

## Recession good for national unity



Nothing brings families together like hardship. You see it all the time at funerals or other times of crisis when the bonds of family are rekindled, despite how crazy and dysfunctional these relationships may really be.

The same can be said of Canada's national family of provinces and regions. Canada is an odd country that works in practice, but not in theory — a ragtag collection of enormous pieces of real estate, held together (it seems) by nothing more than hockey, politeness and Tim Hortons coffee.

But in times of recession, such as now, the true bonds of national unity start to kick in. Not in overt, showy ways, of course. There will be no "We Love Saskatchewan" parades through Trois-Rivières this summer, no "Toronto Appreciation" barbecues in Kelowna. There never are, and there never need to be. That's the great thing about Canadian unity: understated to a fault.

Yet there is something we all share. The economy may be showing green shoots of hope this summer, yet the budgets of most provinces are in deficit this fiscal year and will likely remain that way well into the next decade. And it may just be in their financial vulnerability that the provinces finally find some common ground. We're all in the same nasty recession boat together.

Could you imagine the strains on national unity if, for example, oil was still at \$147 a barrel? What would citizens of Windsor and Oshawa be feel-

ing right now if Alberta's government was still running a \$12-billion surplus? There would be some very angry calls on Stephen Harper to do something.

And it wasn't so long ago that the tides were reversed. Ontario's economy was roaring ahead in the go-go days of the late 1980s, while in Alberta, banks were foreclosing on mortgages. Economic cleavages like that don't do much for building national unity.

Presumably that's what the Equalization Program in this country is for — to smooth out the horizontal fiscal imbalance between the provinces in an effort to ensure citizens of Canada have comparable access to government services regardless of where they live. It seems simple enough, yet it leads to more cat fights in this country than one could possibly imagine given how nice and polite Canadians are supposed to be.

Canadians will let you sneak in line at the grocery checkout if you explain you're in a hurry. They'll stop a total stranger in the streets of Paris to say hello just because his ball cap says "Kitchener Ontario Seniors' Centre." And they'll get misty-eyed with pride when a Canadian Olympian places fourth because it was "a personal best."

But if any federal tax dollars collected in one province get transferred to another province with a less fortunate fiscal situation, there's suddenly hell to pay. (Don't believe me? Listen to the daytime call-in shows on Calgary radio stations.)

That is why the recession bearing down on all regions of the country without prejudice may be just what the doctor ordered. It's almost like sympathy pains for the pain being felt in other regions — except the pain isn't imagined, it's real.

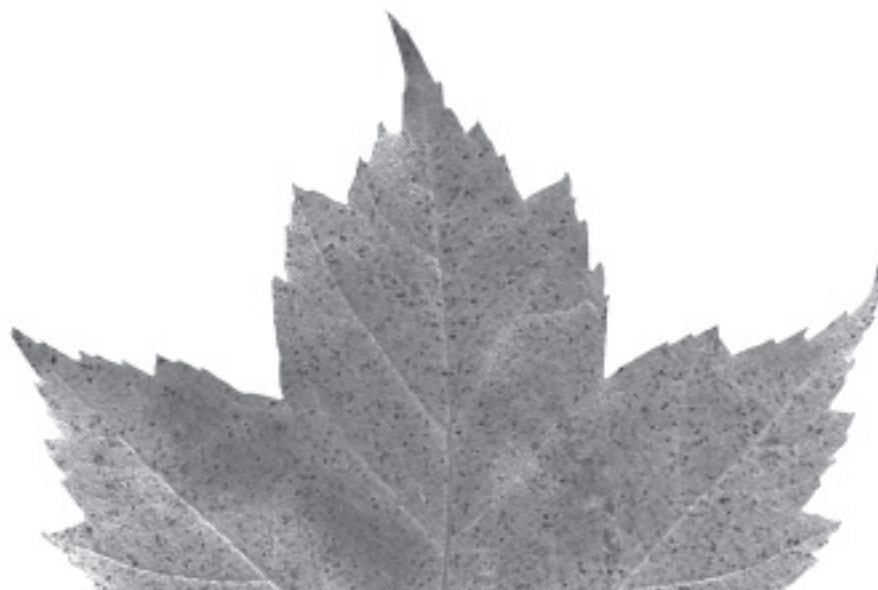
The yawning wealth gap between East and West has narrowed. Western Canada's resource sector is being kicked around mercilessly by low prices and falling US demand. Central Canada's manufacturing sector is mired in turmoil as years' worth of necessary downsizing dealing a punishing blow. Atlantic Canada is feeling the recession too, but is oddly faring the best of any region.

This country has more than sufficient talent, energy and resources (both natural and human) to handle this recession. Despite the recent dip into the red ink, our fiscal deficits are still manageable, and our banking sector is the envy of the world. This economic downturn will one day be just a nasty memory.

But when that day comes, Canadians in all regions should try just a bit harder to remember that all of us — East and West, rural and urban, oil rig worker and assembly line worker — came through this recession together. Hardship may not be the most pleasant way to build national unity, but it just might work.

*Todd Hirsch is a Calgary-based senior economist with ATB Financial. The opinions expressed here are his own.*

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