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Now to this week's episode.



For more than 30 years, she has been accurately predicting the future of BC economy. We asked her to share insights she has gleaned from a recent report she produced for one of her clients.

The good news is, the BC economy looks robust. The bad news is the economy is so rosy, there may not be enough people to fill all the jobs. And she's quick to point out that technology won't be coming to the rescue

just in the nick of time either. In fact she says technology is part of the challenge because it creates even more jobs.

We ask the eminent economist Roslyn Kunin to join us for a conversation that matters about British Columbia's blue sky economy.

- Roslyn Kunin welcome. You are a highly regarded, respected economist and you've been predicting outcomes in the British Columbia economy and by extension, Western Canada to a certain extent. But most importantly British Columbia for decades. And you've got an impressive track record. Right now, you're looking forward to 2030, which isn't that far away, just a little over a decade. However, the world is changing. Does it look promising for British Columbia or are there clouds of concern on the horizon?

- It basically looks very promising for British Columbia. It looks good in British Columbia now, though you might not guess that because media are known for reporting the bad news rather than the good news. Our unemployment rate is at a 40 year low. The number of people who are poor, whichever definition, and there are many definitions used of poor, has been falling by half since 2016. So we have fewer than 7% of the population are poor now according to various definitions. The number of children in poverty has dropped dramatically. So overall, things are pretty good now and I may lose my license as a dismal economist, but I'm saying things are looking good into the future up to 2030.

- Why, what makes it look promising as we peak over the horizon?

- Well we have a good economy and things are going to continue. We have a very attractive place to live both at the political level, the safety level, the environmental level, the climate level compared to many other places in the world. So that is going to be attractive for us and as our traditional industries, like forestry and mining become a little bit less important in the overall global picture, we have growing quietly often beneath the radar. New kinds of industries like technology and are employing a lot of people and doing a lot of wonderful things that almost nobody's ever heard of.

- Well I think that what you said, growing under the radar is key because so much of this we don't see.

- Exactly, if someone puts up a factory to make widgets, you see the factory, you hear of the jobs and so on. If someone opens a high tech company in a little basement office somewhere and hires 10 people and makes an amazing discovery, and two years later is employing 100 people and selling the technology around the world, it's invisible.

- We don't see it. So you were telling me something off camera before we came here that I thought was very very interesting you used to look at one stat to predict the BC economy. And you were pretty accurate with it. What was that stat and what was the impact that it had on the BC economy?

- Okay, well when I first came to work to British Columbia in the last century. The one thing you needed to know to predict the British Columbia economy was housing starts in the states. Because a great proportion of those housing starts were built with BC lumber. And the forest industry in effect, was the BC economy. So if the states were building houses, we were selling lumber and the province was doing well.

- So it was easy to be an economist in those days?

- Oh yes.

- And an accurate one as well. Not so easy today. What are some of the different indicators that you start to look at that are happening globally. North America, then nationally, and then into BC

that you have to now start to say all these things, factor into where I believe the economy's gonna go over the next decade.

- Well one thing that has changed very very dramatically and one number I spend a lot of my career looking at is the unemployment rate. Because economies exist for people to give them jobs, to give them income, to give us all a nice standard of living and for a great part of my career, I was always looking at the people side, looking at the unemployment side and looking at jobs for people. Where are people going to find jobs? What should you tell your kid to study? If you lost your job, what can you learn that will give you another job that might last more than a few years. So I spent most of my career looking at where are the jobs and what people have to do to get them. And then in this century, there has been a tectonic shift a real 180 degree turn, that now, instead of looking for jobs for people because we are at the lowest unemployment rate we've seen for 40 years, I am looking for people to fill jobs. The biggest change is, and we all what was coming. We knew the baby boomers were, that generation, had grown up and was moving on. We knew there were low birth rates beyond that generation. We knew the population was aging and the traditional working aged numbered peoples were going down, and we're short of workers of every possible kind now from introductory elementary labor in a coffee shop. I don't call them unskilled labor. I did once, and somebody who ran a restaurant really took a strip off me and said, "It's not unskilled, they have different kinds of skills. "They need people skills and so on."

- It's a good point.

- And so from the basic entry-level labor that doesn't need a lot of higher education right through to any other kind of jobs to the highest skilled jobs, to our famous doctor shortage if nothing else, now it is human resources that are going to be the big constraint on growth, the big problem to keep for companies to grow and prosper. They can get money, capital is available. There are materials available. But people, that's going to be scarce resource.

- I guess it doesn't help that we have a bit of a housing crunch too. So if you want to attract those people to come from somewhere else to British Columbia, you have to have a place to house them. And so you add that into the mix, well then it starts to increase that challenge, that human resources challenge.

- Yes, yeah that certainly makes it much more difficult for Vancouver. But the challenge is general. But it's exacerbated in Vancouver because it's so hard to put a roof over your head.

- So you say you look at that number. Now, it's interesting, on the day that we're recording this which is Friday, April the fifth, there was job loss reporting for the last month saying that there

were actually losses in the Canadian economy. But that's the Canadian economy as a whole, primarily Quebec and Ontario. We're not seeing that here in British Columbia, aren't we?

- I haven't seen the most recent figures yet. But we are still, well I will say unequivocally, that there will be more vacancies than there are people looking for them

- And in what areas are we facing the greatest critical shortage? I know you said this across the spectrum. But are there areas of concern or areas that we might want to reach out and attract people who are in those professions to say, "There's a really good opportunity here "in British Columbia."

- Okay, well one of the things that affects everybody very very very closely is in the medical profession. Right now, if you have a family doctor you are rare and lucky. If your family doctor, because he or she is more likely to be a baby boomer like most of the rest of us, decides they want to retire, it's impossible. Even in places like Vancouver to find another family doctor. It used to be, it was always a problem if you were in a small town, and the prairies are somewhere, they never had shortage of doctors. But in the main attractive centers, you could always get a doctor and now you can't. So that is one particular area. Partly it's our policies. But generally, we definitely need more people in the medical professions.

- Well our doctors, not like other, in the sense that they're going well hang on a second, if I'm running my own practice, in essence I have a business. I have to hire people, I've got overhead and so on. And younger doctors, I think are following the trend of a gig economy. Like they'll all work in this clinic, that one here and there, I don't have to manage the administrative side of that now. But it puts the patient in a position where they're dropping in and having a visit with a physician that isn't somebody that they see on a regular basis.

- That is definitely one of the factors. The other factor is how many billing numbers are allocated to doctors. A third very important factor that I've worked a lot with is foreign credential recognition. And this implies not only for doctors, but for engineers and for many other occupations and professions. We have a lot of people. Vancouver, British Columbia is a wonderful place to live. We attract an awful lot of people. Good people, educated people, qualified people and we tell them come, it's wonderful. And then when they get here, we don't give them license to practice. So we make them jumps so many hoops that are so high that a very small proportion of them come here ever ever make it through all the hoops.

- So that's an issue that we need to address.

- That's definitely an issue because immigration is one solution to the fact that human resources are the ultimate scarce resource in our current and our future economy. But if we invite people in, we've got to find an effective way to make sure they're qualified, I'm not saying give every unqualified person who says they're a doctor a license. But make sure they're qualified, make it reasonable, timely and not too expensive for them to demonstrate their qualifications. And we really need their skills.

- Do our labor laws at the moment pose a bit of a challenge for employers who are saying, "Yes, I wanna bring somebody in. "But once I hire somebody, I wind up becoming "locked into an agreement with that employee "that doesn't give me flexibility." Are we at any risk there. Or is that part of what's driving a gig economy that employers are going, "Yeah, I need you, "but I'm not sure that I need you for "all 12 months of the year. "So I'm gonna give you contracts." Is this something that is at play and does it create a bit of a challenge?

- Okay, well I've got to admit my own conflict of interest here. I have been running my own consulting business for 26 years. I generally have between about four and 12 people working for me at any point of time. I have never hired anybody. It's all gig economy, it's all contract work. Sometimes people work for me for decades and I may be the sole or their major source of income, but we're all in the gig economy. We all do contracts because it is a major hassle to hire someone if you're a small organization. If you're a big organization and you can afford a large human resource department and legal department and all the other infrastructure, then of course. But for smaller organizations, for more flexible organizations, it is just so much easier and an awful lot of, and this surprises baby-boom generation people. An awful lot of the post baby-boom people actually prefer the gig economy. I'm thinking of a niece of mine, and she had trouble getting her career established. She spent her 20s skiing and doing fun things, and then all of a sudden she realized that hey, you know, I don't always want to be living a twin apartment and not paying the phone bill, and that sort of thing. And decided to settle down more and got work in government. A lot of us did, I worked for government for a long stretch. And it was always contract part-time work, and I said, "Well in the old days, "you work for government for two minutes "and they give you a lifetime job with a pension." It took her a long time before they offered her that.

- Even in the government?

- In the government, and when they offered it to her she said no. She said, "I enjoy my freedom. "I like to be able to take a day off to go skiing. "I will continue to do contract work. "If I can find another government job, "I'll do something else. "But I don't want to be tied down "to the nine to five you know."

- Is that because of the relationship with work is changing?

- Yes, I was just speaking to someone yesterday who had hired some millennials and didn't keep them because, this is really funny. They didn't realize they really had to come in and work for the hours that they were working. You know, one young person was hired at one of the fish and chips shops at the beach in the summer and he quit. Because he thought he'd be hired for eight hours a day and maybe two or four of them would be busy and the rest he would be getting paid for relaxing. And they only called him in when it was busy. So I'm not saying that there are you know, a lot of people like that. There are an awful lot of very driven young people who work very hard. Who may not go to university but will sit in front of their computer and learn everything they could learn at university and maybe more so and start their own businesses and work 20 hours a day, six and a half days a week to make it. So there are those people too.

- So when I ask the question the first time, in the back of my mind I'm thinking that I keep hearing that what so many people, younger people than you and I, are saying about what is I don't want a job just for a paycheck. I want a job that's gonna contribute some way to the society that I live in. It's this idea of contribution rather than just employment. Is this a good thing?

- This is a very good thing. And right now, I am doing some work for the BC Landscape and Nursery Association and they're all the people who grow all the nice tomatoes as well as keeping your golf green, your golf course green and so on, and produce an awful lot of local food. And they're having a great deal of trouble getting workers. And they need some skilled workers and some people who have the appropriate training. And they need an awful lot of basic unskilled workers because at a smaller scale, it doesn't pay to automate yet. So they need a lot of workers and what we're going to do to attract workers is say, "Hey, you want to eat good food. "You want to eat local. "Maybe you don't want to be stuck in an office "behind a computer for all your work. "Come and work in this sector, "and you are really adding some value. "You're adding some really good local organic tomatoes "or whatever it is to the BC economy."

- So you touched on something that I think that we have to discuss in that is the role of technology as we move forward. Will it displace people? Will it solve some of these human resources challenge? Or will it create other ones?

- Okay, well to go back to economic history, which is an old love of mine if you go back about two or 300 years ago, it took 90% of the population on earth, on the land growing food.

- To survive?

- To survive because technology, agricultural technology was such that you couldn't produce more than a 10% surplus over and above what it took to keep you and your family alive. So 90% of the people had to be on the ground growing food. And then technology changed. They

discovered crop rotation, fertilization, these kinds of things. And suddenly it only took 50% of the population to grow food and everybody said, "What are all these people going to do?" Because food production is where it's at. That's what real work is and the other things are all sort of luxuries for the very few rich that society could afford to support and so on. And what's going to happen? They're all gonna die because we don't need them on the farms anymore. And of course what happened was the Industrial Revolution and people began getting things they never had before. And my favorite two examples are dishes and underwear.

- Why?

- Because we don't realize that it wasn't that long ago that you people had one outfit if they were lucky. They didn't have changes of clothes, they didn't have underwear. This is still a more recent--

- Like 250 years ago.

- Yeah, but very recently, I have a colleague who was in China during the cultural Revolution. She was Chinese, and she got shipped to the countryside to a village. And there was a family there, in the 1960s, a family that had one blanket and one pair of pants.

- For the family?

- For the family. So they're still, and that is one of the reasons I'm optimistic is of course that has changed drastically. People in China now are fed and clothed, whatever else you could say about them, they have done an economic miracle there. But you go back to the Industrial Revolution, people found other things to do that before the Industrial Revolution, you didn't even imagine or think of. And similarly as technology happens, we are going to get a whole range of things that didn't exist before probably primarily services that we can't even imagine now and that will keep people busy.

- Okay, so let me go back to my question. And so will technology alleviate our human resources challenges or will it add to it because of the jobs that are associated with maintaining, running, developing that technology?

- It will help alleviate as people become scarcer and scarcer to find. And as coffee shops introduce robots to make the coffee, and that sort of thing. And so it will alleviate to that extent. Technology will be put in because of the need. Because you can't get people, not to kick people out but because you can't get people to do those kinds of jobs.

- So that's a different way of thinking about it.

- Yes and that is where people are putting. 'Cause technology is expensive, technology is hard to maintain. It will exacerbate certain labor shortages because we are now going to need a much higher proportion of the population with the skills, the ability and the desire to create, maintain the technology.

- What will it do to trades? Because this is an area where you go, "Well, you can't be that technician "because you're a trades person." What does the future look like there?

- Well we still need a lot more people to go into trades, any kinds of trades then are going into it. And I always encourage young people to go into trades. It doesn't take an awful lot of academic education, you're much less likely to acquire a big pile of student debt to get into a trade. You can make good money. And then when you get tired of doing the trade you can move up through BC IT, through other means into the technical level even into the engineering and the professional level or maybe start your own business and go into the manager level.

- So you don't see technology invading there either?

- It's going to invade there in a different way and that people used to think that if you're job was using a hammer you were as dumb as a hammer. And that is no longer true because everything that you do in the trades now is going to be using a lot more technology, a lot more technical skills and abilities. So now to get into a good apprenticeship, you really do need, I hate to tell kids this, that grade 12 algebra.

- Algebra?

- Yeah, because you need the mathematical skills. You need the literacy skills, you need a higher level of technical skills to operate in any trade. You have to deal with computers, you have to read complex diagrams, you have to deal with computer-aided design and so on.

- To be able to do all that, you have to be educated at a basic level and as you pointed out, in BC we have an educated population.

- Yes.

- Which is good. And all of this, to come full circle, bodes well for BC from your perspective?

- I definitely think BC is going to be prospering in 2030.

- Isn't that fabulous? I'm happy that you are an optimist, and that all the signs point towards a bright future for us over the next decade. Thank you for coming in and sharing this with us.

- My pleasure..