October 8, 2015

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The Heavy News Weekly

WORKSAFELY MHCA™

$50 billion for Canadian infrastructure would generate ROI: study

Originally published in Journal of Commerce

A five-year $50-billion public infrastructure spending initiative would generate a return on investment to Canadians over the long term as high as $3.83 per dollar spent, trigger significant private sector investment and stimulate wage increases, according to a new study by an independent economic modelling firm.

The Economic Benefits of Public Infrastructure Spending in Canada, authored by the Centre for Spatial Economics, examined the short term (2015 to 2019) and long run (2020 to 2040) economic impacts of a large public investment program in transportation and basic urban infrastructure. It models a five-year program of $10 billion per year equally shared by the federal and provincial governments with a set of simulations that examine the benefits to productivity from public infrastructure.

The study, commissioned by the Broadbent Institute, found that in the short term the infrastructure program boosts GDP by $1.43 per $1 spent due to the multiplier impact. Within the five-year construction phase, governments also recoup $0.44 of every dollar spent through additional tax revenues.

The public infrastructure confers permanent benefits to private business by lowering their operating costs, which leads to increased productivity and higher wages for workers.

Continued on Page 2

In This Edition:

"These results show why a robust public infrastructure program just makes sense, and I'm encouraged the opposition parties are committed to investing," says Rick Smith, Executive Director of the Broadbent Institute. "This is about Canada's long-term prosperity. It will enhance our competitiveness, boost productivity and raise real wages — while making a significant dent in Canada's infrastructure deficit."

Other key findings include:

In the short term, the spending program boosts employment by between 81,000 and 88,000 jobs, increasing the employment rate by 0.4 per cent to 0.5 per cent;

About one half of the new jobs (42,150) would be in construction, with positive short-term impacts on output and jobs in manufacturing and the business service sector providing inputs to construction;

In the short term, provincial revenues raised per dollar spent are highest in Quebec ($0.72), British Columbia ($0.57) and Nova Scotia ($0.46). B.C. and Quebec see the greatest impact on real GDP growth in the short term: while the average annual increase across the range of benefit scenarios for Canada is around 0.7 per cent, B.C. sees growth between 0.8 per cent and 0.9 per cent and Quebec an average increase of over 1.0 per cent.

Private-sector investment rises by as much as $0.34 per dollar spent in the short term, and by up to $1 per dollar spent in the long run;

"The benefits of a public infrastructure spending program include more private-sector investment, a more productive economy, and a higher standard of living — and all are achieved without significant long-term fiscal consequences to federal or provincial governments," the report states.

"There's also a cautionary tale in here," added the study's author, economist Robin Somerville. "The costs of neglecting our public infrastructure are not zero. Allowing our public infrastructure to decay imposes costs at least equal but opposite to the benefits estimated in this study."

iMaQs

iMaQs Training by the Manitoba Mines Branch

The Manitoba Mines Branch will be offering iMaQs Training at the Manitoba Heavy Construction Association (MHCA) on December 2 and 9, 2015.

The training will focus on:

- Registering online for an iMaQs account
- A walk-through of how to look for information as disposition owner and/or administrator conducting business on behalf of the company
- Submitting and editing an Exemption Certificate
- Submitting a Quarry Return
- Using iMaQs Map Viewer
- Entering and submitting an application online (Private Quarry)

This training course will include a live test system demonstration and hands-on training on how to effectively enter and search for information. Throughout the duration of the course, Mines Branch Quarry Recording Office staff will be available to answer questions and assist clients with how to use iMaQs. All course materials will be provided.

December 2 - training session, 9 a.m. - noon
December 9 - training session, 1 p.m. - 4 p.m.

To register for the iMaQs training course, contact Christine Miller at:

MHCA
Unit 3 - 1680 Ellice Ave.
Winnipeg, MB R3H 0Z2
Phone: 204-974-1379 ex. 14
Email: christine@mhca.mb.ca

For further information on the training itself, contact the Manitoba Mines Branch:

Phone: 204-945-6528
Email: Mines_Br@gov.mb.ca

Manitoba

The details matter when politicians promise big spending on infrastructure

Originally published in The Globe & Mail and featured in the CCA Weekly

An important debate in the current election is about the role of deficits in Canadian fiscal policy. The New Democratic Party and the Conservatives are committed to balancing the budget annually. The Liberals propose to fund infrastructure projects by running short-term deficits. The Liberal approach is new and has not been subjected to sufficient scrutiny. What, then, are the potential merits and problems with this approach?

Liberal Leader Justin Trudeau is promising to spend nearly $6 billion over four years to invest in green infrastructure, telling supporters in Trois-Rivieres, Quebec that a Liberal government would stimulate the Canadian economy.

There is merit to the idea that in a time of recession, when interest rates are low, going into deficit to finance strategic infrastructure could help to stimulate the economy and upgrade infrastructure that will, over the medium and long term, hold economic benefits. There are, however, underlying issues that require serious consideration.

First, is the spending that is being proposed in fact strategic infrastructure spending? That is, will the increased debt incurred to fund the proposed projects be offset by the long-term economic benefits of what is being built? Some proposed investments meet this criterion. For example, investments in urban transit that will help to address the congestion problems of our major cities will likely bring long-term economic benefits. What, on the other hand, about the social infrastructure investments that are being proposed? For example, is the recently announced plan to provide financial assistance to landlords to upgrade their rental properties a strategic infrastructure investment?

Second, what is the problem that the spending is trying to address? Assuming it is a slow-growth economy that needs to be kick-started to a higher level of growth, are the strategic investments large enough to achieve that goal? What happens if economic growth is still sluggish after three years of deficit spending? Rather than being a short-term problem related to economic cycles, the sluggish economic growth that Canada is experiencing might be symptomatic of a slow-growth economy that economists have warned will come with our aging population and low productivity. If this is true, then long-term solutions are required.

Especially important is the fact that Canada would be planning to run deficits for three years with the commitment to balance the budget at the end of that time. Much has been made of the economics of deficits: The argument is that in Canada's very sound fiscal situation, it matters little whether the government has a $10-billion deficit or a surplus. Even with deficits, Canada's debt relative to the size of its economy would be very low. From an economic perspective, that is true.

Continued on Page 4

What has received less attention is the politics and history of deficits in Canada. The requirement to balance the budget imposes fiscal discipline on a government. It requires governments to control spending and work toward a bottom line that the public can easily understand. However, once the line is crossed into deficit, the fiscal discipline is relaxed and the danger is that short-term deficits slip easily into the longer-term variety.

Since the 1960s, governments of all political stripes have gone into deficit to address economic problems or provide benefits to people with the goal of returning to balanced budgets. However, once voters come to see deficits as acceptable and governments become accustomed to running them, the fiscal discipline of balanced budgets is gone and it is easier for governments to continue running deficits without political consequences.

Consider Saskatchewan, a province with a history of balanced budgets and low debt. In 1982, the newly elected Saskatchewan government went into deficit to help people struggling with high interest rates and to reduce taxes. Rather than short-term deficits, there were 10 straight deficit budgets, which plunged the province into a fiscal crisis. In 1991, when our government took power we had to make painful decisions to cut long-cherished programs and raise taxes to return the province to balanced budgets.

A more recent example is Ontario. In 2009, the Finance Minister stated that the budget laid out a plan to balance the budget by 2015-16. However, the 2015 budget projected a deficit of $8.5-billion and considerable slippage – until 2017-18 – on a planned return to balance.

The issue of whether to balance the budget annually or to run short-term deficits is important and merits serious debate. Much of the commentary has been focused on the economic rationale for running deficits. The problem in Canada has not been finding reasons for going into deficit; the problem has been finding ways of getting out of deficit and preventing short-term deficits from becoming long-term ones.

Construction output poised to rise in most Canadian cities

Originally published in Daily Commerce News

Construction output poised to rise in most Canadian cities

Among Canada's 13 major metropolitan areas, growth estimates range from a high mark of 3.4 per cent in Vancouver and 2.6 in Toronto and Winnipeg to a decline of 0.5 per cent in Calgary.

Of the 13 cities — Halifax, Quebec City, Montreal, Ottawa-Gatineau, Toronto, Hamilton, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver and Victoria — only Calgary and Edmonton will see economic declines for 2015, the Conference Board predicts.

Here are some trends the Conference Board foresees for a selection of cities:

— Halifax's economy is expected to grow by 2.3 per cent this year, fuelled by strength in manufacturing and construction. Major projects boosting construction output include the $500-million Nova Centre in downtown Halifax, a new public library, new hotels, renovations and expansions at Dalhousie University and the King's Wharf waterfront project. Both Shell and BP plan to spend more than $2-billion over six years on exploration offshore. The aerospace firm Pratt & Whitney will be spending $67 million on an engine facility near the Halifax airport. The Big Lift project on the Macdonald bridge, valued at $150-million, started this year.

All told, reports the Conference Board, construction output in Halifax is expected to rise by 11.5 per cent in 2015 and 10.4 per cent in 2016.

— GDP growth in Montreal will reach 2.1 per cent in 2015, thanks to the ongoing recovery in manufacturing and steady services growth. High-density residential housing seems overstocked with little new building planned so Montrealers are hoping non-residential construction will pick up the slack. Despite work on two mega infrastructure projects, the $4.2-billion Champlain Bridge replacement and the $3.7-billion Turcot Interchange, construction output is expected to drop for the third straight year, down 1.8 per cent in 2015.

— Ottawa-Gatineau's GDP will grow by 0.7 per cent in 2015 as non-residential construction and high-tech services offset public sector weakness. There are numerous large non-residential projects in the works including the $2.1-billion Phase 1 of its light-rail transit (LRT) project, the $360-million Rideau Centre, the $200-million University of Ottawa Heart Institute, $190 million on the Government Conference Centre and $110 million for the National Arts Centre. Construction is forecast to climb by 2.9 per cent this year and by 3 per cent next year.

— Gains in the construction and services-producing industries will help Toronto's economy expand by 2.6 per cent this year. Non-residential construction is expected to be busy. Major office building projects includes the Bay Adelaide Centre East, One York, and the Ernst and Young Tower (100 Adelaide Street West). Transit projects include the $5.3-billion Eglinton Crosstown light-rail transit, the $2.6-billion York Spadina subway extension and the $1.4-billion York Region vivaNext rapid transit system. The Conference Board also identifies major spending on retail projects such as a $331-million expansion at Yorkdale shopping centre, a $350-million redevelopment at Sherway Gardens, a $400-million expansion at the Eaton Centre and a $380-million renovation and expansion at Square One mall. Estimates are for overall construction output to expand by 2.8 per cent in 2015 and by 2.7 per cent in 2016.

— Non-residential construction, manufacturing and personal services will support GDP growth of 1.5 per cent in Hamilton in 2015. In the construction sector, McMaster University will be building a $118-million multipurpose building with classrooms, residences and other student spaces with work set to begin next year. The $138.9-million Randle Reef cleanup in Hamilton Harbour begins this year. All told, construction output is projected to expand by 1.9 per cent in 2015 followed by annual average increases of 3.5 cent through to 2019.

— Winnipeg's GDP is expected to grow by 2.6 per cent in 2015 as services growth stays healthy and non-residential construction picks up with a predicted rise of 2.3 per cent in 2015, to be followed by a 4 per cent hike in 2016 as transportation investments gather steam. The city plans to spend $590 million extending the Southwest Transitway starting next year. Other expenditures will include $155 million spent on a railway underpass on Waverley Street at Taylor Avenue and $30-million on the UWinnipeg Commons, a downtown mixed-income apartment complex.

In Memoriam: Glen Lindsay Edie

Peacefully on September 27, 2015, at the age of 84 years, Glen Lindsay Edie, after a courageous battle with cancer passed away at Golden Links Lodge. Glen was predeceased by his parents Bruce and Florence, his siblings Norman (Lois), Arnold (Helen), and Verna (Allan), and grandson Bruce. He is lovingly remembered by his wife Eunice, of 64 years, his brother Ken (Susan), sister Lois (Lyle), his sons Grant (Sheila), Calvin (Gwen), and Brad (Sandi). He is also remembered by his grandchildren Barrett (Jessica), and their son Logan, Lindsay (Andrew), Keith (Nicole), Glenda, and Brendan (Breahn), numerous brothers and sisters-in-law, nieces and nephews.

Glen was born on August 27, 1931, and lived his entire life in the Dugald area.

On October 24, 1953 he married the love of his life Eunice. Glen grew up on the family farm where he developed the work ethic that followed him through life. He continued farming with his family until the 1990s. In the 1970s, Glen was able to follow his true passion in life; heavy construction, and founded Edie Construction Ltd. He very quickly passed this passion on to his three sons.

When not busy with work he enjoyed playing and watching baseball in the summers and curling in the winters until Glen and Eunice took up traveling. They travelled extensively around the world until they found their winter home in Mesa, Arizona. Here they made lifelong friends and Glen found a new hobby in shuffle board.

Through all of his work, passions, and hobbies, family was always the most important thing in Glen's life. Whether that meant watching his sons play baseball, his grandchildren curl or play hockey, or just spending time with his great-grandson, he always had time and love for his family.

On behalf of the Manitoba Heavy Construction Association, we send our deepest condolences to the Edie family.

MHCA™

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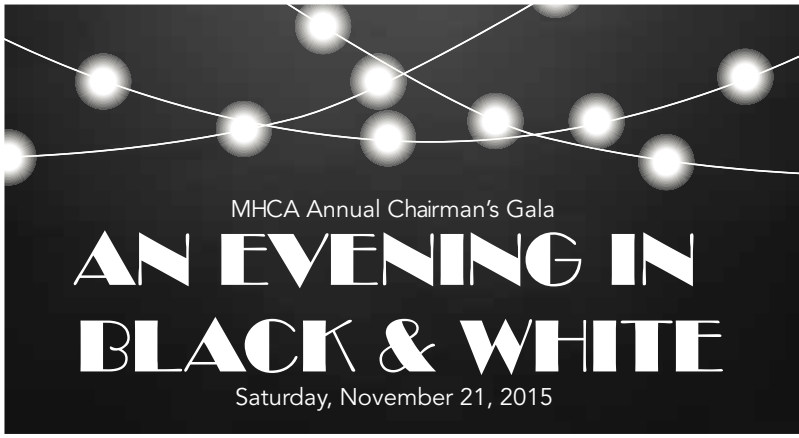
MHCA Certificate of Recognition COR WORKSAFELY MHCA

MARK YOUR CALENDARS FOR NEXT YEAR'S

EXPO NORTH
Destination: **Thompson**
February 24 & 25, 2016

EXPO SOUTH
Destination: **Winnipeg**
April 5 & 6, 2016

WORKING TOGETHER TO ACHIEVE WORKPLACE SAFETY EXCELLENCE



The MHCA's Annual Chairman's Gala is set for **Saturday, November 21, 2015!**

This evening promises to be a spectacular Gala for its members. Last year's Gala hosted 750 members from industry, government and key stakeholders and we have already begun prepping this year's event. There is still one sponsorship package that is still available! If you are interested in being a sponsor for this year's Gala, *An Evening in Black & White*, please contact Christine at **204-947-1379** or **christine@mhca.mb.ca**.

Canadian Construction Association

MHCA™ MANITOBA HEAVY CONSTRUCTION ASSOCIATION

Get Involved in the Federal Election

Canada will go to the polls on October 19. Do you know what the leaders of the major political parties think about construction-related issues? Do you know who the candidates are in your riding and whether they are up to speed on construction issues? The Canadian Construction Association (CCA) - of which the MHCA is member - has gathered some tools for you on its election portal.

Visit cca-acc.com/en/information/election-2015 today!

Interviews with the Leaders
Michael Atkinson, CCA President, interviewed the leaders of the major political parties this spring. You can read the interviews with Stephen Harper, Elizabeth May, Thomas Mulcair and Justin Trudeau on the Election 2015 portal.

Is Your Candidate Well-informed?
In every election there are many candidates running for the first time. They, and the incumbents for that matter, may not realize how important construction is to Canada's prosperity. The CCA Election 2015 portal includes a widget that you can use to identify the candidates in your riding and to send them a letter educating them on issues of importance to the Canadian construction industry.

Based on your postal code, the widget shows you the candidates in your riding. You can choose one or several candidates to send the letter that CCA has prepared. The letter focuses on the three areas that are expanded on in the backgrounders posted on the election portal, namely Infrastructure and Prosperity, Education and Labour Force Development, as well as Taxation, Environment and Productivity. By using the election widget, you educate the candidates in your riding about important issues that affect your and other Canadians' livelihood and help CCA lobby for you.

Avoiding Future Fiscal Calamity Tied to Insufficient Infrastructure Funding
The letter recommends that as a country, our goal should be to return annual public investments in infrastructure to approximately 5 per cent of our annual gross domestic product and to commit to a plan that is:

- fiscally responsible and augments existing investments through the use of innovative partnerships between the public and private sectors;
- sustainable yet flexible enough to respond to the specific needs of individual communities; and
- permanent in order to provide all stakeholders with the certainty they require to make the necessary investments in the human and equipment resources they will require to respond to the infrastructure challenge.

Economy's Demands Require Greater Focus on Training
Another area of concern for CCA members is that of skilled labour. With labour shortages widespread in many regions of the country and the industry looking at a shortfall of nearly 300,000 workers by 2024, a greater focus on training will be imperative to ensure that the industry can continue to respond to the demands of our economy. Solutions will require a combination of measures to promote enhanced domestic training, and faster and timelier recruitment of skilled immigrants from abroad.

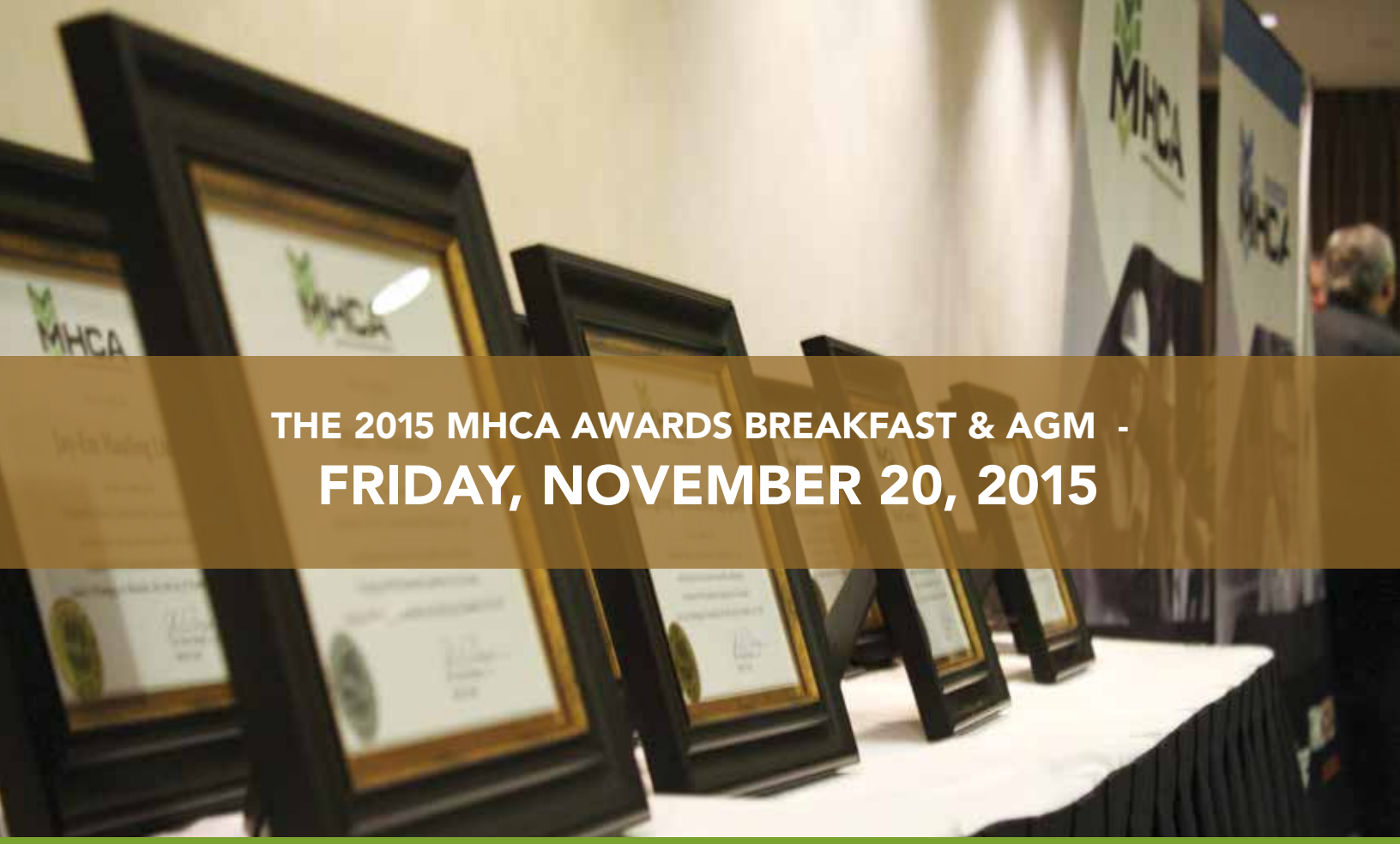
Expand Use of Tax Incentives to Encourage Productivity
CCA encourages federal public policy makers to expand the use of tax incentives to encourage businesses to invest in productivity enhancements. Incentives such as the use of accelerated depreciation policies (capital cost allowance) for investments in fixed machinery and equipment are helping make Canada's manufacturing sector more competitive. CCA strongly recommends that the federal government extend the benefits of the current Class 29 depreciation rate of 50 per cent declining balance to mobile equipment in machinery in other Classes.

The CCA election portal also features what has been said on the campaign trail as well as summaries of the election debates. We hope that you visit the election portal and find the information useful. It's time to get informed and to get involved!

We encourage you to participate as individuals.

Chris Lorenc, B.A., LL.B.
President
MHCA

CCA 2015/ Get Involved in the Federal Election

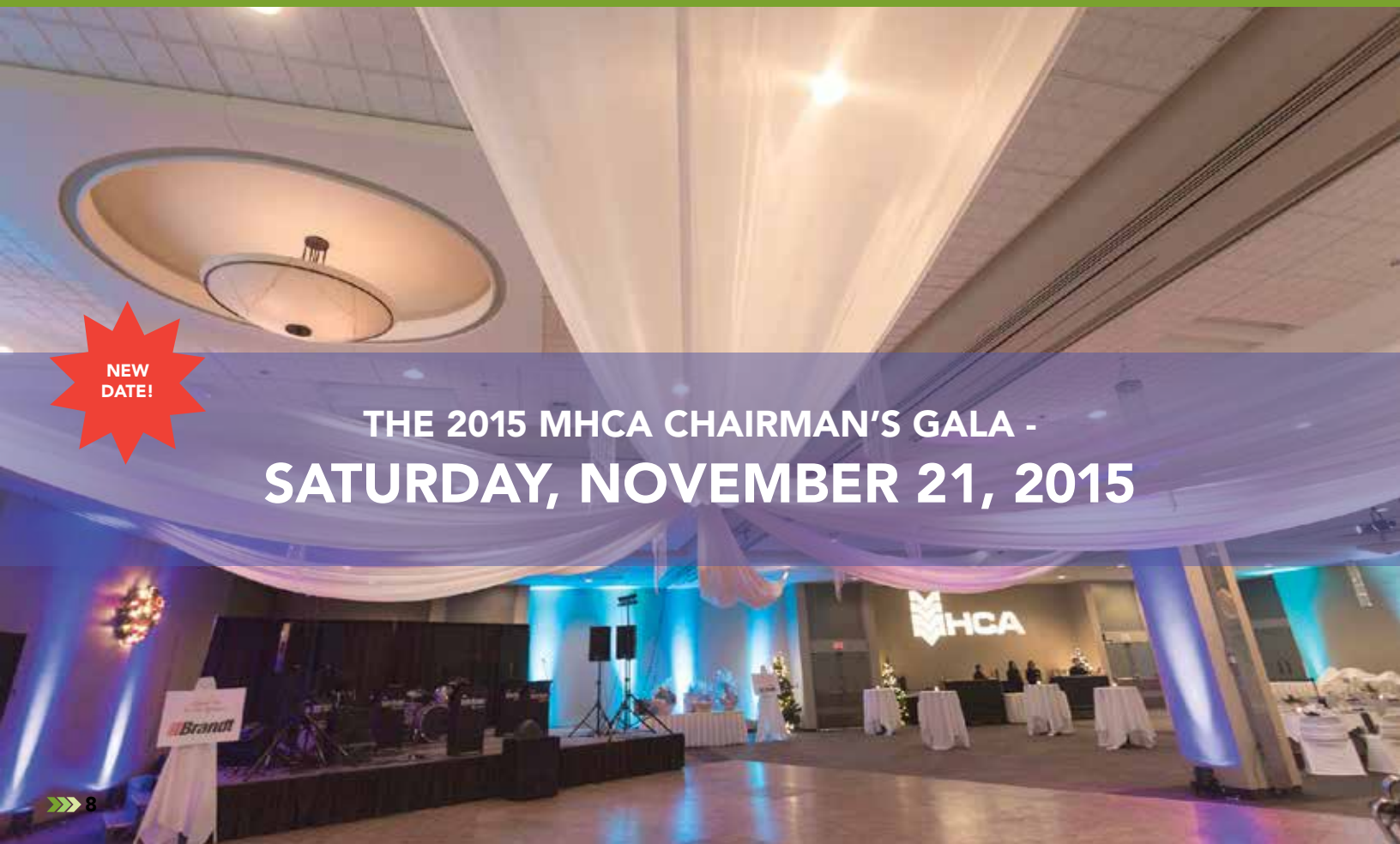


THE 2015 MHCA AWARDS BREAKFAST & AGM -

FRIDAY, NOVEMBER 20, 2015

MARK YOUR CALENDARS AND SAVE THE DATE!

Registration information will soon be available in the *Heavy News Weekly*



NEW DATE!

THE 2015 MHCA CHAIRMAN'S GALA -

SATURDAY, NOVEMBER 21, 2015

WHERE THE WEST MEETS

WCRHCA

ANNUAL CONVENTION

Join your colleagues at the WCR&HCA Convention

Sunday, February 7 to Wednesday, February 10, 2016
Fairmont Kea Lani
Wailea Coast, Maui, Hawaii

Convention Features & Highlights Include:

- Accommodations at the Fairmont Kea Lani, Hawaii's only all-suites oceanfront resort
- Keynote speakers: The Honourable John Baird and Todd Hirsch
- An extensive social program, including four fabulous evening events
- An educational program that will address today's emerging issues and trends
- Exclusive group and kids activities offered daily
- The AON Golf Classic on the Wailea Gold Course, home of The Champions Skins Game
- 4 great days of networking and sunshine!

Don't miss your opportunity to be **"Where the West Meets"!**

For Convention & Registration information, visit www.wcrhca.org

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P3 2015

The Canadian Council for Public-Private Partnerships

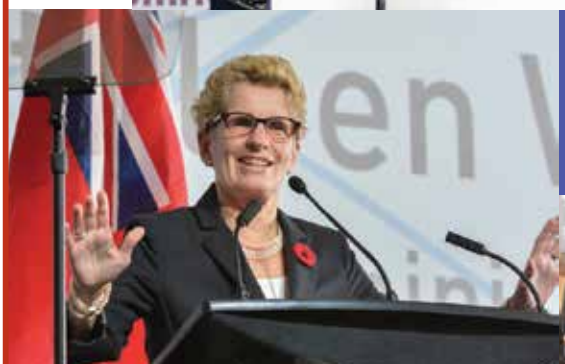
Le Conseil Canadien pour les Partenariats Public-Privé

Ground Breaking Partnerships

THE 23RD ANNUAL CCPPP NATIONAL CONFERENCE ON PUBLIC-PRIVATE PARTNERSHIPS
NOVEMBER 2 & 3, 2015 | SHERATON CENTRE TORONTO HOTEL | TORONTO, CANADA

Join us at the world's premier event on public-private partnerships (P3s)

- 6 high-profile Canadian and international keynote speakers
- 16 sessions on topical P3 issues, best practices and emerging sectors
- 1,200 public and private sector decision-makers from a wide variety of professions
- The "must-attend" event for those wanting to stay on top of the latest issues in P3 and infrastructure



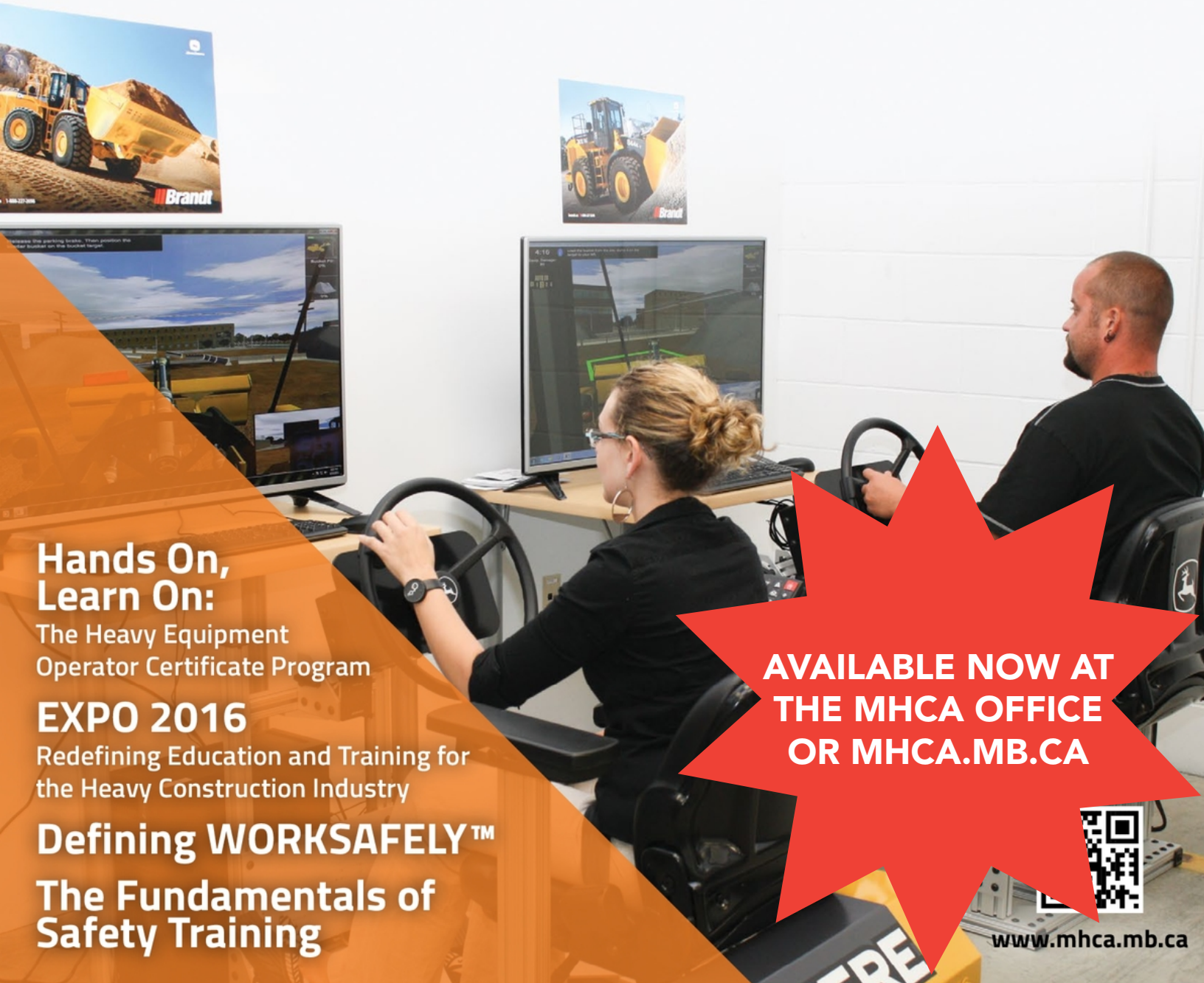
For more information or to register:
www.p3-2015.ca

MHCA™
Q3 2015

Groundbreaker

The Official Publication of the Manitoba Heavy Construction Association

THE EDUCATION & TRAINING ISSUE



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The Fundamentals of Safety Training

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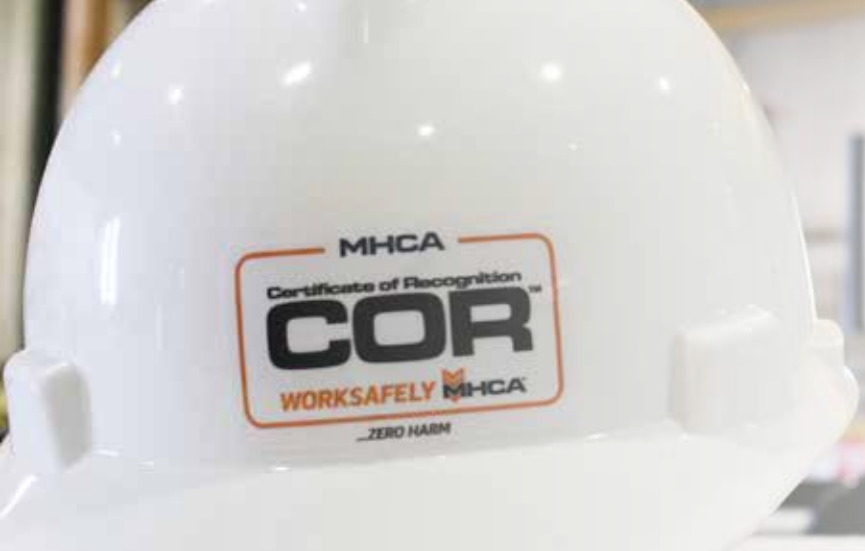


WORKSAFELY MHCA SAFETY TIPS

Using Knives

Everyone uses knives on a regular basis - whether it is at work, home or play. While most people think that the safety rules associated with knives are common sense; however, incident reports show that this isn't always the case.

Knife incidents happen more frequently than you think and when you least expect it. There are many safety tips that help reduce the risk of incidents and make cutting practices safe and productive:

Concentrate on what you're doing when using a knife

- Do not engage in conversation when using knives; pay attention to the task underway.

Always use a cutting board

- Use color-coded plastic or glass cutting boards for different types of food.
- Avoid using wooden cutting boards because they can retain harmful bacteria.

Always use sharp knives

- Dull blades cause more accidents because they are harder to work with and require more pressure.

Choose the correct size knife and appropriate blade for the job

- Using a small knife for a task that requires a chef's knife can be dangerous.

Do not hold food in your hand while you cut it

- Always cut on the cutting board.
- Always keep fingers on top of the blade in case it slips.

Keep knife handles free of grease or other slippery substances

- Clean knives are safer to use and help prevent cross-contamination.

Keep knives away from the edge of the counter to lessen the chance of being knocked off

- Step out of the way if a knife is dropped.
- Never try to catch a falling knife or blade.

Use knives for their intended purpose

- Do not use knives as can openers, screwdrivers, staple removers, or box cutters.

Wash knives immediately after use

- Do not leave knives in a sink of soapy water where they cannot be seen.
- Keep the sharp edge of the knife away from you when washing.
- If loading a knife into a dishwasher, ensure the point of the knife is down.

Store knives in a knife rack or knife drawer when not in use

- Do not store knives with other small objects or leave them lying around.

Carry a knife by the handle with the tip down and the blade turned away from your body

Place a damp cloth under the cutting board to prevent it from sliding

Keep the point of the knife on the cutting board while you chop

Cut downward and away from your body

WORKSAFELY MHCA™

e-COR™ a digital health & safety program with SiteDocs DIGITAL WORKPLACE SAFETY

SiteDocs server database update

We have scheduled a database update for **Wednesday, October 7** at **4:00 p.m.** PST.

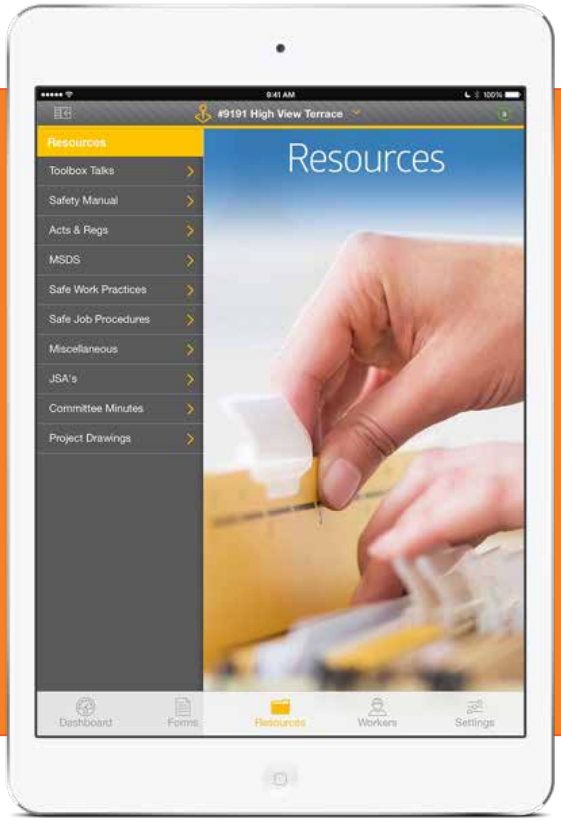
What you and your workers can expect:

- iPhone app and Android phone app users will need to log back into the app once the database update is complete.
- All currently saved "drafts" in the phone apps are incompatible with the new database. Therefore, if information in these drafts is needed, please sign and save any drafts before our upgrade at 4 p.m. PST.

If you have any questions, please contact us at **1.866.871.1892** or visit **www.sitedocs.com**.

Sincerely,

SiteDocs Account Management Team



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Join the club! Share your WORKSAFELY e-COR™ Tips & Tricks with us and be featured in the upcoming issue of *Heavy News Weekly*

Training Schedule

TO REGISTER, PLEASE CONTACT:
Sarah Higgins
sarah@mhca.mb.ca

September

Flagperson (1/2 day PM)	Sept. 8	MHCA Office
Traffic Control Coordinator	Sept. 10 -11	MHCA Office
COR™ Leadership in Safety Excellence	Sept. 14 - 15	MHCA Office
COR™ Principles of Health & Safety Management	Sept. 16	MHCA Office
COR™ Auditor	Sept. 17 - 18	MHCA Office
COR™ Leadership in Safety Excellence	Sept. 14 - 15	Rockey View B&B
COR™ Principles of Health & Safety Management	Sept. 16	Rockey View B&B
COR™ Auditor	Sept. 17 - 18	Rockey View B&B
COR™ Leadership in Safety Excellence	Sept. 14 - 15	Russell Regional Multiplex
COR™ Principles of Health & Safety Management	Sept. 16	Russell Regional Multiplex
COR™ Auditor	Sept. 17 - 18	Russell Regional Multiplex
WHMIS (1/2 day AM)	Sept. 21	MHCA Office
TDG (1/2 day PM)	Sept. 21	MHCA Office
Excavating and Trenching (1/2 day AM)	Sept. 22	MHCA Office
Committee/Representative Training (1/2 day PM)	Sept. 22	MHCA Office
Train the Trainer	Sept. 23 - 24	MHCA Office

October

COR™ Leadership in Safety Excellence	Oct. 5 - 6	MHCA Office
COR™ Principles of Health & Safety Management	Oct. 7	MHCA Office
COR™ Auditor	Oct. 8 - 9	MHCA Office
Flagperson (1/2 day AM)	Oct. 19	MHCA Office
Committee/Representative Training (1/2 day PM)	Oct. 19	MHCA Office
WHMIS (1/2 day AM)	Oct. 20	MHCA Office
TDG (1/2 day PM)	Oct. 20	MHCA Office

November

COR™ Leadership in Safety Excellence	Nov. 2 -3	MHCA Office
COR™ Principles of Health & Safety Management	Nov. 4	MHCA Office
COR™ Auditor	Nov. 5 - 6	MHCA Office
COR™ Leadership in Safety Excellence	Nov. 23 - 24	Arborg Assisted Living Complex
COR™ Principles of Health & Safety Management	Nov. 25	Arborg Assisted Living Complex
COR™ Auditor	Nov. 26 - 27	Arborg Assisted Living Complex

December

COR™ Leadership in Safety Excellence	Dec. 14 - 15	MHCA Office
COR™ Principles of Health & Safety Management	Dec. 16	MHCA Office
COR™ Auditor	Dec. 17 - 18	MHCA Office

For the full calendar of upcoming training schedules, visit www.mhca.mb.ca/worksafely

A Confidence Conundrum

By Peter G Hall, Vice President and Chief Economist

Just over a week ago, it was Super Tuesday for consumer confidence. Numbers were released for the UK, France, the EU as a whole, and the US. The data fluctuates with the ups and downs of the news streams, like stock market corrections, the Greek fiasco, geopolitical incidents, and brighter-than-expected economic releases. The big news on both consumer and business confidence is passé. It has long since left the doldrums of the post-crisis period; it recovered long ago. So why didn't the world economy recover along with it?

To put things in context, let's quickly review the recent odyssey of confidence. After riding high, confidence collapsed as the economic and financial crisis hit the world. American consumer sentiment plunged to levels not seen in recent history; they could best be labeled depressionary readings. Recovery ensued, but only to recessionary levels, and they parked there for years. In Europe, similar initial moves, but in their case, stimulus brought a normalization of confidence that was short-lived. When the reality of stagnant growth set in, there was a re-weakening of the collective psyche, potentially more damaging than America's protracted funk. It was a great day smack in the middle of 2013 when US consumer confidence crossed the 'normal' threshold, and moved solidly north. The timing was similar for Europe, quite in spite of its nagging constraints. So, why no economic effects?

No one doubts the necessity of confidence to the operation of an economy. Without it, fractional banking systems implode. Mere rumours of a shortage of key goods are enough to create a run on the retail distribution system, whether the rumours are true or not. Confidence governs movements of critical financial variables. Indeed, central banks were created primarily to guard and protect – read: instill confidence in – the value of the local currency. In many more facets of life, confidence is critical.

However, confidence is less easy to pin down than tangible movements of goods and services, prices, and a host of other variables. Its weakness is subjectivity. Confidence always and everywhere has a context that is determined by a complex set of inputs. Consider the post-Depression context. Consumers and businesses might have registered confidence once the worst was over, but the shock of seeing wealth evaporate permanently changed the meaning of confidence. It certainly wasn't a return to no-holds-barred 'roaring '20's' confidence; it was far more measured. Similarly, today's confidence has etched in it the scars of our recent crisis and multiple years of frustration afterward. In spite of the indexes, jitters remain. Companies and consumers have money, but they are holding on to a lot more of it than they really need to.

There is also an age dimension to confidence. It's not measured, but there are anecdotes aplenty. The young are victims of a jobless recovery. The aging are less employable, and their savings are having a hard time earning a decent yield, thanks to low interest rates. It's quite possible that aggregate confidence is selective, and under-represents the disaffected.

The subjectivity of confidence also has an intergenerational element. Culture changes, and with successive generations, confidence means different things. Sure, the questions on the surveys are the same, and they are as simple as possible. But different generations can have varied opinions of what words like 'better' and 'worse' really mean.

Whether or not these reasons are definitive explanations, what currently stands is a confidence conundrum: by all indications, sentiment has improved on a broad basis, but the economy is not taking the bait. There's little doubt that it will, and if the past is any guide, it's likely to happen in one giant rush. But today's void between confidence and activity has a sinister underside: any significant disruption of current activity, such as it is, could provoke a sudden retrenchment of confidence. If sustained, it would be close to the last thing our structurally-precarious post-crisis economy needs.

The bottom line? Confidence is an economic grey-zone. You certainly can't have growth without it. But today's data show that you can have it, and not necessarily see solid growth. That makes it a necessary but not sufficient condition of growth. Let's hope that our collective gut-feel proves to be well-founded.