

Ontario's economy may have turned the corner

March 19, 2010

The March break, the fine weather, St. Paddy's Day have all doubtless been a restorative tonic to Premier Dalton McGuinty. Some recent numbers will surely be helping buoy his spirits, too.

The year his province had been through in 2009 was doubtless a trial to even the perennial this-too-shall-pass optimist in the premier's office.

But as his government prepares to deliver its 2010 budget next week, there are signs — "green shoots," the finance minister calls them — that the worst is, in fact, behind the Ontario economy.

Significant, too, is that there's evidence the massive public spending (and large deficits) the global recession demanded has both been understood by voters and has worked.

This week, a poll conducted by Nanos Research after the federal budget said Canadians preferred that the Conservative government of Prime Minister Stephen Harper continue its stimulus spending and viewed the large national deficit as acceptable.

It can likely be inferred that in Ontario — where the recession hit most savagely and government intervention was most necessary — the results would be similar.

Last week, a Conference Board of Canada report said Ontario's increased infrastructure spending preserved about 70,000 jobs in the province in 2008 and is expected to have supported almost 183,000 jobs last year and almost a quarter of a million jobs this year.

"In addition to the short-term impact in countering the downturn in the business cycle, infrastructure investment can lead to productivity gains in the medium and long-term," the report said.

"Productivity in Ontario has benefited from strong infrastructure growth more than Canada as a whole, and more than other developed economies."

A day later, RBC Economics said Ontario's economy is on its way to recovery with growth expected to increase by 3.3 per cent in 2010 and 4.1 per cent next year — the best rate in 11 years.

"Despite many challenges still to overcome, Ontario's economy appears to be firmly engaged on a recovery path," the bank said. "This renewed vigour sets the stage for a sustained recovery throughout 2010 as fiscal and monetary stimuli reach their crescendo."

Implementation of the harmonized sales tax this year — whatever political headaches it might bring — is also expected to "to result in long-term benefits that make the tax system more economically efficient in Ontario and lower the cost of doing business."

The big problem is that employment rates lag behind the recovery.

"About one-third of the 250,000 jobs lost during the recession have been recovered since last summer, and more improvement is expected during the course of 2010; however, the pace is seen to be only gradual, so a full recovery is unlikely to occur before the middle of 2011."

For his part, Finance Minister Dwight Duncan remains cautious in advance of his new budget.

Email story

Print

S M L Choose text size

Report typo or correction

SHARE

More Stories

- Truscott file should be public
- The case for voting online
- Our politicians need passion for farming
- Arabs need to speak up now
- Canadians played key role in moon flight
- If you look, you will see good people ...

Classified



Automobil
Jobs
Notices/Te

You may
up to 4%
for the s
Insurance

flyer
save time

Onta
our
and
wha
near

ontario.e

Magazines

• Grand Ma

