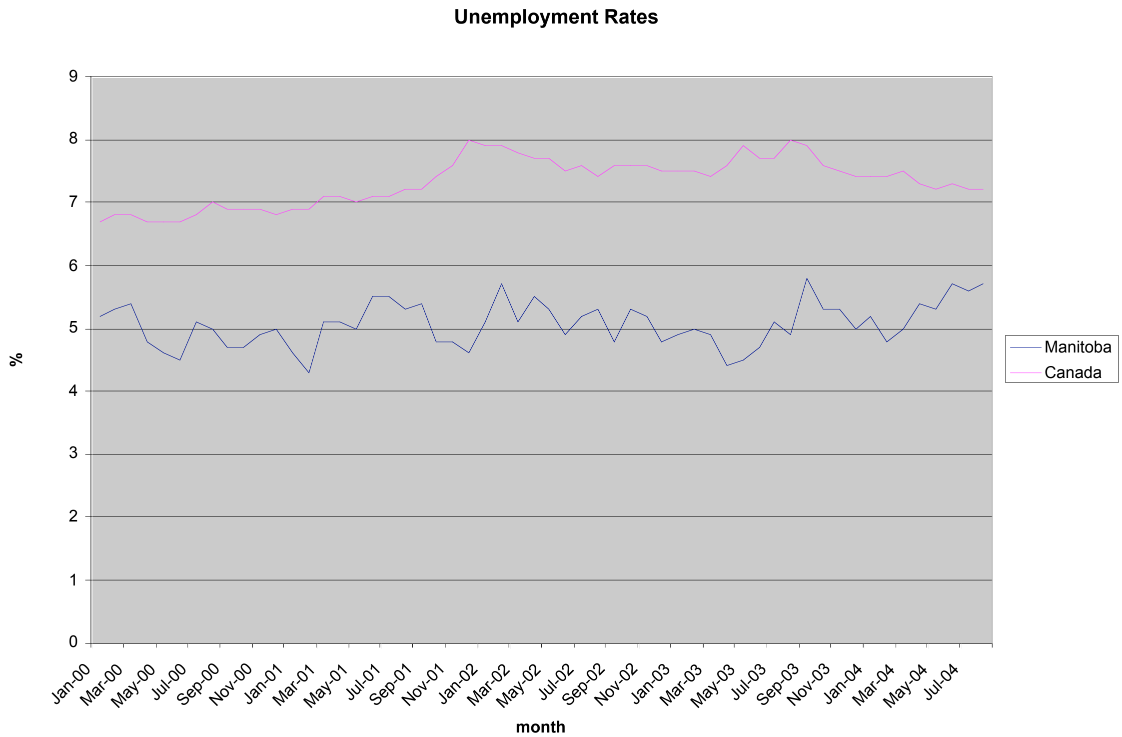
There are, however, other areas within the service industry which, although they are relatively small compared to the industry as a whole, are nevertheless experiencing a period of robust growth. With a GDP of $1150 million in 2003, information and cultural services comprise only 5% of total value created by the service sector, but this value has risen 42% since 1997. Within this group, motion picture and sound recording directly contributed $40.9 million in 2003 to Manitoba GDP. This is almost double its 1997 output, and suggests that the province's Film and Video Production Tax Credit Program has indeed encouraged productive activity in this field. Arts, entertainment and recreation contributed $355million to provincial GDP in 2003. This is an increase of almost 50% since 1997, but most of this increase occurred in the 1997-2000 period. For 2002 and 2003, arts entertainment and recreation grew 3.2% and 2.4% respectively.[33]

The Labour Market

In some respects, the Manitoba labour market compares quite favourably with its counterparts in the rest of the country. The employment rate[34], which was 65.4% in August 2004, is higher than the Canadian average of 62.5%, and the Manitoba rate seems to have stabilized in the 65% to 66% range after increasing over the 1992-2002 period. Similarly, the province's unemployment rate of 5.7% (August 2004) is comfortably below the Canadian rate of 7.2%. Figure 17 shows that this gap is nothing new, although it also indicates a slight narrowing of the gap since the beginning of 2004. The 34,900 Manitobans who were unemployed in August 2004 was the highest level of unemployment since the fall of 1997, but it remains well below the 59,400 unemployed of June 1993.[35] A further indication of the relative health of the Manitoba labour market is found in the fact that although the rate of net new job creation is modest, these new jobs are primarily full time jobs.[36]

The rate of new job creation is modest, but the new jobs are primarily full-time jobs.

Figure 17



Source: Statistics Canada, CANSIM series v2062815 and v2064138.

Neither employment nor unemployment are distributed evenly across the population. Although unemployment rates for male and female workers are pretty much the same (for August 2004, both the male and female unemployment rates were 5.7%), the labour force participation rates for women remain substantially below that of men (63.6% and 75.2%, respectively, in August 2004). In terms of age cohorts, youth unemployment remains markedly higher. Unemployment rates for the age 15 to 24 cohort tend to experience considerable monthly fluctuations, but the August 2004 level of 12.3% is not only twice as high as the provincial average, but is also the highest monthly level since July 2001.[37]

The relatively low unemployment rates and levels in Manitoba can be attributed to a number of factors. Stronger economic growth through the last half of the 1990s and the early years of the new century has helped fuel job creation, and, historically, the high levels of out migration, noted in Part II above, have acted as an effective check on the rate of growth of the provincial labour force. The drain of these human resources from the province can reduce the pool of the unemployed. The upward drift of the unemployment rate over the last eighteen months reflects both the cooling off of the rate of economic expansion and the slackening of the flow of emigrants.

Manitoba workers, on average, earn less than the Canadian average. For 2003, average weekly earnings for Manitoba workers were $615.03[38]. The Canadian average was $689.66, so Manitoba earnings were 89.2% of the national level, and this ratio has remained fairly constant since the recession of the early 1990s. The relative earnings differential is more marked in certain sectors of the economy. In the goods-producing industries, for example, the average weekly earnings of Manitobans reached $739.33 for 2003, but this was only 84.5% of the Canadian average for this sector as a whole. For manufacturing in particular, the gap is even greater with Manitobans receiving 82.3% of the national average. Two other industries in which Manitoba earnings lag significantly behind the Canadian average are public administration, and health and social assistance. These industries, which consist primarily of public sector workers, have only recently suffered a decrease in their average weekly earnings relative to their counterparts elsewhere in Canada. This is due primarily to the impact of the substantial wage increases received by various public sector workers in other jurisdictions, such as the recent increases received by health care workers in Alberta and Saskatchewan. As a result, the Manitoba-Canada earnings ratio for workers in the field of health and social assistance has fallen from over 88% in 1998 to only 82.7% for 2003. In public administration, Manitobans earned almost 96% of the national average in 1995, but this ratio had fallen to 85.4% in 2003. The widening earnings gap may, *ceteris paribus*, enable some Manitoba employers, both public and private, to enjoy a cost advantage relative to employers in other provinces, but it raises the likelihood of losing qualified employees and applicants to other jurisdictions. Valued employees in the health care field are a prominent example.

Table 2 shows the current employment levels and the rates of job growth for selected Manitoba industries over the last 2 years. Notable is the significant decrease in manufacturing jobs. The steady growth of manufacturing employment in the mid- to late 1990s reached a plateau in the early years of this century, but has been falling since the end of 2002. As mentioned earlier, the rise in the value of the Canadian dollar has contributed to this reversal, but so have the consequences of global restructuring. The wages of Manitoba manufacturing workers are low relative to the Canadian average. Garment workers are located on the bottom half of this wage scale, but even so, these wages are many times the rates received by comparable workers in developing countries. This cost advantage, when combined with improved training and capital equipment available to offshore workers, and also with the impending WTO elimination of import tariffs on garments, have contributed to the outsourcing of garment manufacturing. The impact on employment in Manitoba has been substantial. Employment in the clothing manufacturing and leather and allied product manufacturing in Winnipeg fell from 5600 in 2001 to 3800 in 2003.[39] Further losses have been announced, the most recent involves another 400 Western Glove workers, which are scheduled to take effect in November and December of this year.[40]

The construction boom, however, has continued to generate strong employment growth, reflecting the labour intensive character of economic activity in this sector. The service sector continues to be a net creator of jobs, but its employment gains were weaker in 2003-04 than in the previous 12-month period. In particular, almost all of the job gains experienced in the health care and social assistance industry between June 2002 and June 2003 were lost over the subsequent 12 months. Another 500 net jobs were lost in 2003-04 in the accommodation and food services industry, reflecting in part the aforementioned difficulties experienced by the tourist industry, and restructuring in the wholesale sector led to a dramatic reduction in employment. Offsetting these reverses, over 2000 net new jobs were created in the field of public administration, and the arts, entertainment and recreation industry, although not yet a major employer, has continued its remarkably robust rate of expansion.

Table 2. Employment levels and growth rates: Selected Industries

Industry	Employment June 2004	June 2002-June 2003 (%change)	June 2003-June 2004 (% change)
Industrial aggregate	528,141	1.1	1.6
Goods-producing	97,225	0.4	-0.5
Manufacturing	65,048	-1.2	-4.6
Construction	21,337	4.5	5.5
Service-producing	421,400	1.0	0.5
Wholesale trade	22,755	1.8	-9.3
Retail trade	62,744	6.0	1.5
Health care & Social assistance	63,144	6.4	-5.7
Arts, Entertainment & Recreation	8,500	8.3	9.2
Accommodation & Food services	37,537	-6.1	-1.4
Public administration	37,274	2.9	6.0
Transportation & Warehousing	30,245	3.6	-1.0
Information & Cultural Industries	12,763	4.8	0.1
Finance & Insurance	34,032	0.4	2.6
Real Estate & Rental Leasing	7,848	0.4	-3.0
Professional, Scientific & Technical	16,795	-4.1	1.0
Administrative Support & Waste Management & Remediation	17,998	1.9	5.1
Educational Services	47889	0.4	-0.5

Source: Statistics Canada, CANSIM series v1596955 to v1596980.

In 2003, 178,200 employees in Manitoba were covered by a union contract. This resulted in a union coverage rate of 37.3%, which is virtually unchanged from the 37.6% coverage rate in 1997.[41] It is, however, an improvement over 2002, where only 173,800 employees (36.1%) were covered by union contracts. This increase in the number of covered employees stands in sharp contrast to a 7000-person decrease in non-union covered employees. A large part of the reason for this increased coverage rate lies in the relative shift in the larger sectoral allocation of employees in the province. Specifically, the number of public sector employees rose from 136,600 in 2002 to 139,100 in 2003. The number of private sector employees fell over this same period, from 344,100 to 339,100. Since union coverage rates in the public sector are dramatically higher than in the private sector (79.1% and 20.1%, respectively, in 2003), this sectoral reallocation of labour boosted the rates for all employees together. However, an examination of the private sector alone is also revealing. The net loss of 5000 private sector employees in 2003 consisted almost entirely of employees who were not covered by union contracts, which is evidence that would support the claim that the presence of a union can help protect workers' jobs, at least in the short run, from the vagaries of changing market conditions and internal workplace reorganizations.

Conclusion

The Manitoban economy continues to grow and the latest data suggests that growth in 2004 so far is close to the rate predicted by economists earlier in the year. However, as the economy moves into the fourth quarter of 2004, evidence of a number of ominous developments may well cause the dismal scientists to temper whatever optimism they may possess regarding Manitoba's economic performance in 2004 and on into 2005. Many of the most significant sources of unease have been discussed in the previous sections of this report, and consequently they can be quickly summarized here. First, the Canadian dollar is continuing its rise relative to the US dollar, thereby intensifying the competitive pressures on Manitoba exporters, and especially within the manufacturing sector. Rising oil prices will increase costs in a range of industries, but one of the industries most exposed to this energy price increase is transportation. For Manitoba, situated a considerable distance from major population centres and heavily reliant on ground and air transport, oil price increases are an unwelcome event. Rising fuel costs and higher input prices for fertilizers will also adversely affect the bottom line of agricultural producers. Furthermore, rising oil prices and their effect on production costs throughout the national economy will increase inflation rates. Given the anti-inflation bias of the Bank of Canada, further rounds of interest rate hikes can be expected. This will sustain the appreciation of the exchange rate and will adversely affect business investment and consumer spending. As a result, the torrid expansion of the construction industry can be expected to cool down considerably, and higher interest rates will exact a penalty on consumers who have borrowed extensively to take advantage of the very favourable rates of the last few years. Cool wet weather has helped replenish reservoirs and thereby will improve the immediate prospects for hydro electricity generation and export, but this weather has severely impeded harvesting on much of the province's agricultural land, with potentially significant consequences for the quantity and quality of this year's crop. Meanwhile, the polarizing tendencies of advanced capitalist economies will act to accentuate uneven economic development within the province. Winnipeg continues to attract an increasingly larger proportion of the labour and capital within the province, resulting in net outmigration of people in some areas (especially rural ones) alongside the presence of chronic unemployment in those and other communities.

Governments must recognize they are major economic players in the Manitoba economy

Although this is not a complete list, it does suggest that considerable challenges faced Manitobans in 2004 and will do so for 2005. Governments can and do respond to these challenges, but they must continue to recognize that they are major players in the modern economy, and that adequate economic and social policy necessitates a greater commitment to economic stewardship than what is implied by promises of tax cuts and fiscal retrenchment.

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[1] The Honourable Gregory F. Selinger, *The 2004 Manitoba Budget: Budget Papers*, p.A25. The growth rates refer to the annual growth of real Gross Domestic Product (GDP).
[2] Paul Phillips, *State of the Manitoba Economy 2002-2003*, Winnipeg: Canadian Centre for Policy Alternatives-Manitoba, 2003, pp.1-2.
[3] However, as summer slips into fall, the dollar has resumed its climb, closing at $0.7857US on 4 October 2004.
[4] According to the Bureau of Economic Analysis, annualized growth rates of real GDP for the US in the last 2 quarters of 2003 and for the first quarter of 2004 were 8.2%, 4.1% and 3.9% respectively.
[5] Statistics Canada, *Canadian Economic Accounts Quarterly Review, Second Quarter 2004.* Catalogue # 13-010-XIE, vol.3, no.2, September 2004.
[6] Manitoba, Department of Finance, "Manitoba Economic Highlights," http://www.gov.mb.ca/finance/reports/pdf/highlights.pdf, p.2, retrieved June 17, 2004.
[7] Statistics Canada, CANSIM series v122689.
[8] At the provincial level, a further $39million reduction in personal income taxes, which had been announced in previous budgets, came into effect on January 1, 2004. The *2004 Manitoba Budget* added a $10million reduction in the Education Support Levy (see *The 2004 Manitoba Budget*, pp. D1 and D9.) At the federal level, changes in personal income taxes for 2004 consist primarily of raising thresholds for the personal exemption and the various tax brackets (see Canada, Department of Finance, *Budget 2004*, http://www.fin.gc.ca/budget04/bp/bpa1e.htm).
[9] Note that these figures for government spending exclude spending by Crown corporations, such as Manitoba Hydro.
[10] Canada, Department of Finance, *Budget 2004: Budget Plan*, Ch.3. http://www.fin.gc.ca/budget04/bp/bpc3e.htm.
[11] *Manitoba 2004 Budget: Budget Papers*, p.B26. This 2% growth rate is based upon projected program spending of $7,093 million for the 2003-04 fiscal year. On p.B13, however, the figure of $7,135 million is given for the 2003-04 program expenditures. In this case, the planned 2004-05 spending level of $7,233 million would constitute only a 1.4% increase.
[12] Statistics Canada, CANSIM, series v21418637.
[13] Statistics Canada, *Net Farm Income*, Catalogue # 21-010-XIE, May 2004.
[14] Attah Boame, William Parsons and Michael Trant, "Mad Cow Disease and the Beef Trade: An Update," Statistics Canada, Catalogue No. 11-621-MIE, 2004. http://www.statcan.ca/11-621-MIE2004010.htm.
[15] Manitoba, Department of Industry, Economic Development and Mines, "Exploration and Development Highlights, 2003." http://www.gov.mb.ca/itm/mrd/busdev/exp-dev/index.html.
[16] The province estimates industry expenditures of about $30 million in 2003 for exploration and deposit appraisal, which is roughly equivalent to the 2002 expenditure (see "Exploration and Development Highlights, 2003").
[17] Statistics Canada, CANSIM series v21418645.
[18] Phillips, 2003, p.8.
[19] Manitoba Hydro, *52nd Annual Report 2002*. http://www.hydro.mb.ca/about_us/ar_2002_highlights.pdf.
[20] For example, see Peter Kulchyski, *È-nakàskàkowaàhk (A Step Back): Nisichawayasihk Cree Nation and the Wuskwatim Project*. Winnipeg: Canadian Centre for Policy Alternatives-MB, May 2004.
[21] Manitoba Hydro, *Quarterly Report for the Nine Months ended December 31, 2003.* http://www.hydro.mb.ca/about_us_rpt_03_12_31.shtml.
[22] Ibid.
[23] Statistics Canada, CANSIM series v21418648.
[24] Statistics Canada, CANSIM series v1596961 and v1596955.
[25] *The 2004 Manitoba Budget: Budget Papers*, p. A28.
[26] Statistics Canada, CANSIM series v21418662, v21418666 and v21418668.

[27] Martin Cash, "How rising dollar will change Manitoba," *Winnipeg Free Press,* October 26, 2003, pp.B1-B2, and Martin Cash, "Garment manufacturers weathering the storm," *Winnipeg Free Press*, September 29, 2004, p.D10.
[28] Geoff Kirbyson, "City firm slashing workforce," *Winnipeg Free Press,* June 29, 2004, p.D9.
[29] Statistics Canada, CANSIM series v21418704 and v21418707.
[30] Statistics Canada, CANSIM series v21418708 and v21418719.
[31] Statistics Canada, CANSIM series v214 18743, v21418733 and v21418730.
[32] Statistics Canada, CANSIM series v21418737.
[33] Statistics Canada, CANSIM series v21418715, v21418716 and v21418736.
[34] The employment rate is the ratio of the number of employed persons relative to the size of the population 15 years of age and over. Monthly data on employment rates (seasonally adjusted) for Manitoba and Canada are from Statistics Canada, CANSIM series v2064140 and v2062817.
[35] Statistics Canada, CANSIM series v2064137.
[36] Overall, through the first eight months of 2004, the number of full time jobs in Manitoba has exceeded the corresponding level for the first eight months of 2003, and the number of part time jobs is lower than their 2003 levels. See Statistics Canada, CANSIM series v2064135 and v2064136.
[37] The August 2004 statistics are from Statistics Canada, CANSIM series v2064139, v2064148, v2064157, and v2064165.
[38] The figures that follow are from Statistics Canada, CANSIM table 2810027.
[39] Martin Cash, "Garment manufacturers weathering the storm," *Winnipeg Free Press,* September 29,2004, p. D10.
[40] Geoff Kirbyson, "City firm slashing workforce," *Winnipeg Free Press*, June 29, 2004, p. D9.
[41] The figures on union coverage are from Statistics Canada, CANSIM series v2109009, v2109064, v2125831 to v2125836, and v2125900 to v2125902.