



Prudent reasons for optimism

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Forecasting Calgary's weather is a bit like predicting the city's economic future.

Pity the poor meteorologists standing before their maps declaring one of their "severe weather warnings" hours after a blizzard has swept across the prairie landscape.

Then, nicely timed to coincide with the afternoon commute, the temperature suddenly rises for no apparent reason, causing piles of melting snow and slush.

Naturally, heavy snow will fall again, immediately forming pools of black ice (usually after graders, plows and sanders are back to their barns).

During the night, Chinook wind may blow in and thaw everything again. Or, it might be frigid at dawn, unseasonably warm by noon, balmy for the weekend, or pure El Nino for Rocky Mountain skiers.

Calgarians love to whine about their weather almost as much as they enjoy grouching about the economy.

Pity the local establishment pundits who failed to see the recessionary storm clouds gathering in 2007 as commodity prices soared to unheard of heights (oil at US\$147 a barrel). They neglected to announce the coming deluge as prices dropped precipitously and, almost overnight, in 2008, Calgary's supercharged growth went into free-fall.

Economic activity dropped so dramatically, executives, owner/operators, investors and consumers -- all chased the economy down.

They froze or cut salaries, cancelled business trips and eliminated expense accounts.

Then, as things unexpectedly got worse, many laid off core employees, stopped plant expansions and some remortgaged their homes to pay company bills.

As the economy shrank, unemployment rates climbed from 3.3% (2008) to 7.3% (December 2009).

Pessimism grew.

Fortunately, the jobless rate seems to have hit a plateau and, although many sectors shed jobs, some local industries are on a hiring spree.

Statistics Canada reports the city's business, building and support services are up 36%, education services expanded 17.4%, information, culture and recreation rose 16.7%, public administration added almost 12%, transportation services rose 11% and the fiscal stimulus package helped construction grow a modest 6.5%.



The Calgary Chamber of Commerce is prudently optimistic 2010 will be good for the local economy.

This city has a lot going for it. The population is young, educated, smart, tech-savvy and has a roll-up-your-sleeves good work ethic.

"Many organizations are quietly finding ways to work off the excesses of the boom," says Export Development Canada.

"Once the market is back in balance, demand will boost production and sales back toward sustainable levels, and based on current activity, implies a lot of growth ... momentum is expected to intensify toward the end of 2010. It's best to prepare now."

The challenge the Chamber's members still face is how to access capital, buy upgraded equipment, expand and hire new workers.

Retailers want to capitalize on post-recession, pent-up spending needs of consumers. This translates into employee productivity gains of 2% to 4% per worker, per year, to return Calgary to full employment levels.

Certainly, US\$80 oil is ample to spur drilling and investors have more cash to fund low-cost discoveries. Housing prices have stabilized and are starting to climb. The Bank of Canada continues to keep interest rates low, signaling the recovery is underway.

Remarkably, Calgary has survived the latest recessionary blizzard the global market threw at us. Let's hope for unseasonably warm, balmy weather to nurture the proverbial green shoots now visible to Chamber members.

Local meteorologists and economists can agree that positive anything is better than negative nothing.