Economic Prosperity: Manitoba in the Canadian Context

Gross Domestic Product (GDP) Per Capita (2005)

Source: Statistics Canada (2006), Provincial Economic Accounts
Personal Disposable Income Per Capita (2005)

Source: Statistics Canada (2006), Provincial Economic Accounts

Average Annual Growth Rate: Real GDP (2001-2005)

Source: Statistics Canada (2006), Provincial Economic Accounts
Average Total Employment Growth (2001-2005)

Source: Statistics Canada (2006), Provincial Economic Accounts

Average Private Employment Growth (2001-2005)

Source: Statistics Canada (2006), Provincial Economic Accounts
Accumulated Net Investment Per Worker
(1996-2005)

Source: Statistics Canada, Calculations by authors.

Accumulated Net Investment Per Worker
(2005)

Source: Statistics Canada, Calculations by authors.
Manitoba’s Economic Performance

- Low GDP per capita
- Low GDP growth
- Weak employment growth (job creation)
- Low unemployment…but high out-migration
- Low levels of investment

Two Approaches to Economic Development

- Create an environment within which economic activity can productively occur: eliminate barriers to trade, investment, and labour mobility coupled with competitive tax and regulatory regimes.

- Actively support and protect selected industries, sectors, and firms so as to create a platform for future growth and competitiveness.
### Two Approaches to Economic Development

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<th>Create the Right Environment</th>
<th>Active Participation</th>
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</table>

### Size of Government: Barrier #1

- Size of government compared to the economy matters.
- Manitoba has not succeeded in reducing the size of government.
MB Government Spending (Inflation-Adjusted)

MB Government Spending Per Capita (inflation-adjusted)

Provincial-Local Government Spending as a Share of the Economy (2005-06)


Federal Government Spending as a Share of the Economy (2005-06)

**Total Government Spending as a Share of the Economy (2005-06)**


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**Investment Climate: Barrier #2**

- Based on 6 years of survey data (1998-2004) of money managers
- Includes 7 sections:
  - Corporate income taxes;
  - Fiscal prudence;
  - Personal income taxes;
  - Infrastructure;
  - Corporate capital taxes;
  - Labour regulation; and
  - Regulatory burden
Provincial Investment Climate
Index: 2007 Results

PIC #1: Corporate Income Taxes
PIC #4: Infrastructure

Includes highways, border crossings, railways, seaports, and airports.

PIC #5: Corporate Capital Taxes
**PIC #6: Labour Market Regulation**

Index Score (0-10)

AB NL ON NS PEI BC NB QC MB SK

Source: CFIB, 2005.

**PIC #7: Regulatory Burden**

Index Score (0-10)

AB NL MB SK ON NS BC PEI NB QC

Source: CFIB, 2005.
**Free Trade: Barrier #3**

- April 28th, 2006 – TILMA

- Free trade agreement between AB and BC covering products, services, investment, and labour

- Fundamental improvement on previous agreement (AIT)

- Manitoba’s opportunity

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**Conclusion & Recommendations**

- Poor Economic Performance

- Smaller, focused government

- Incentive-based tax relief (personal and business)

- Balanced Labour Regulation

- Free trade
Questions & Hopefully Answers…

Download our study:
Canadian Provincial Investment Climate 2007 Report
www.fraserinstitute.ca