

# The Observer

## Bumpy economic ride far from over

Posted By **CHRISTINA BLIZZARD**

If you listened carefully over the last few days, that grinding noise was the Ontario budget being slowly rolled out.

In a series of interviews and scrums, Premier Dalton McGuinty and his Finance Minister Dwight Duncan prepped us for a brutal budget.

In a bleak economy, revenues are down. Public sector salaries are up. Doctors, nurses, teachers -- all the services we count on in a civilized society -- are going to cost more.

Where once the government caved to public sector wage demands, now they're hanging tough.

You get the sense that a week or so ago, bean-counters in the Finance department sat McGuinty down and gave him the bald, updated facts of economic life.

As the week ground on, the news got worse. Two icons of Canadian business and industry -- the Bay and Bombardier -- announced massive layoffs.

The spring budget will be a pivotal test for McGuinty. He has so far managed in good economic times. This is the premier who told us last year that, "this too shall pass."

Well, kidney stones pass too. Unfortunately, they cause great pain when they do.

Now he's managing expectations, telling us to brace for the worst. Even the idea of "Dalton days" -- unpaid days off for civil servants -- was briefly floated, although it was later nixed by Duncan.

The week was capped with a news conference by McGuinty's economic gurus, Roger Martin, dean of the Rotman School of business and Richard Florida, director of the Martin Prosperity Institute. They released a \$2.2 million year-long study of the economy.

"We think that Ontario could become a talent province," said Florida.

Creativity, he says, is the key to a strong economy.

Ask him how that's going to work in an economy where the greatest creativity is from CEOs finding ways to hide the corporate jets and pad their bonuses and the answer is a little blurred.

Fair enough, the report was commissioned before the bottom fell out of the economy. But it was clear that forestry was in danger of being wiped out three years ago. We have been hemorrhaging manufacturing jobs right across the province for more than two.

Florida suggested those laid off at the Bay and Bombardier could develop their creativity to gain new skills. Unemployed retail workers might turn to fashion design, or open hair salons, for example.

"Harness that full creative capability and in a crisis, even for the short run as well as the long run, provide those opportunities for everyone to be involved more fully," Florida said.

I'm no economist, but I suspect people are buying fewer clothes and getting their hair cut less often in a recession.

"The notion that a laid-off factory worker is going to open a beauty salon is frankly insulting," said NDP critic Peter Kormos.

Florida and Martin said also there is no point bailing out failing industries. While you have to provide short-term relief to workers in those sectors, it is just a Band-Aid.

"You are not going to have the economy you want strictly by bailing out industries that were important in the past," said Florida.

That fits with McGuinty's warnings to be wary of "stimulus euphoria." These are the guys who are advising McGuinty, so I suspect we will see less money for the auto sector than expected in this budget.

One message is clear: Fasten your seatbelts. We're in for a rough ride.

Christina Blizzard is a columnist with Sun Media. Contact her at