

Halifax holds the key to Atlantic economy

City needs more funding to help region grow — economist

By BILL POWER Business Reporter

Halifax will be the locomotive that pulls Nova Scotia and Atlantic Canada out of the recession and contributes to most future regional economic development, a leading economist said Monday.

Glen Hodgson, senior vice-president and chief economist with the Conference Board of Canada, said federal and provincial policy-makers must break away from the "peanut butter approach" of spreading cash for economic development around the region on a per capita basis and recognize the unique role the provincial capital has as a national urban centre.

"If you're helping Halifax, you are helping everybody in Nova Scotia and indeed everybody in Atlantic Canada," the economist told about 300 people participating in Mayor Peter Kelly's Forum on the Greater Halifax Economy.

"The countryside does better when you invest in the city," the economist said in his presentation that covered policies for achieving successful cities.

"Research shows that per capita distribution, while politically appealing, is not optimal," he said of economic development policies of the past.

The economist said the numbers suggest the recession should begin to lift across Canada by 2010, with gross domestic product rebounding back up to a healthier level of 2.5 per cent.

He said Halifax — because of its high proportion of employment in the military, government, educational and health sectors — will escape some of the worst that the recession will bring to some other parts of Canada, such as in the manufacturing heartland of southwestern Ontario.

Statistics the economist presented to the forum covered Conference Board of Canada research that identifies nine hub cities: Halifax, Montreal, Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver.

"These cities are the economic engines in their respective regions or province," said Mr. Hodgson.

And he said more funding for economic development should be allocated strategically to these nine hub cities to meet their needs and pull their respective regions forward.

Mr. Hodgson introduced forum participants to an economic theory called the Convergence Hypothesis, which suggests that a richer or urban area acts as a growth locomotive and poorer or rural areas experience faster growth as a result.

Mr. Kelly said Halifax has been lobbying for a more consistent funding arrangement from the province and from Ottawa for years.

He said the hub city concept is already recognized in other parts of the country.

"We are the economic hub not just of Nova Scotia, but for Atlantic Canada and what's good for Halifax municipality is good for other municipalities in Nova Scotia and in Atlantic Canada," the mayor said.

He used the forum to announce the establishment of a new economic strategy committee, an advisory group that will be led by businessman Dick Miller.

Mr. Miller is president of Clayton Developments Ltd.

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