



# Canada leads job growth

## Well-positioned to take advantage of the new economic order

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**WHAT** a difference a decade makes. Who would have predicted 10 years ago that the main thing shielding the once invincible American greenback from apocalyptic collapse of confidence would be China's weekly purchases of U.S. Treasury bills? Or that a Chinese credit rating agency's downgrade of the debt of the U.S., U.K. and France to below that of China would seriously shake international markets? And who would have thought that a newly-elected British Prime Minister would make India his top priority for a foreign visit?

After centuries of European and American dominance, a new world order is upon us. Stephen Green, chairman of London-based global banking giant HSBC, describes this as a global trade triangle with Asian "workshop" countries forming one side, Western consuming nations a second, and international resource producers the third.

### UNSUSTAINABLE GLOBAL IMBALANCES

Trade moves around the triangle with consumers in the West buying goods manufactured in Asia, using raw materials and fuel from resource producers. While the foreign exchange reserves of Asian workshop countries and resource producers have flourished under this arrangement, the West has paid for its shopping spree and energy dependency by going deeper and deeper in debt. In 2008, the United States, together with Spain, Britain, France, Italy, Australia, Greece and Portugal, registered a total current account deficit of \$1.3-trillion (U.S.). Meanwhile, China and the oil exporting countries registered a combined current account surplus of \$1.2-trillion. No wonder economists were wringing their hands over what they term "unsustainable global imbalances."

Then things got even worse for the West. The financial crisis triggered unprecedented deficit spending, adding borrowing to finance huge domestic fiscal imbalances to already enormous international trade imbalances. There is virtually no prospect of reversing this picture. The U.S. cannot spend its way to financial solvency and, having only one side of the global economic triangle, must continue to import a large portion of its resource needs. Debt-loaded, demographically shrinking European countries face immediate slashing of social programs and a long-term secular decline in living standards. The West has passed its zenith.

Now the good news. Canada is positioned to be an exception to this bleak picture. We have the smallest national debt of any G8 country. Our economy weathered the recession better than others and is currently leading job growth. But most importantly, Canada possesses two sides of the global economic triangle. We are a consumer of goods from workshop countries and we are also a supplier of resources to them. That's the primary reason Canada is the only G8 country to consistently achieve current account surpluses.

In 2009, our resource industries supplied over half of Canada's export revenue, with oil and gas making up the lion's share, followed by forest products, mined metals, coal, fertilizer and electricity. In addition to driving our international trade surplus and contributing to federal and provincial tax coffers, resource sector employment is a mainstay across the country.

We have the natural gas, metals mining and forest products sectors in B.C., the enormously important oil sands in Alberta, and potash and uranium mining in Saskatchewan. Western Canada is also a major exporter of metallurgical coal for China's steel mills. Ontario has a huge metals mining sector, while Atlantic Canada has growing offshore oil and gas production. Canada is the world's largest producer of hydroelec-

tric power and a major exporter of electricity to the U.S., with Quebec leading the way. British Columbia, Manitoba, and Newfoundland and Labrador have huge hydro power developments, and much more potential.

In China and India, which have more than a third of global population, we are witnessing the largest improvement in living standards in the history of the world. But their continued progress will require vast amounts of the very resources that Canada possesses. Emergence of the Asian-led new world economic order gives our country an opportunity to diversify away from our dangerous dependency on a weakening United States. Realizing this historic opportunity means we must embrace and build upon the strengths of our natural resources and the capabilities of the Canadians who develop them.

### CANADA'S GAME TO LOSE

This is our game to lose, but winning will require changes in both attitudes and processes. National vilification of world-class resources such as the oil sands over the accidental deaths of fewer ducks than die every minute of hunting season, urbane-elitists stuck in the old paradigm that denigrates resource developers as "hewers of wood and drawers of water," noisy non-governmental organizations that believe Canadians can thrive by changing the countryside into one vast national park and regulatory processes that turn development of new metal mines or hydro dams into a decade-long nightmare will need to give way to responsible and constructive engagement.

It's not just funding of seriously stressed social programs that's at stake, but the creation of opportunities for our young graduates to build fulfilling careers and lead us forward as a nation prospering in the new world economic order.

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Source: Troy Media Corporation