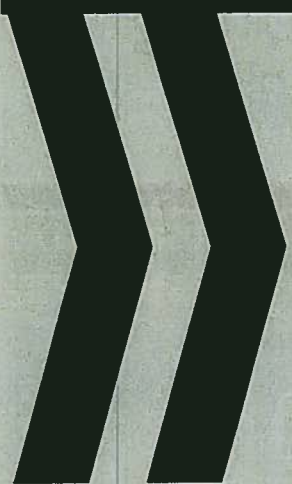


# Report on Business

**B2 Report on Business**

 Globe and Mail  
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 Toronto, ON  
 December 14, 2009

**THE LOOKAHEAD**

**REAL ESTATE**

Chris Slightham wondered last year whether the residential real estate crash would mean parting ways with any of his 180 employees at Royal LePage Signature Realty in midtown Toronto.

Some crash – Mr. Slightham has been forced to hire 80 employees in the last few months to keep up with demand from would-be home owners who are desperate to crack the market while low interest rates make mortgages irresistibly affordable.

The same story is playing out in commercial real estate. Vancouver-based Avison Young has added 200 people this year across the country to get ahead of an expected rebound.

Meanwhile, the Ontario Real Estate Organization, which offers the certification courses needed to trade in either segment of the real estate market, has seen demand for its first course surge since September after evaporating late last year.

"People are getting laid off and people are switching careers," says Mr. Slightham. "I've hired a lot of great people from other industries, who are bringing what they learned somewhere else into real estate."

It's all great while the market is hot, but Mr. Slightham isn't very optimistic about what happens when interest rates rise and home buyers begin exercising a little more self-control.

"Arguably, there are already too many realtors," he says. "About 80 per cent of those who start in real estate get out of the business within 24 months. People generally don't understand what the volume of units are traded monthly, relative to the number of people with licences."

» Steve Ladurantaye

**THE ECONOMY**

**» WHO SAYS MORE EXPORTS KEY TO CANADA'S GROWTH? Not Laval University economist Stephen Gordon, whose argument concerning aggregate demand comes complete with mathematical equations and bar charts**

Canada is a trading nation. As a small, open economy, the country's fortunes rise and fall with global demand for its excess production. That's why the stronger dollar risks snuffing out the recovery. That's also why Canada's recovery won't really take hold until things improve in the United States, which buys more than 70 per cent of our exports.

This is the narrative that the Bank of Canada, Finance Minister Jim Flaherty, Bay Street economists and those of us in the financial press have constructed to explain the current phase of the recession, or, if you prefer, the recovery. A benchmark lending rate near zero and federal and provincial fiscal stimulus of more than \$60-billion has the domestic economy gaining steam. But we are capable of producing much more than we consume. To generate the wealth that makes Canada one of the 10 richest places on Earth, we need thriving external markets for our stuff.

The story of Canada as an export-dependent nation is one we've been telling ourselves for a long time, and as all those unemployed forestry and factory workers attest, it still rings true. But how true?

Laval University economist Stephen Gordon has been grappling with that question lately. His conclusion may surprise you. Prof. Gordon believes the notion that Canada needs a thriving export industry to maintain stronger economic growth rates is, quite simply, wrong.

Now, Prof. Gordon hosts a blog whose purpose is to stir up a more lively debate on Canadian economic policy, so he has reason to be provocative. But this isn't any old poke in the eye. Prof. Gordon's challenge to conventional thinking comes complete with mathematical equations and bar charts. If aggregate demand is the sum of domestic private consumption of goods and services; domestic private expenditure on capital goods; government expenditure on goods and services; and net exports, which is external shipments minus imports, then aggregate demand can expand even if net exports stay the same, or even shrink. In fact, that's what happened during the economic expansions between 1982 and 1990 and 2001 and 2008, according to Prof. Gordon's calculations.

The argument could explain some of the cognitive dissonance that accompanied this recession. With the economy apparently on its knees, household credit continued to rise at rates that surprised the Bank of Canada.

Some of that is no doubt explained by families running up their lines of credit in lieu of a paycheque. But would Canada's notoriously conservative banks keep lending to people who didn't demonstrate decent earning potential? With export markets weak, it seems likely those people were earning a living providing services to their fellow Canadians. In Prof. Gordon's opinion, an economy that produces goods and services for itself is a stronger economy and many of his readers agree with him. Google "Worthwhile Canadian Initiative" and join the discussion.

» Kevin Carmichael

Dec. 14 – 18

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Former T-shirt tycoon Greg  
 producer Richmond Mines, a

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Chris Slightham wondered  
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**GOLD PRODUCERS » LOOKING T**


Former Gildan CEO Greg Chamandy's Ric

When former T-shirt tycoon Greg Chamandy decided to invest in gold mining earlier this year, he was counting on global demand for the precious metal to continue its steady ascent in these uncertain times.

It has, for the most part, helping to boost the shares of gold producers. But the Quebec junior gold producer Mr. Chamandy bought heavily into – Richmond Mines Inc. – has seen its shares fall about 14 per cent over the past eight months due to concerns about growth prospects. Now the co-founder and former chairman and chief executive officer of T-shirt and casual wear giant Gildan Activewear Inc., is

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