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## The Great Wall Ties Chairman Calvert's Five-Year Plan: Employment Growth in the New Saskatchewan

By Erin Weir

### Introduction

The last provincial throne speech noted that, in the summer of 2012, there were “more people working in Saskatchewan than ever before.” It also claimed that “Saskatchewan is experiencing unprecedented growth.”<sup>1</sup>

In fact, many of the Saskatchewan Party government's much-vaunted employment records reflect seasonal fluctuations. The underlying rate of workforce growth has been almost identical during the premierships of Brad Wall and Lorne Calvert. Employment growth was stronger under Premier Allan Blakeney, the only comparable period of high commodity prices.

### The Season of Spin

The 2012 throne speech was not unique. The Saskatchewan Party government has issued press releases entitled “More People Working in Saskatchewan Than Ever Before” in May and/or June of 2008, 2009, 2010 and 2013.<sup>2</sup> Most recently, this same phrase appeared in the opening line of a story printed on the Saskatoon *StarPhoenix* and Regina *Leader-Post* front pages on June 8, 2013.<sup>3</sup>

It is no surprise that employment records are usually broken in May and June. Given agricultural activity and student jobs, Saskatchewan employment is significantly higher

in the summer than at other times of the year. Because of economic growth, employment is typically higher in the present month than a year or more ago. The seasonal bump combined with annual growth means that May and June usually exceed all previous months.



To factor out recurring seasonal fluctuations, Statistics Canada calculates seasonally adjusted figures. By that measure, Saskatchewan employment slid from 553,200 to 552,000 between April and May of 2013. Statistics Canada's press release of June 7 regarding its May 2013 Labour Force Survey stated, “In Saskatchewan, employment was little changed for the fourth consecutive month.”<sup>4</sup>

By contrast, the provincial government declared a new record that day by emphasizing unadjusted figures for employment, although it cited a seasonally adjusted figure for the

provincial unemployment rate. *The Leader-Post* and *StarPhoenix* followed the provincial government's lead in reporting unadjusted figures for Saskatchewan employment, but followed the lead of Statistics Canada and the national media in reporting a seasonally adjusted figure for Canadian employment.

An economic variable that consistently grows will set a new record high every month. Seasonally adjusted employment grows more steadily than the raw data and regularly reaches new highs throughout the year. Without summertime spikes, the provincial government would find it difficult to spin these frequent "records" as being newsworthy.

#### A Decade of Growth

Saskatchewan's job market was sluggish during the 1980s and 1990s, but has enjoyed consistent annual growth since commodity prices began rising in 2002. The following are unadjusted employment figures from the Labour Force Survey for the five years before and after Wall became Premier in November 2007:

<b>November 2002</b>	<b>477,000</b>
<b>November 2007</b>	<b>508,500</b>
<b>November 2012</b>	<b>540,000</b>

Employment rose by exactly the same amount during each period: 31,500. Given the respective starting points, employment grew by 6.6% under the New Democratic Party (NDP) and by 6.2% under the Saskatchewan Party.

In terms of employment gains, each of these five-year periods greatly exceeded Grant Devine's nine-year Conservative government and somewhat exceeded the NDP's subsequent

eleven years in office. Specifically, provincial employment rose by 21,600 from November 1982 through November 1991 and by a further 29,200 through November 2002.<sup>5</sup>

Statistics Canada's Survey of Employment, Payrolls and Hours provides another measure of employment. It garners little media attention because it comes out after the Labour Force Survey, but is more reliable since it is based on employer payrolls. The totals are smaller because the Survey of Employment, Payrolls and Hours excludes self-employment:<sup>6</sup>

<b>November 2002</b>	<b>379,446</b>
<b>November 2007</b>	<b>429,038</b>
<b>November 2012</b>	<b>478,182</b>

Again, the two five-year periods were very similar, with just over 49,000 jobs added in each. Unlike the Labour Force Survey, these payroll increases include multiple jobs held by the same worker and jobs in Saskatchewan held by out-of-province residents. Payroll employment grew by 13.1% under the NDP and by 11.5% under the Saskatchewan Party.

Seasonally adjusted Labour Force Survey figures allow a comparison of Wall's full five and a half years in office with Calvert's last five and a half years in office:<sup>7</sup>

<b>May 2002</b>	<b>467,300</b>
<b>November 2007</b>	<b>508,100</b>
<b>May 2013</b>	<b>552,000</b>

Employment grew by 40,800 under the NDP and by 43,900 under the Saskatchewan Party. But Calvert still presided over a slightly faster growth rate: 8.7% versus 8.6%.

Seasonally adjusted figures can also extend the Survey of Employment, Payrolls and Hours comparison to the most recent month of data:<sup>8</sup>

<b>July 2002</b>	<b>372,527</b>
<b>November 2007</b>	<b>426,437</b>
<b>March 2013</b>	<b>474,674</b>

During 64 months of each government, 53,910 jobs were added under the NDP versus 48,237 under the Saskatchewan Party. Payroll employment grew by 14.5% before Wall became Premier and by 11.3% afterward.

### **Managing the Boom**

According to all four measures, employment rose by about the same amount during the Calvert and Wall premierships. One might argue that Calvert's record is more impressive because he started with a smaller workforce, requiring higher growth rates to create the same number of jobs.

Alternatively, one might argue that Wall's record is more impressive because he governed during a global recession. However, the recession's main effect on Saskatchewan's resource-based economy was through commodity prices, which dipped only briefly. The monthly low hit by the Bank of Canada's Commodity Price Index in February 2009 equalled its annual average for 2004. By the end of 2009, the index had rebounded to its 2007 annual average.<sup>9</sup>

In other words, the Calvert NDP and Saskatchewan Party governments both enjoyed

favourable economic circumstances. Neither can take credit for high commodity prices.

Both implemented essentially the same resource policies. Calvert's "five-year plan" began by cutting oil and gas royalties in October 2002.<sup>10</sup> His government then made huge concessions to potash companies in 2003 and 2005.<sup>11</sup> The Wall government has maintained these lower royalties and also slashed uranium royalties.<sup>12</sup>

High resource prices combined with low resource royalties have generated huge profits and more employment in the resource sector as well as some spinoff jobs in other industries. The policy alternative would be to collect more of the windfall from higher resource prices through royalties and reinvest these proceeds in provincial infrastructure and services, which are more labour-intensive than resource extraction. Premier Blakeney took that approach in the 1970s.<sup>13</sup>

Unfortunately, the Survey of Employment, Payrolls and Hours does not cover that period. However, the Labour Force Survey extends back to 1976, covering Blakeney's last five years in office. From November 1976 through November 1981, Saskatchewan employment rose from 387,000 to 428,800, an increase of 41,800 or 10.8%.

Seasonally adjusted figures allow a review of Blakeney's final five and a half years in office. From October 1976 through April 1982, employment rose from 382,600 to 433,500, an increase of 50,900 or 13.3%. By both measures, employment growth was much stronger under Blakeney than under Calvert or Wall.

Of course, government policy was not the only difference between Blakeney’s premiership and the past decade. Demographics were undoubtedly a major factor behind rising employment in the late 1970s. However, employment grew even faster than the province’s working-age population during that period.

Saskatchewan’s unadjusted employment rate – employment as a share of population aged 15 and over – rose from 58.4% to 60.2% between November 1976 and November 1981. By comparison, this rate rose from 64.1% to 66.7% between November 2002 and November 2007, but fell to 66.1% in November 2012.

Saskatchewan’s seasonally adjusted employment rate increased from 57.8% to 60.5% between October 1976 and April 1982, from 62.8% to 66.7% between May 2002 and November 2007, and to 67.1% in May 2013. By both measures, employment grew faster than population under the NDP but has barely kept pace under the Saskatchewan Party.

## Conclusion

Employment growth under Wall has been slightly slower than under Calvert and much slower than under Blakeney. The employment rate consistently increased under the NDP, but has been flat under the Saskatchewan Party. The Wall government’s record of job creation seems “unprecedented” only compared to the 1980s and 1990s, when commodity prices were depressed.

A sober assessment of employment trends should prompt a discussion of whether and how Saskatchewan can do better. In particular, giving away provincial resources through royalty concessions is probably not the most effective way to create jobs.

The Blakeney record suggests that collecting a greater royalty return to fund public investment could do more to bolster the job market. Provincial investment in improved infrastructure and services would also provide social benefits in addition to employment.

### Saskatchewan Employment During Resource Booms

Government	Unadjusted 5-Year Period		Seasonally Adjusted 5.5-Year Period	
	Employment Growth	Employment Rate Change	Employment Growth	Employment Rate Change
Allan Blakeney	10.8 %	+ 1.8 %	13.3 %	+ 2.7 %
Lorne Calvert	6.6 %	+ 2.6 %	8.7 %	+ 3.9 %
Brad Wall	6.2 %	– 0.6 %	8.6 %	+ 0.4 %

Source: Statistics Canada, Labour Force Survey, CANSIM Table 282-0087.

## ABOUT THE AUTHOR:

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## NOTES:

<sup>1</sup> Government of Saskatchewan, *Speech from the Throne 2012*, pages 1 and 17.

<sup>2</sup> This headline was reused in both May and June of 2008. In May 2013, it was used without the word "Saskatchewan." Government of Saskatchewan press releases are available at [www.gov.sk.ca/news](http://www.gov.sk.ca/news).

<sup>3</sup> "Sask. jobs boom; Workforce hits new high," *The StarPhoenix* (June 8, 2013), A1 and "Sask. labour force grows," *The Leader-Post* (June 8, 2013), A1.

<sup>4</sup> Statistics Canada's press release is available at [www.statcan.gc.ca/daily-quotidien/130607/dq130607-a-eng.htm](http://www.statcan.gc.ca/daily-quotidien/130607/dq130607-a-eng.htm). Table 3 is "Labour force characteristics by province – Seasonally adjusted."

<sup>5</sup> Statistics Canada, Labour Force Survey, CANSIM Table 282-0087.

<sup>6</sup> Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM Table 281-0023.

<sup>7</sup> Statistics Canada, Labour Force Survey, CANSIM Table 282-0087.

<sup>8</sup> Statistics Canada, Survey of Employment, Payrolls and Hours, CANSIM Table 281-0025.

<sup>9</sup> The Commodity Price Index is available at: [www.bankofcanada.ca/rates/price-indexes/bcpi/](http://www.bankofcanada.ca/rates/price-indexes/bcpi/).

<sup>10</sup> Erin Weir, *Saskatchewan's Oil and Gas Royalties: A Critical Appraisal*, Saskatchewan Institute of Public Policy, University of Regina (November 2002).

<sup>11</sup> Erin Weir, "Time to review potash royalties," *The StarPhoenix* (Feb. 10, 2011), A8.

<sup>12</sup> Government of Saskatchewan, *2013-14 Budget Summary*, pages 23 and 78.

<sup>13</sup> Allan Blakeney, *An Honourable Calling: Political Memoirs* (Toronto: University of Toronto Press, 2008).