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Saskatchewan becomes the new Alberta

THINK of Saskatchewan, and if you can place the western Canadian province on a map you might conjure up a vision of an endless prairie of wheat, so flat that the locals joke that "you can watch your dog running away from you for hours". Now think again: Saskatchewan boasts the fastest economic growth rate of any Canadian province not just because of wheat but a rich mix of other farm crops as well as potash, uranium, oil and natural gas, all of which are enjoying record prices. PotashCorp, a fertiliser company based in Saskatoon, has become one of the biggest companies on the Toronto Stock Exchange by market capitalisation.

"We don't use the word boom, because it is immediately followed by that other word," says Brad Wall, the provincial premier, whose centre-right Saskatchewan Party ousted a left-wing government last November. Such caution stems from history. The province was settled before the first world war by European farmers, lured to the area by free land and the mendacious promise of an "agreeable" climate (winters can feature temperatures of minus 50 degrees Celsius, and summers 40 degrees). In 1931 Saskatchewan was the third most populous province in Canada, behind only Ontario and Quebec. Depression and drought then ushered in eight decades of decline.

More recently, Saskatchewan has been overshadowed by neighbouring Alberta, where oil and gas have created Canada's richest province. Now, thanks to its export boom, Saskatchewan too has become a "have" province, which in Canadian parlance means that it no longer qualifies for federal handouts for certain social services. Canada's economy contracted in the first three months of this year (mainly because of the impact of the American slowdown on Ontario's industry). But Saskatchewan's job market is so tight that officials are visiting Ontario this month to try to persuade laid-off carworkers to move west. Migrants and returning residents have nudged Saskatchewan's population back over 1m—a far cry from predictions of 10m made a century ago, but seen as a milestone nonetheless.

Prosperity is not without its problems. The price of an average two-storey house in Saskatoon jumped 57% last year, while wage demands are astronomical too. The nurses' union rejected a 35% increase over four years. Aboriginal groups, who make up 14% of the population, complain they are not getting an equal share. Farmers grumble about the high fuel and fertiliser prices that are helping to make the province rich. As always, they worry about sudden changes in the price of their crops, or bad weather. "This year I could earn C\$300,000 (\$296,000) or I could lose C\$300,000," says Lyle Funk, who has a large farm in the centre of the province.

Mr Wall wants to use the commodity windfall to build more infrastructure and fund more research and development. The government plans a clean-coal power station in the south-east of the province, for example. All very well but prosperity has dulled the interest in diversification, says Doug Elliott, who publishes an economic newsletter. "We're still in the business of drilling holes in the ground and taking things out of it that are processed elsewhere," he says.

Others are more optimistic. The bust, when it comes, may not be as deep or as long as previous farm slumps because biofuels now link grain and energy prices, says Richard Gray, an economist at the University of Saskatchewan. Canola (rapeseed), used in biodiesel, is an important local crop. Those runaway dogs might soon run into a few more people.

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