



Spencer Platt, Getty Images

Students at job fairs may be encountering pessimism due to the world economic outlook, but figures for Alberta point to a robust labour market. The province's employment rate of 72.5 per cent is the highest on record.

Alberta employment surges to record high

New jobs come despite global economic gloom

GINA TEEL
CALGARY HERALD

Alberta's employment rate rocketed to an all-time high in October, as robust job growth in construction and trade and in service gigs ranging from auto mechanics to hairdressers bucked worries of a looming recession.

Alberta added 15,000 net jobs in October, boosting the employment rate to 72.5 per cent, the highest on record since January 1976, when the data series began, Statistics Canada said Friday.

Alberta last set the all-time record in June with a 72.2 per cent employment rate.

"We actually looked to see if Alberta had the highest employment rate in the OECD, and the only other place that we found that had a higher one was Iceland... that was based on the last stats we had," said Danielle Zietsma, with Statistics Canada's Labour Force Survey.

Alberta's jobless rate, meanwhile, fell to 3.7 per cent from 3.8 per cent in September,

to remain the lowest in the country.

Frank Atkins, associate professor of economics at the University of Calgary, said the numbers in the October jobs report were good.

"I don't see where the doom and gloom in Alberta is," he said.

Todd Hirsch, senior economist with ATB Financial, said the job figures in Alberta continue to surprise.

"I'd been expecting to see a bit of a slowdown in employment numbers, but so far it looks like the employment market is still the healthiest portion of Alberta's economy," he said.

This is in spite of slowdowns in all other indicators such as retail sales, housing and drilling activity, Hirsch said.

Moreover, Alberta's job gains were all full-time positions, he added.

"Growth in full-time work tends to give a better read on what's happening with core economic growth," Hirsch said.

He noted Alberta's job gains were mostly in retail and wholesale trade (up 6,500), finance and real estate (6,400), and other service-oriented positions (6,200). Job losses were in education services (down 4,400), and forestry and oil and gas (down 3,000).

Nationally, Canada added 9,500 jobs in October, beating economists' expectations. Many were expecting a loss of about 10,000 jobs for the month, after a record increase of 107,000 positions

in September.

Statistics Canada said there was a 40,000 employment gain in public administration, mostly as a result of the Oct. 15 federal election.

Employment in accommodation and food services declined by 27,000, with the losses primarily felt in Ontario and Quebec.

Canada's unemployment rate of 6.2 per cent, up 0.1 percentage points from September, wasn't bad, said Atkins said.

His take on the jobs report is that the Canadian economy as a whole is going to avoid a recession.

"That doesn't mean it's going to be wonderful; it's still going to be stagnant growth probably until next spring but stagnant growth is a lot better than the actual recession," Atkins said.

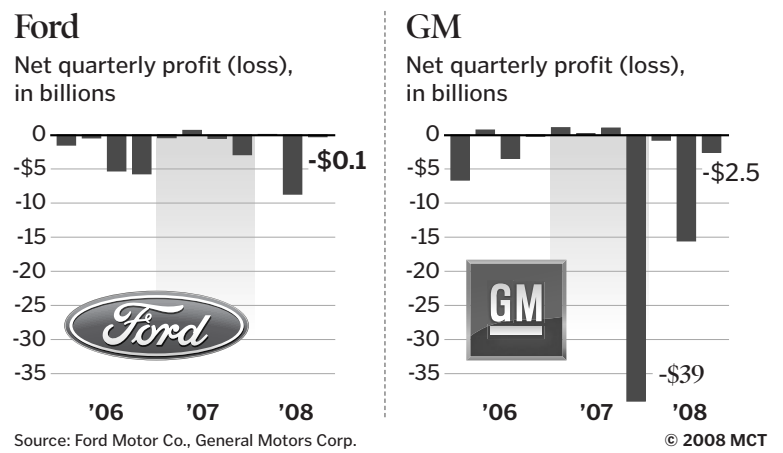
Paul Ferley, assistant chief economist at RBC Economics Research, said the indications of the U.S. economy falling into recession bode poorly for growth in Canada and labour markets nationally.

Elsewhere, the unemployment rate in British Columbia was 5.1 per cent; Saskatchewan four per cent; Manitoba 4.3 per cent; Ontario 6.5 per cent; Quebec 7.2 per cent; New Brunswick 8.8 per cent; Nova Scotia 7.5 per cent; Prince Edward Island 11.5 per cent; and Newfoundland and Labrador 13.7 per cent.

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Automakers slide

Ford and General Motors both posted third-quarter losses.



Detroit automakers teeter on brink

CHRIS VANDER DOELEN
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WINDSOR, ONT.

The Canadian Auto Workers union hailed the suspension of merger talks between Chrysler and General Motors as "a good thing," but the slew of bad news that emerged from the industry Friday indicated all three of Detroit's automakers are now teetering on the brink of disaster.

Both GM and Ford released grim quarterly financial reports Friday that showed them burning through their remaining cash at much faster rates than analysts expected. The losses have been so large they could push GM into bankruptcy before next June, the company said.

Without a lifeline from government or a quick turnaround in the dismal auto sales that have accompanied the summer's credit crisis and last month's stock market crash, GM said, it will run out of operating cash well before the end of the first half of 2009. It lost another \$4.2 billion US in the third quarter, its fifth-straight quarterly loss.

Ford posted a loss of \$2.7 billion US in the same quarter, used up \$7.2 billion of its cash, and announced it was cutting vehicle production further. Both of its Ontario assembly plants in Oakville and St. Thomas will be shut for a month at Christmas, Ford of Canada spokeswoman Lauren More said Friday.

Oakville will also close for a week starting Monday.

GM said it would cut its white-collar staff by another 10 per cent in North America and further reduce production. In Canada, it will lay off an additional 500 workers at its Oshawa, Ont., car and truck assembly complex.

Privately held Chrysler — no longer required to make its finances public — was in an equally perilous state, with its cash position also dwindling rapidly, company sources told news outlets. On Thursday, all 500 white collar employees of Chrysler Canada received buyout package offers announced last week.

The companies and analysts said sales and conditions deteriorated substantially in October, indicating fourth-quarter

results could be even worse than those released Friday. The 2009 sales year will likely be even worse than 2008, several analysts said.

"It's frightening, that's the only thing I can say," said Ken Lewenza, president of the CAW. "It's another discouraging day."

Lewenza added: "I cannot even contemplate a Canada or a North America without General Motors, but the possibility is now obviously there."

The industry "obviously needs some financial support from government" to survive, he said.

The federal government said it was reconsidering requests for additional help for the auto industry. Prime Minister Stephen Harper's office said he is "very concerned about the auto sector."

An aide to Harper told Reuters that Ottawa would consider extending "fiscally responsible" help to the industry.

"We're not closing the door absolutely on a number of these questions, but I think one has to recognize the fiscal situation that we're in as well," said the aide to Harper, who asked not to be identified.

Lewenza said the only good news he heard Friday was the announcement from GM chief executive Rick Wagoner that the company had shelved talks regarding buying Chrysler so it could focus on improving its own liquidity situation.

"We say the speculated merger was not the answer — you can't merge two companies that are hurting" and expect to save jobs, Lewenza said.

Lewenza said the future of the Detroit companies is hard to predict after a decade of constant downsizing and plant closures, with annual sales now running at five million fewer units per year than a few years ago.

"But you can't restructure your way out of this. Even Toyota's sales are down 30 per cent, and Honda is in the same boat."



Rick Wagoner

IN BRIEF

FROM HERALD NEWS SERVICES

Live Nation tumbles despite strong profit

EARNINGS • Shares in concert promoter Live Nation Inc. fell more than 11 per cent Friday, a day after it posted strong quarterly earnings, as investors appeared more concerned with how it will be hurt by the economic slowdown in 2009.

Live Nation's third-quarter net profits more than tripled to \$1.67 US a share. But the shares fell \$1.20 to \$8.89 on the New York Stock Exchange. The shares have dropped 39 per cent this year.

Apple executive barred from work

COURTS • A U.S. District Court judge in New York ordered a newly hired Apple Inc. executive to stop work immediately because he might be violating an agreement with his former employer, IBM.

Federal District Judge Kenneth Karas ordered that Mark Papermaster "immediately cease his employment with Apple Inc. until further order of this court."

Apple announced Tuesday that Papermaster would lead the engineering teams making Apple's highly successful iPods and iPhones.

Papermaster had worked for IBM for 25 years. IBM said in a court filing that, before Papermaster left, he agreed to avoid working for any competitor for a year.

U.S. government may buy AIG shares

BALLOON • The United States government is looking at buying several billion dollars of preferred shares from American International Group and possibly acquiring billions more of bonds guaranteed by the insurer, a source familiar with the matter said Friday.

The options are being discussed as AIG and the government try to restructure the insurer's emergency loans, which saved AIG from bankruptcy but burdened the struggling insurer with a high interest rate. Talks to restructure the credit facility are to lead to improvement in the terms, the source said.

Restructuring AIG's debt will give it more breathing room to sell assets over time to pay back the government.

Fabled Berkshire extends losing streak

BLOOMBERG

Billionaire Warren Buffett's Berkshire Hathaway Inc. posted a fourth straight drop in profit, marking the longest streak of quarterly declines in at least 13 years, amid investment losses and falling returns at its insurance businesses.

Third-quarter net income decreased 77 per cent to \$1.06 billion US, or \$682 a share, from \$4.55 billion, or \$2,942, a year earlier, the Omaha, Neb.-based company said Friday in a regulatory filing.

"When you insure against hurricanes, there are going to be periods where you take a hit from a storm like Ike," said Frank Betz, a partner at Carret Zane Capital Management, which holds Berkshire shares, in an interview before results were released. "It happened to all the insurers."

Buffett, 78, is investing in nuclear power, chewing gum and Wall Street as results slump at insurance units and the Berkshire businesses that are tied to the U.S. housing market. He has committed at least \$28 billion this year to acquire companies, finance buyouts and purchase securities as prices fall and competitors are hobbled by limited access to credit.

Berkshire, which owns National Indemnity Co., General Re Corp. and Geico Corp., said profit from underwriting insurance policies fell 83 per cent to \$81 million as the reinsurance group, which sells catastrophe coverage to other insurers, posted a \$166-million pre-tax loss for the quarter.

Decreases in the value of some holdings and derivatives lowered earnings by \$1.01 billion, compared with a \$1.99 billion gain in the same period a year earlier.

Declining investments, catastrophe claims and falling property and casualty rates caused third-quarter profit declines



Herald Archive, Bloomberg

Warren Buffett's Berkshire Hathaway suffered losses amid a hit to its insurance businesses.

or losses at 22 of the 23 companies in the KBW Insurance Index that reported results so far. Berkshire typically gets half its revenue from insurance.

Buffett has said he likes to own insurance companies because they are able to invest money paid by policyholders for months or years until the funds are needed to pay claims. He warned shareholders in February that it was a "certainty" that profit margins at Berkshire's underwriting businesses would narrow this year after the U.S. avoided major hurricanes in 2006 and 2007.

Hurricanes Ike and Gustav cost insurers a combined \$10 billion when they struck the Gulf Coast in September, the most since the record \$58.7 billion of claims in 2005 when Katrina struck, according to preliminary data from Insurance Services Office Inc. Gustav hit Louisiana on Sept. 1, sparing New Orleans a direct hit. Ike smashed into Galveston, Texas, two weeks later.

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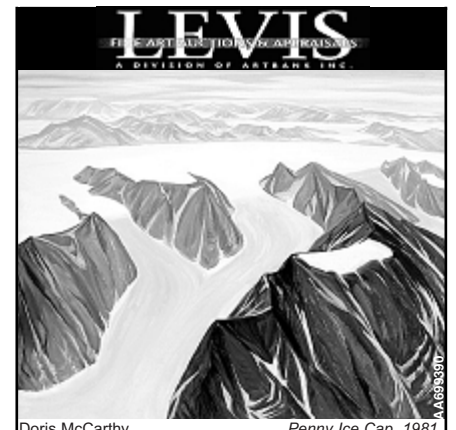
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