



The New Brunswick Economy: Context for the Way Forward

Andrew Sharpe

Centre for the Study of Living Standards

Presented at

CSLS-AIPR Invitational Workshop “The New Brunswick Economy: The Way Forward”

Members of the CSLS-AIPR Panel on the Future of the New Brunswick Economy

- **Mike Horgan**, CSLS Board member and Senior Advisor at Bennett Jones and former Deputy Minister of Finance and President of ACOA; co-chair;
- **Herb Emery**, Vaughn Chair of Regional Development, University of New Brunswick. Executive Director, Atlantic Institute for Policy Research; co-chair
- **Don Drummond**, CSLS Chair and Queen's University, former TD Chief Economist and Associate Deputy Minister of Finance;
- **Alex Leblanc**, CEO, New Brunswick Business Council;
- **Gaetan Thomas**, CEO, Conseil économique du Nouveau Brunswick;
- **Robert Campbell**, former President of Mount Allison University;
- **Adriene O'Pray**, Executive Director, McKenna Institute, University of New Brunswick

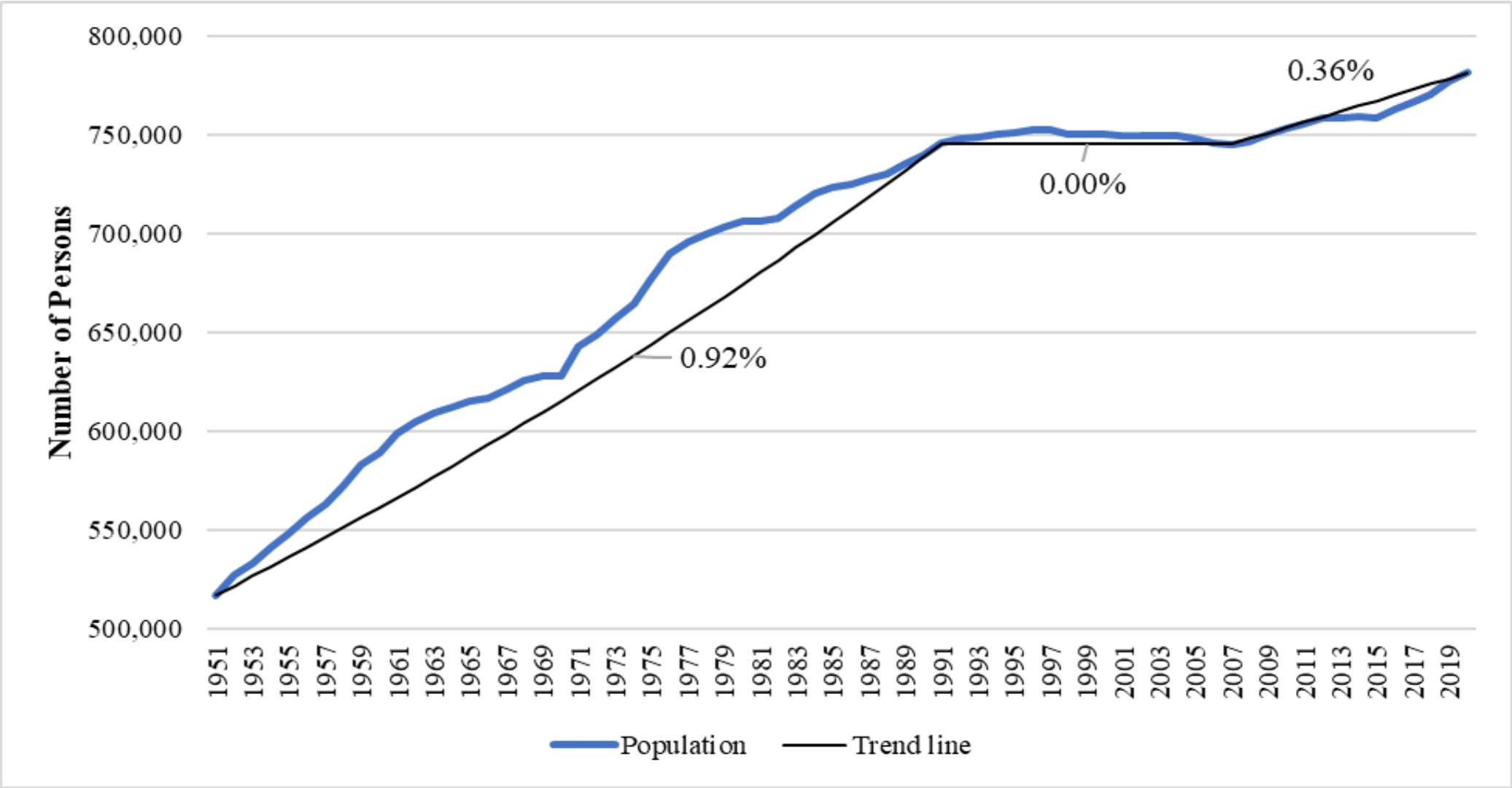
CSLS Reports on the New Brunswick Economy

- ["Innovation in New Brunswick" \(August 2020\)](#)
- ["The Productivity Performance of New Brunswick Manufacturing: A Detailed Analysis, 1997-2019" \(June 2021\)](#)
- ["North Versus South: Income Disparities in New Brunswick, 2000-2019" \(October 2021\)](#)
- ["Richer and Fairer: New Brunswick Income Trends, 1976-2019" \(October 2021\)](#)
- ["Turning the Tide: Demographic Developments in New Brunswick, 1951-2020" \(October 2021\)](#)
- ["The Index of Economic Well-being for New Brunswick, 1981-2019" \(October 2021\)](#)
- Covid-19 Labour Market Developments in New Brunswick Compared to Canada (forthcoming)
- An Assessment of Labour Market Trends in New Brunswick (forthcoming)
- An Assessment of the Fiscal Situation in New Brunswick (forthcoming)
- An Analysis of the Aggregate Productivity Performance of the New Brunswick Economy (forthcoming)

Section II: The Demographic Situation

Trends in Population Size in New Brunswick and in Canada, 1951-2020

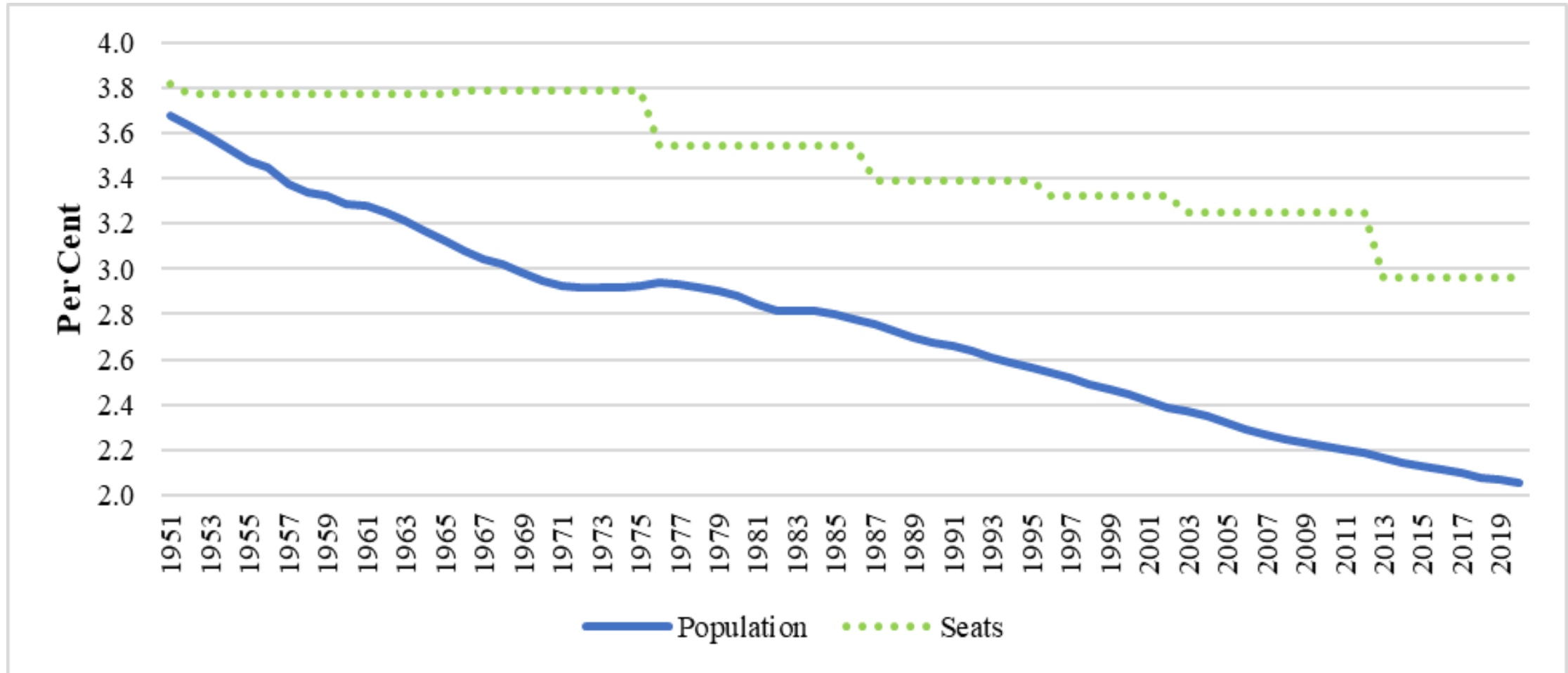
Panel A: Population of New Brunswick, 1951-2020



Source, population: Statistics Canada. Table 17-10-0009-01. Population on July 1 (Quarter 3); source, seats in the House of Commons: Parliament of Canada, https://lop.parl.ca/sites/ParlInfo/default/en_CA/ElectionsRidings/Ridings

Trends in Population Size in New Brunswick and in Canada, 1951-2020

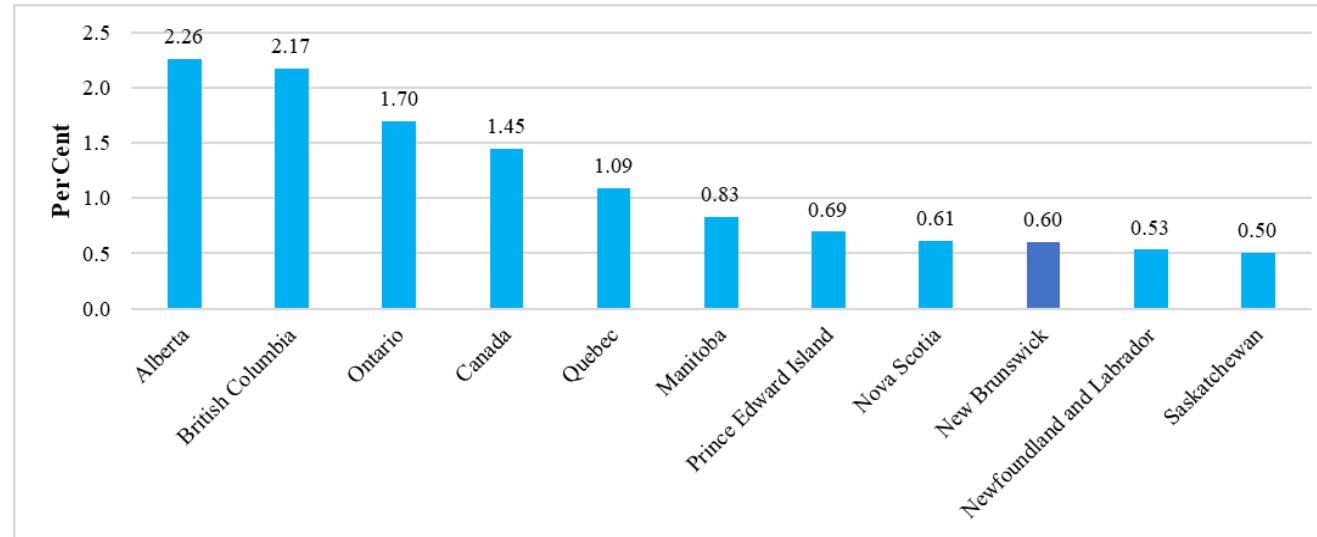
Panel B: New Brunswick's Share of the Canadian Population Compared to New Brunswick's Share of Seats in the House of Commons, 1951-2020



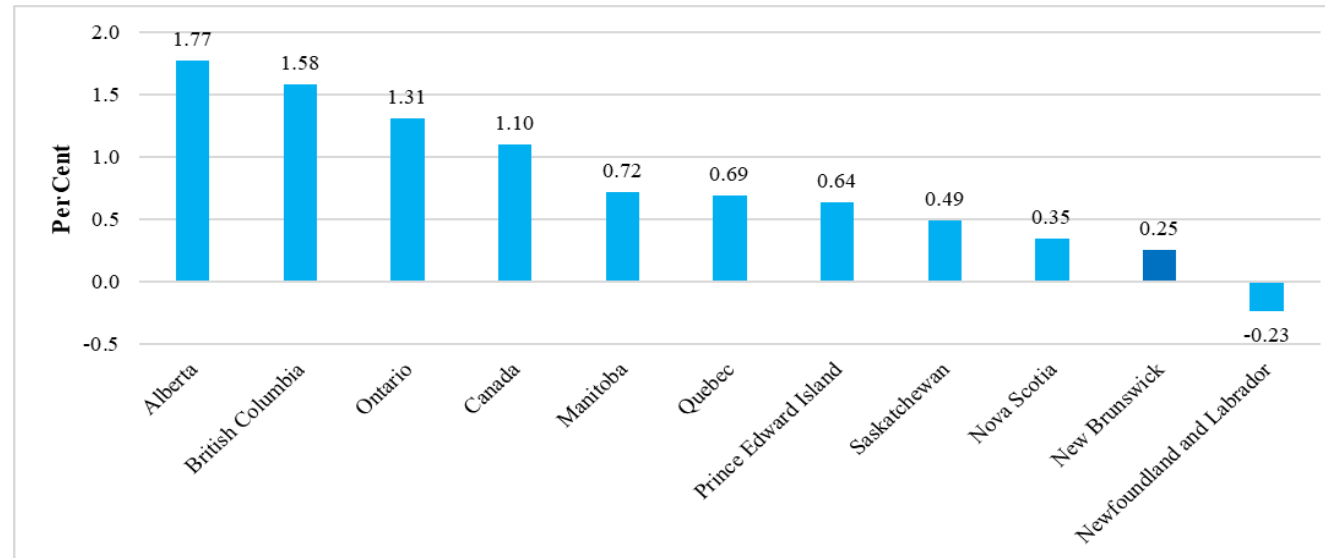
Source, population: Statistics Canada. Table 17-10-0009-01. Population on July 1 (Quarter 3); source, seats in the House of Commons: Parliament of Canada, https://lop.parl.ca/sites/ParlInfo/default/en_CA/ElectionsRidings/Ridings

Population Growth by Province, Canada, 1951-2020 (Compound Annual Growth Rates)

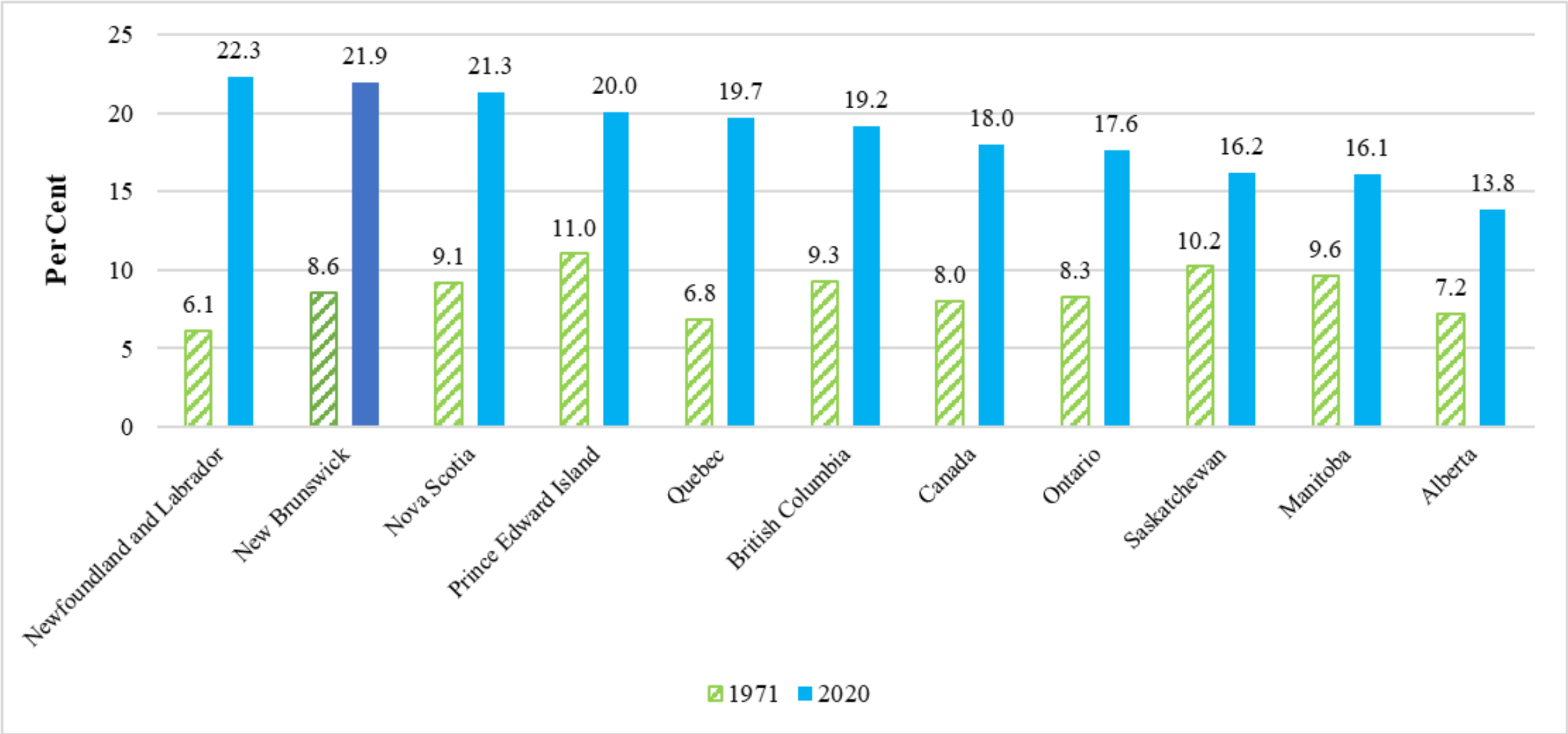
Panel A: Population Growth Between 1951 and 2020



Panel B: Population Growth Between 1980 and 2020

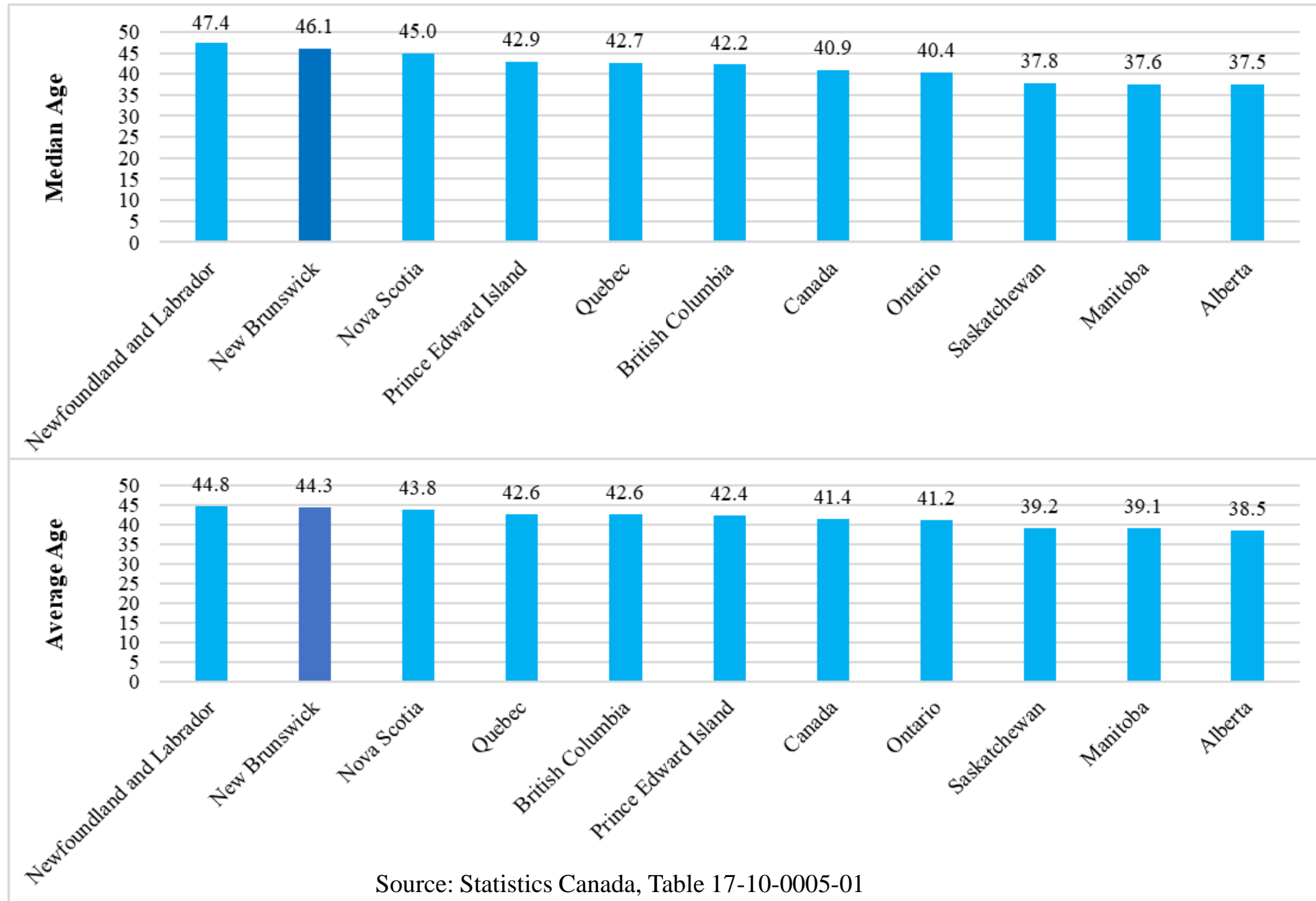


Share of Persons 65 and Older in the Total Population by Province, Canada, 1971 and 2020



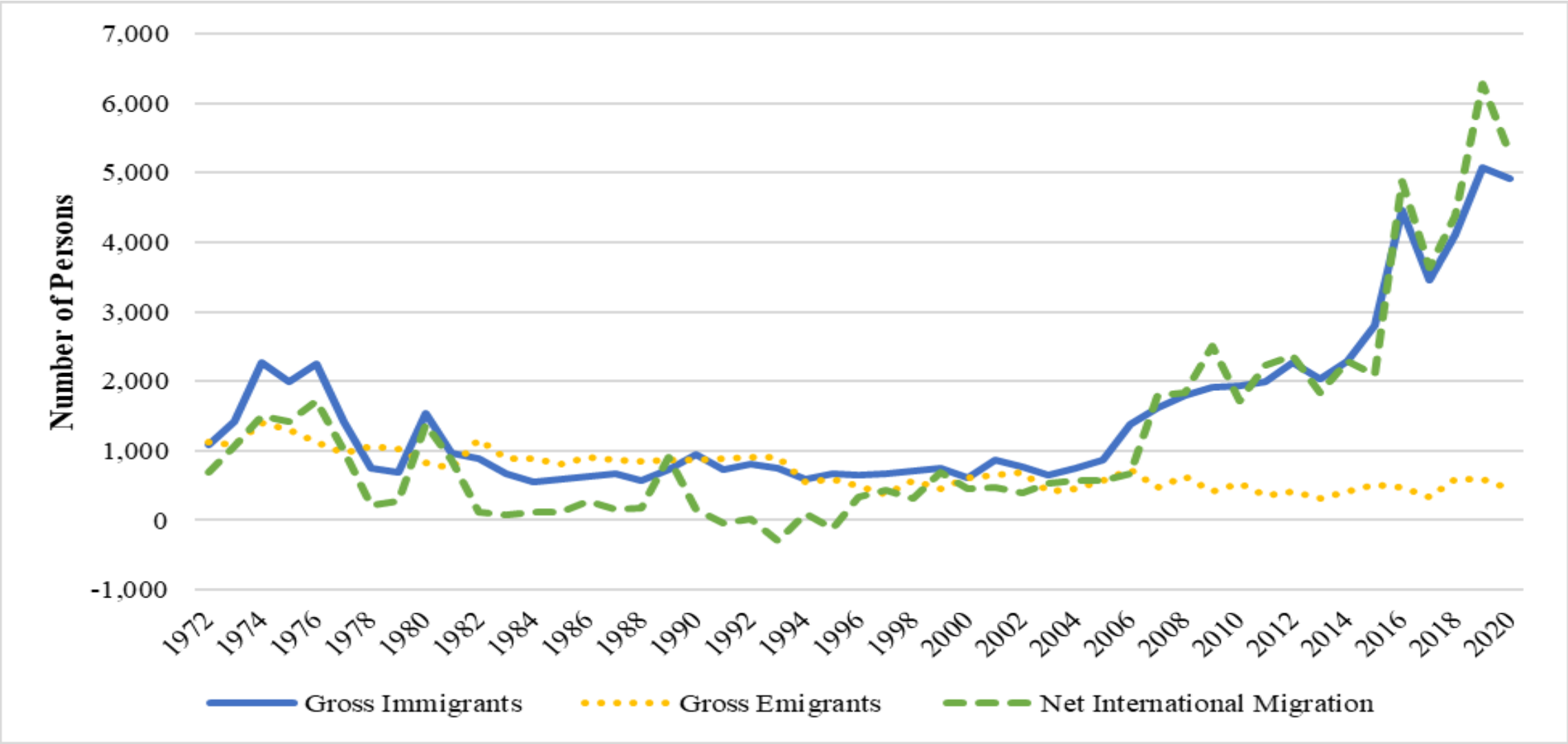
Source: Statistics Canada, Table 17-10-0005-01

Median and Average Age by Province, Canada, 2020



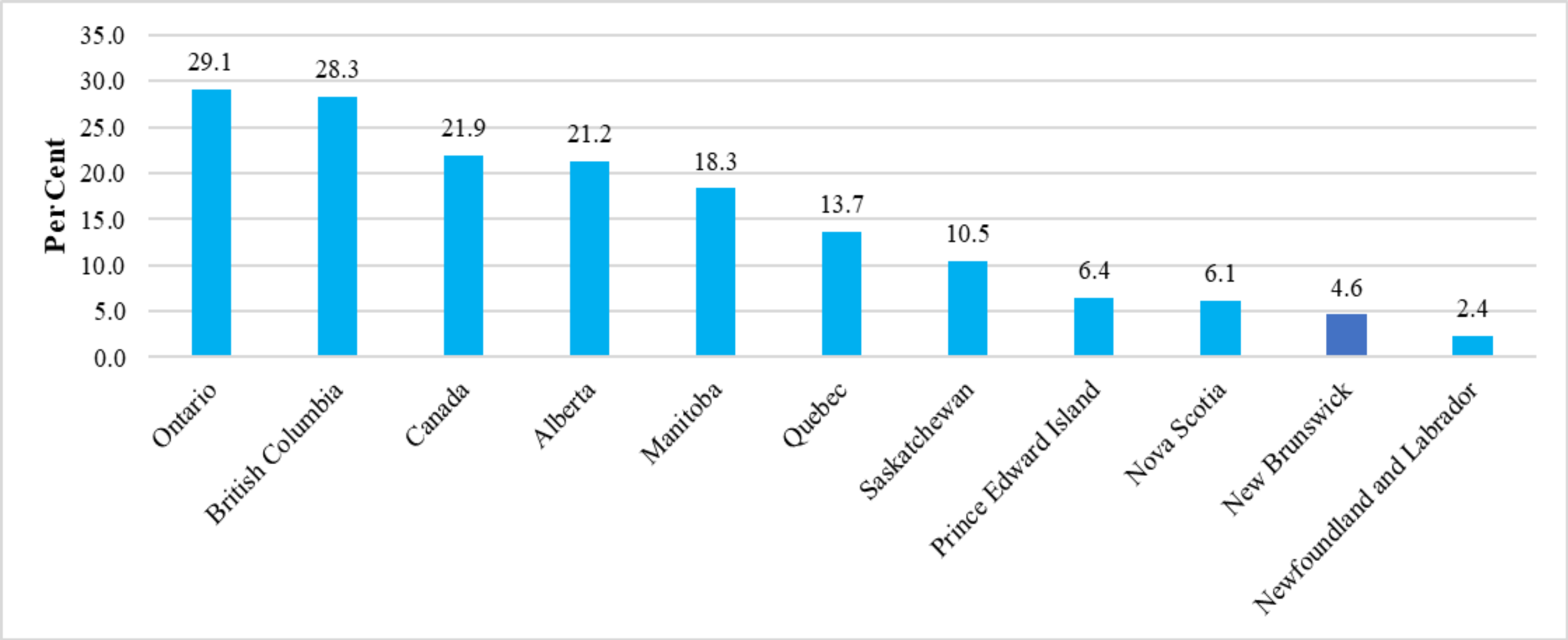
Source: Statistics Canada, Table 17-10-0005-01

International Migration, New Brunswick, All Ages, 1972-2020



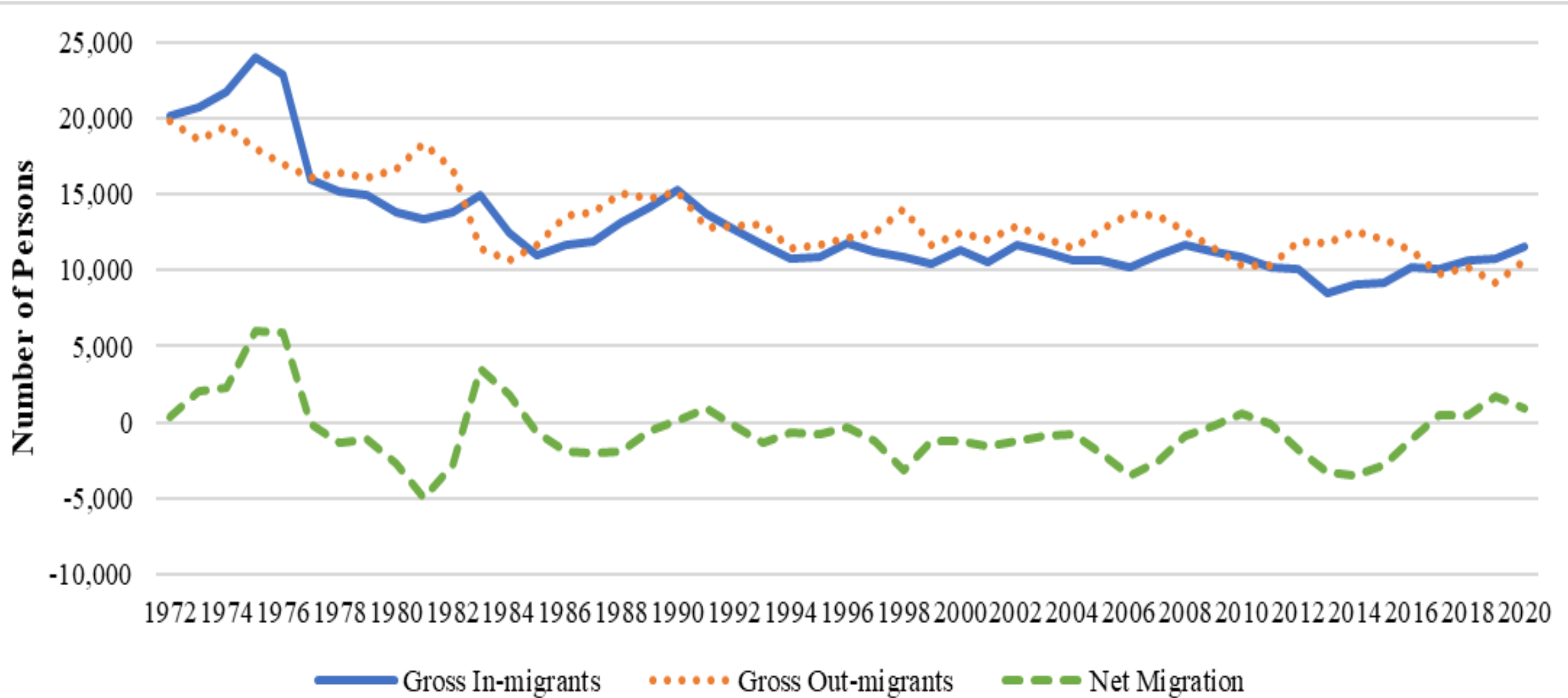
Source: Statistics Canada, Table 17-10-0014-01

Share of Immigrants (Foreign-Born Persons) in the Total Population,
by Province, Canada, 2016

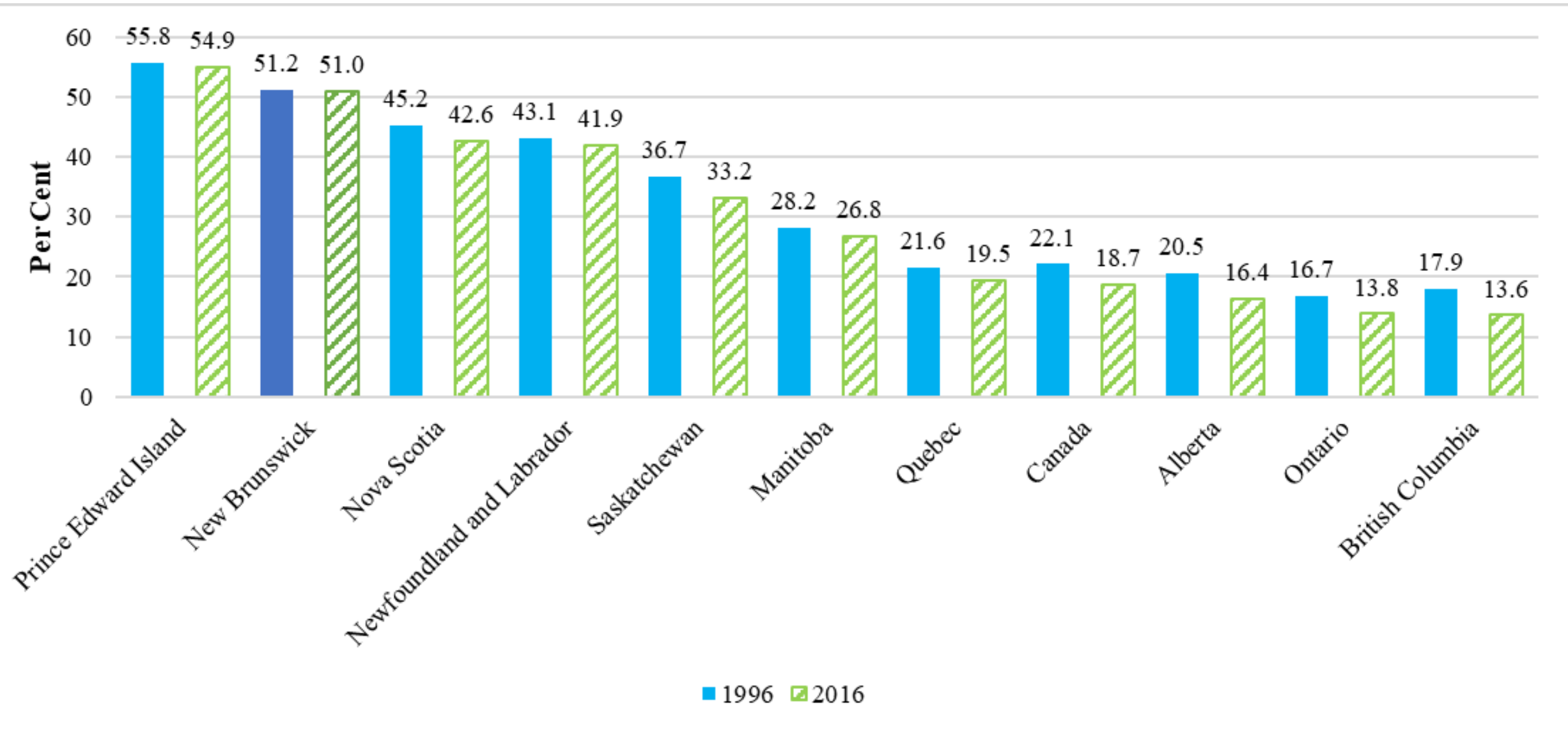


Source: Statistics Canada, Immigration and Ethnocultural Diversity Highlight
Tables, 2016 Census

Interprovincial Migration, New Brunswick, 1972-2020

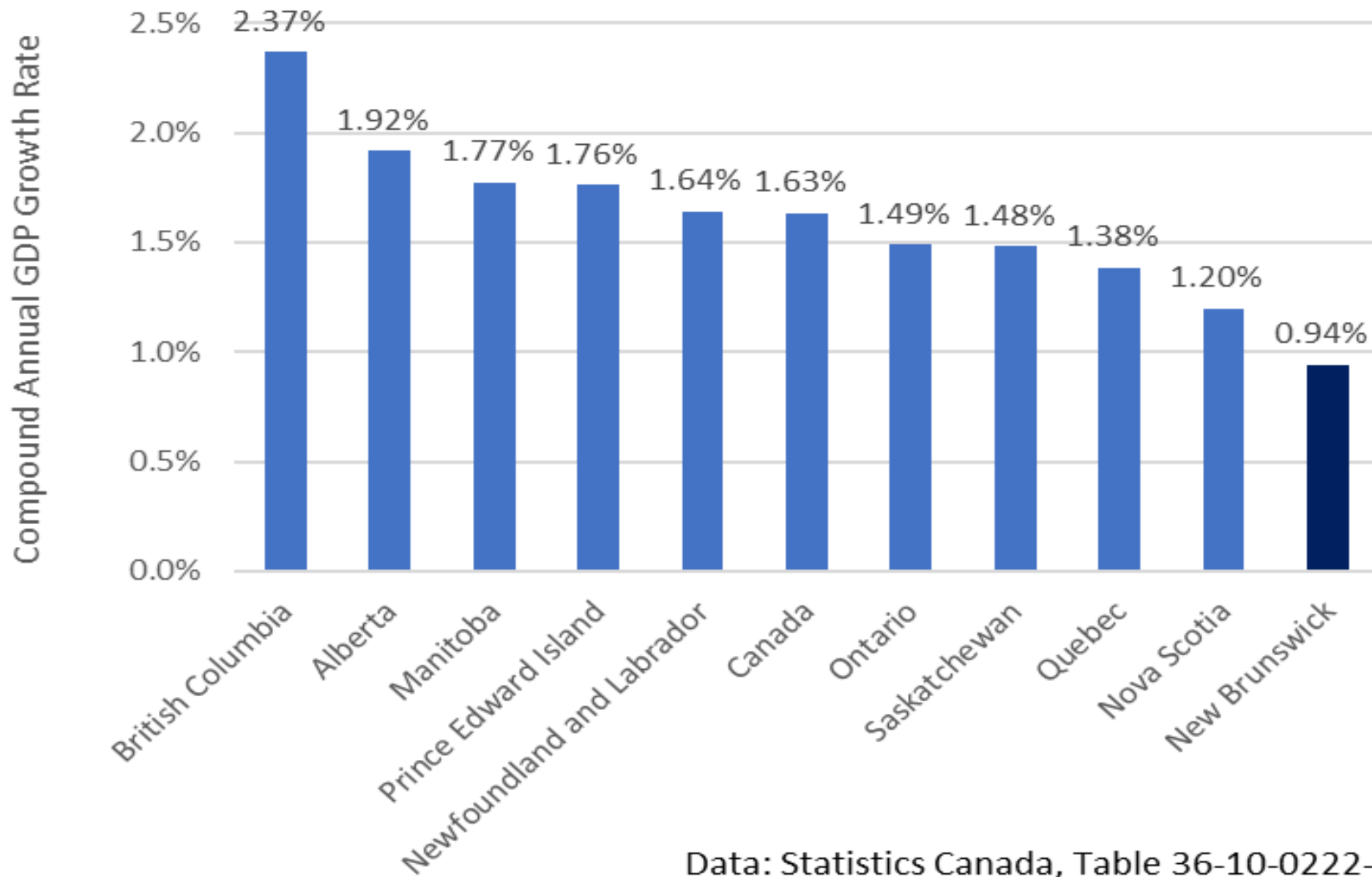


Share of the Population Living in Rural Areas by Province, Canada, 1996 and 2016



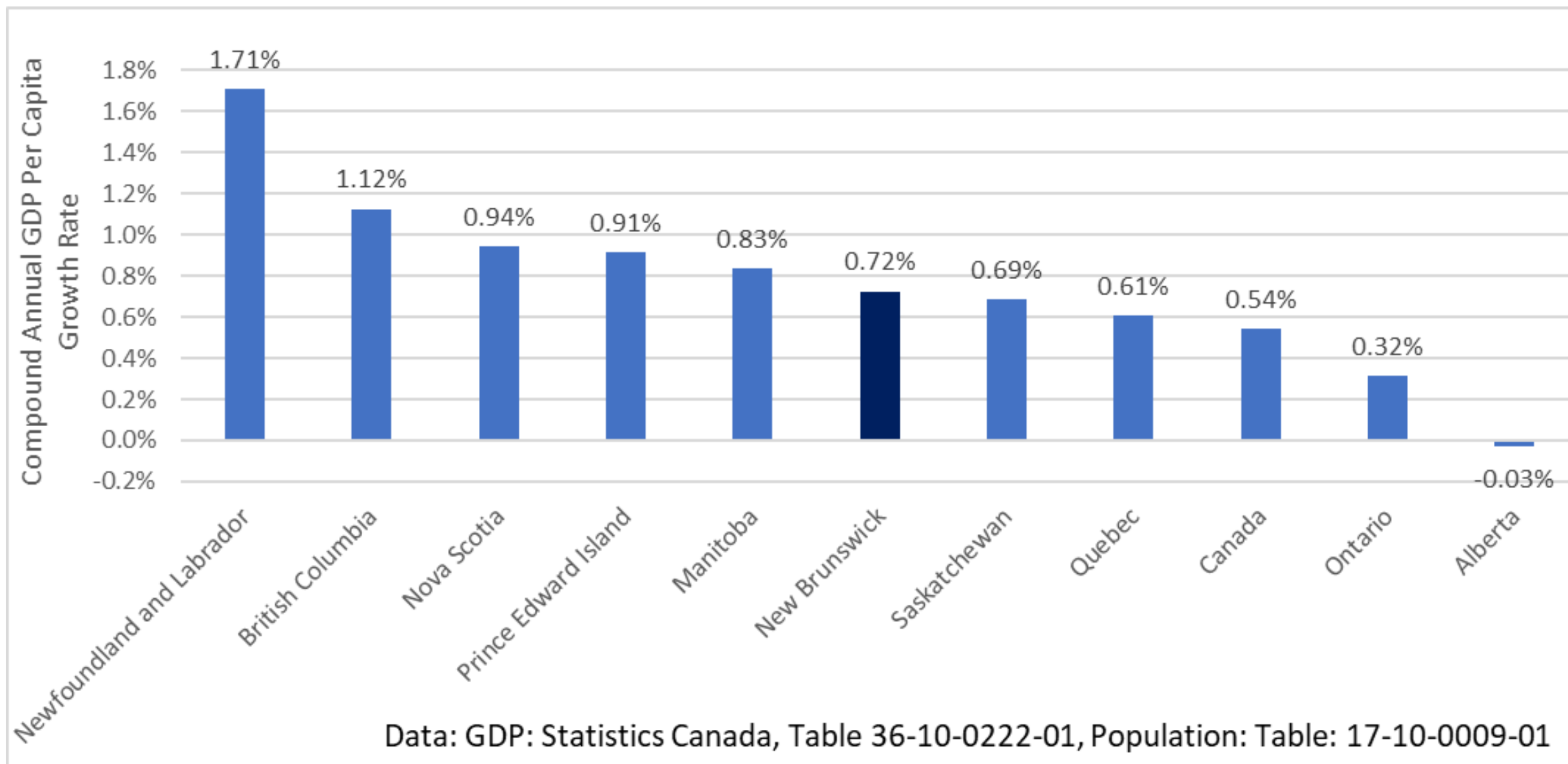
Section III: Economic Growth Performance

Economic Growth by Province, 2000-2020

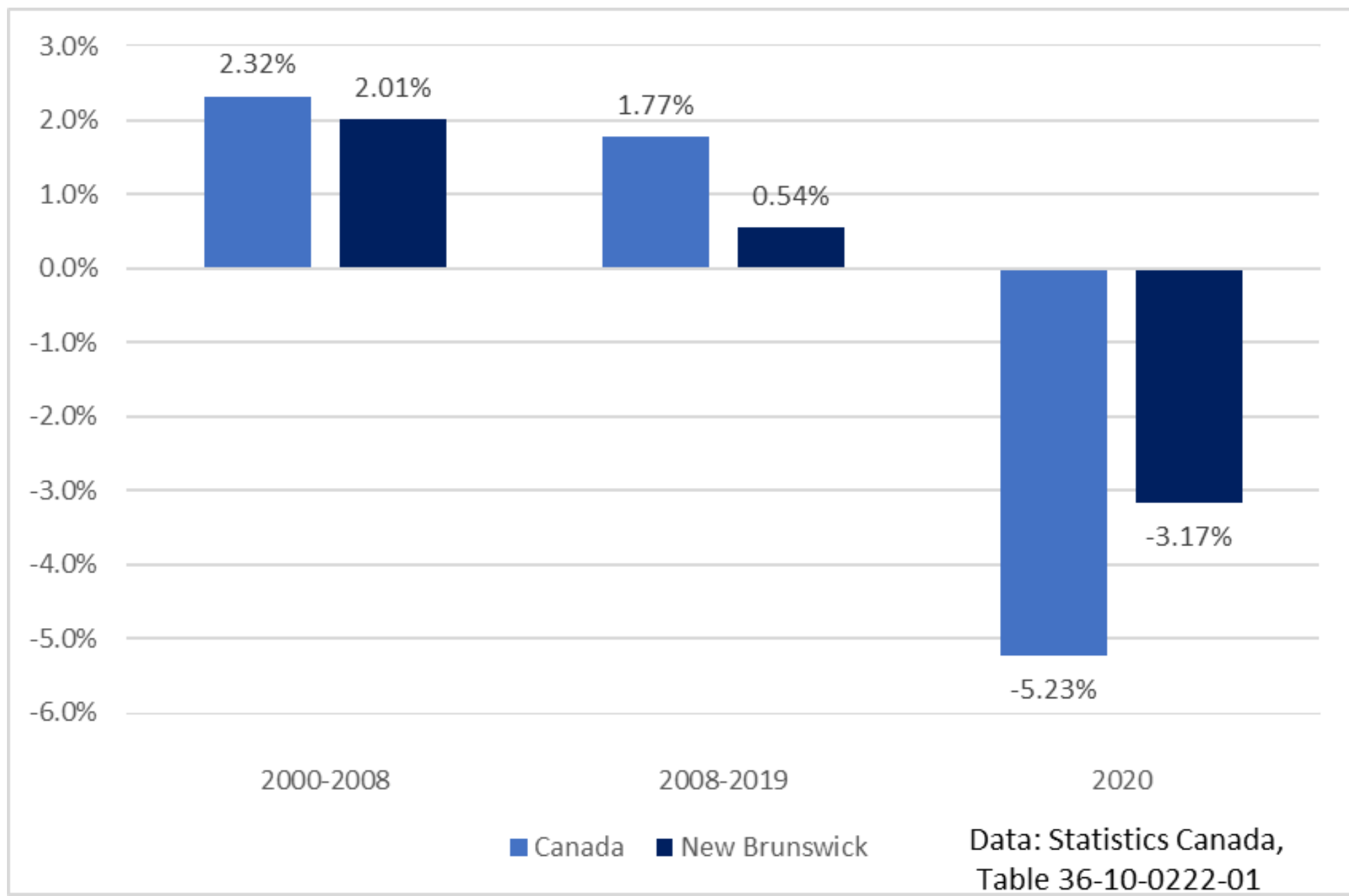


Data: Statistics Canada, Table 36-10-0222-01

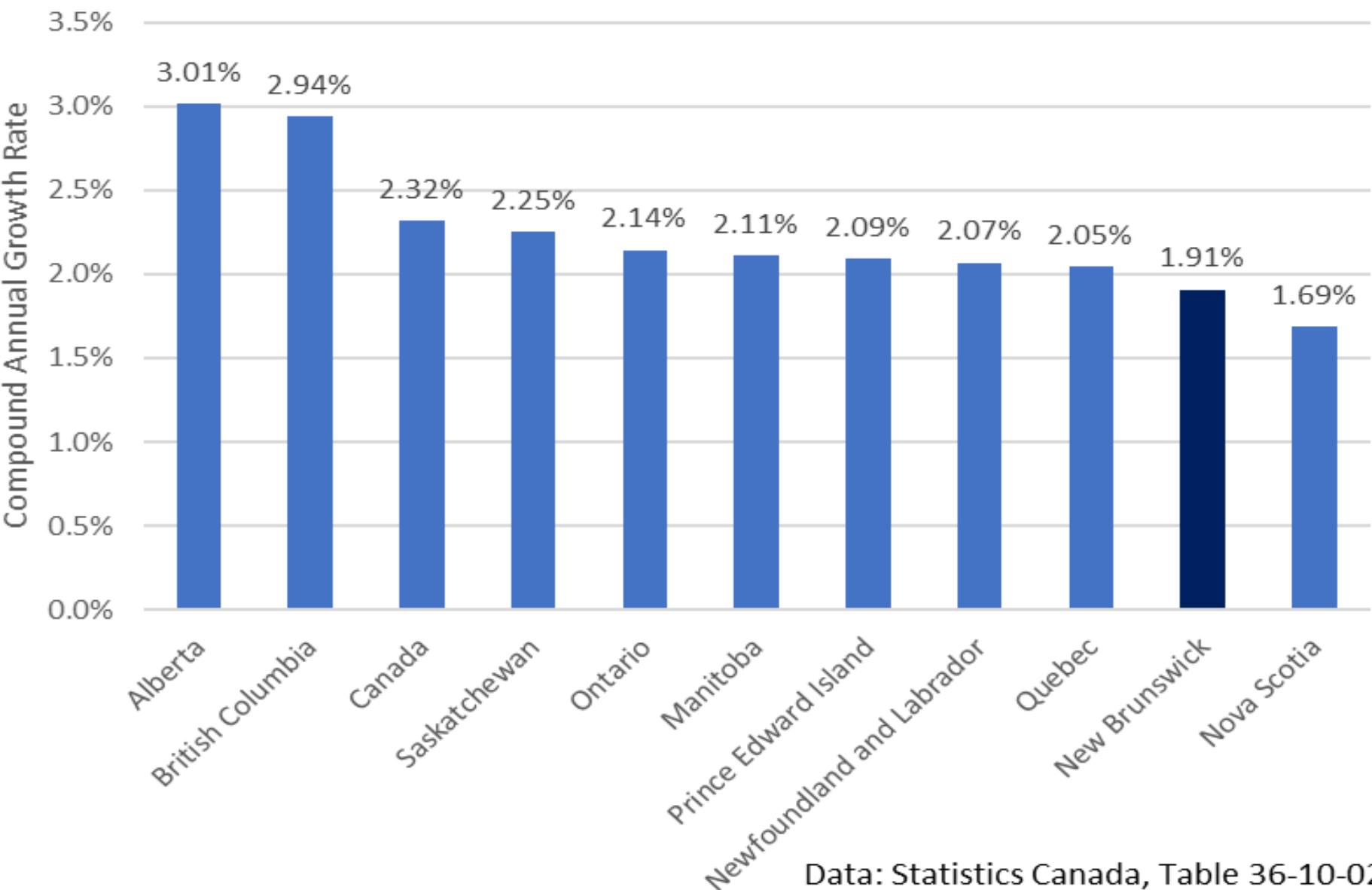
Real GDP Per Capita Growth Rate by Province, 2000-2020



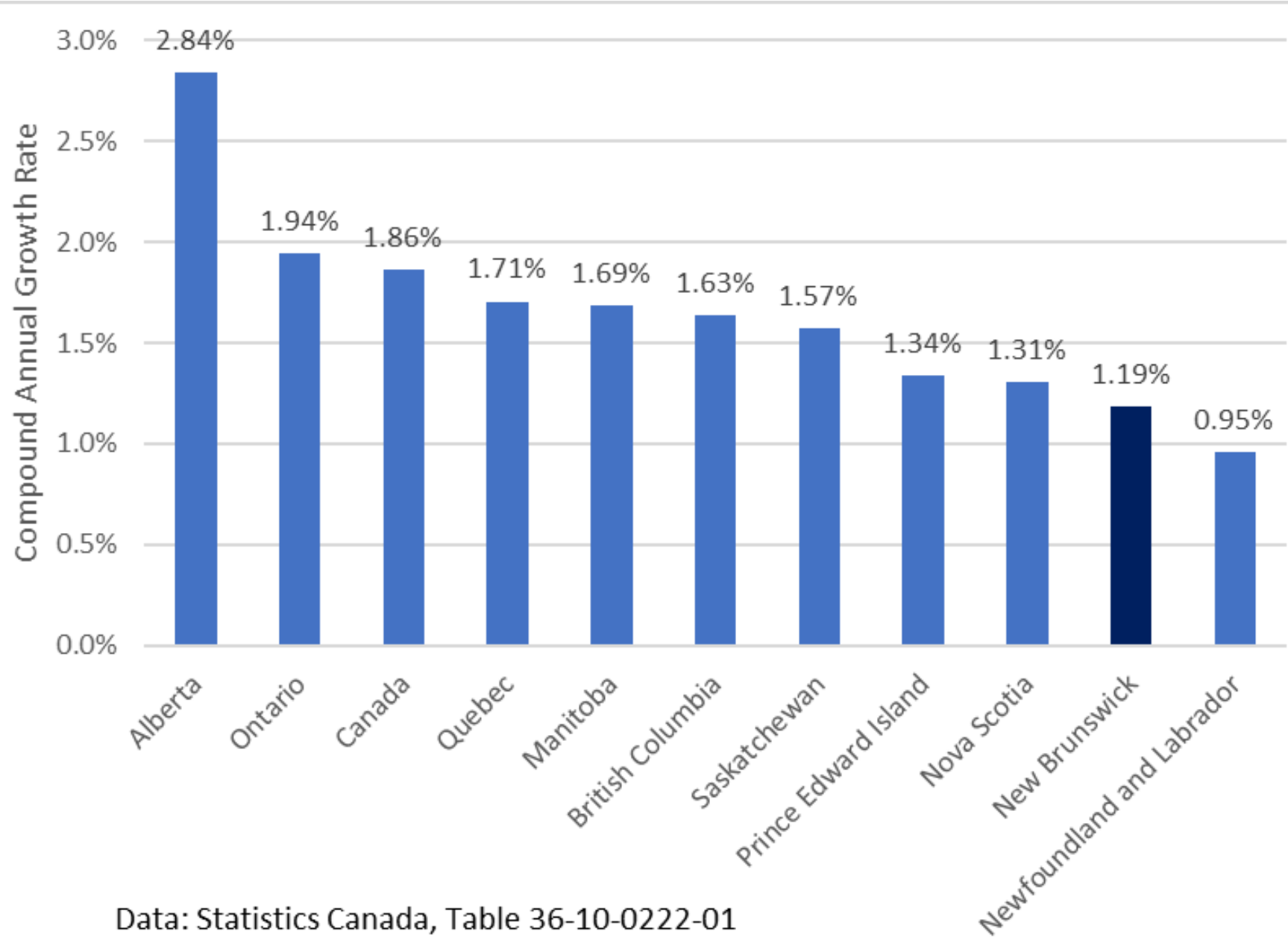
New Brunswick Economic Growth vs. National Average



Household Consumption Growth by Province, 2000-2020

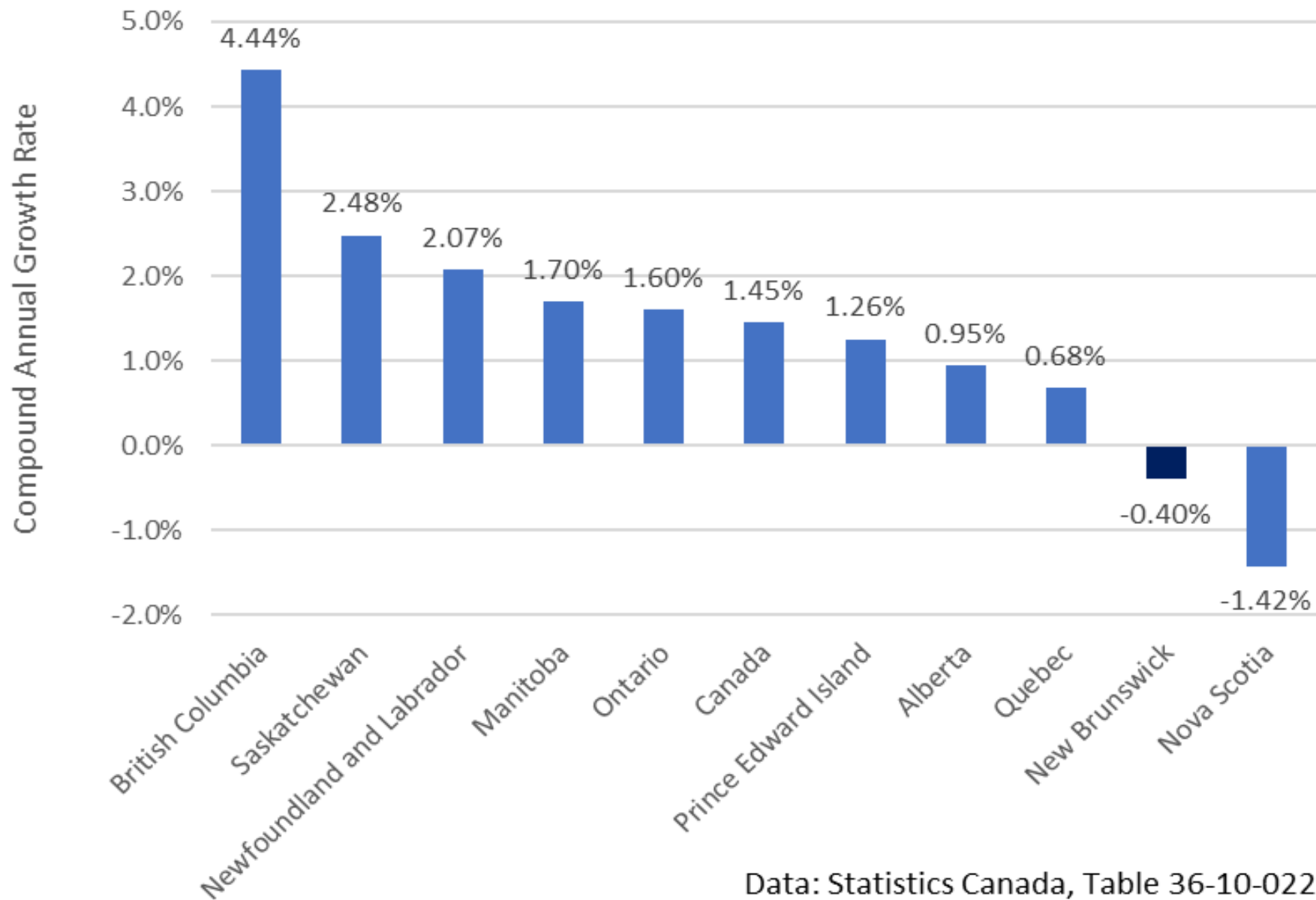


Government Consumption Growth by Province, 2000-2020



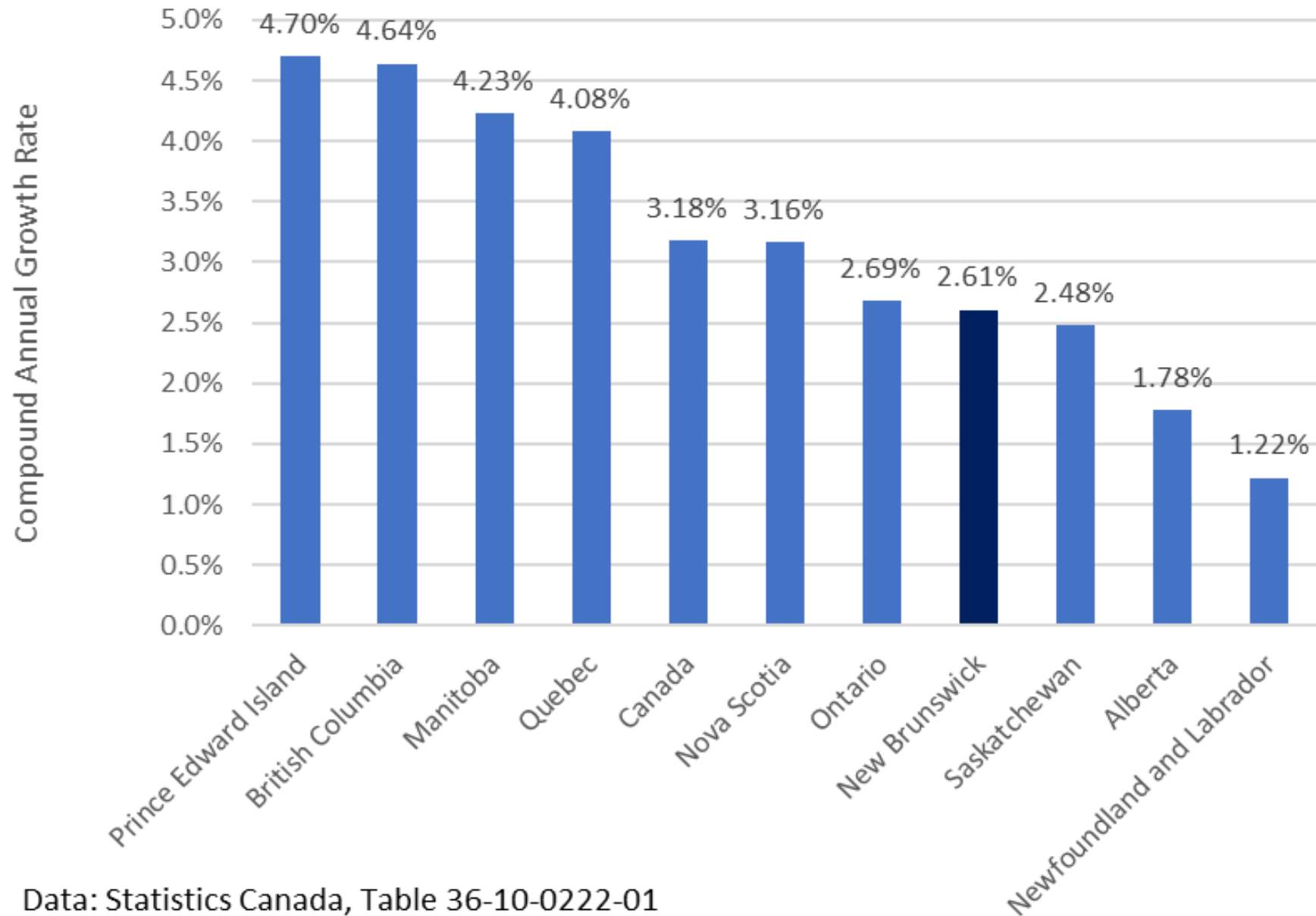
Data: Statistics Canada, Table 36-10-0222-01

Business Non-Residential Investment Growth by Province, 2000-2020

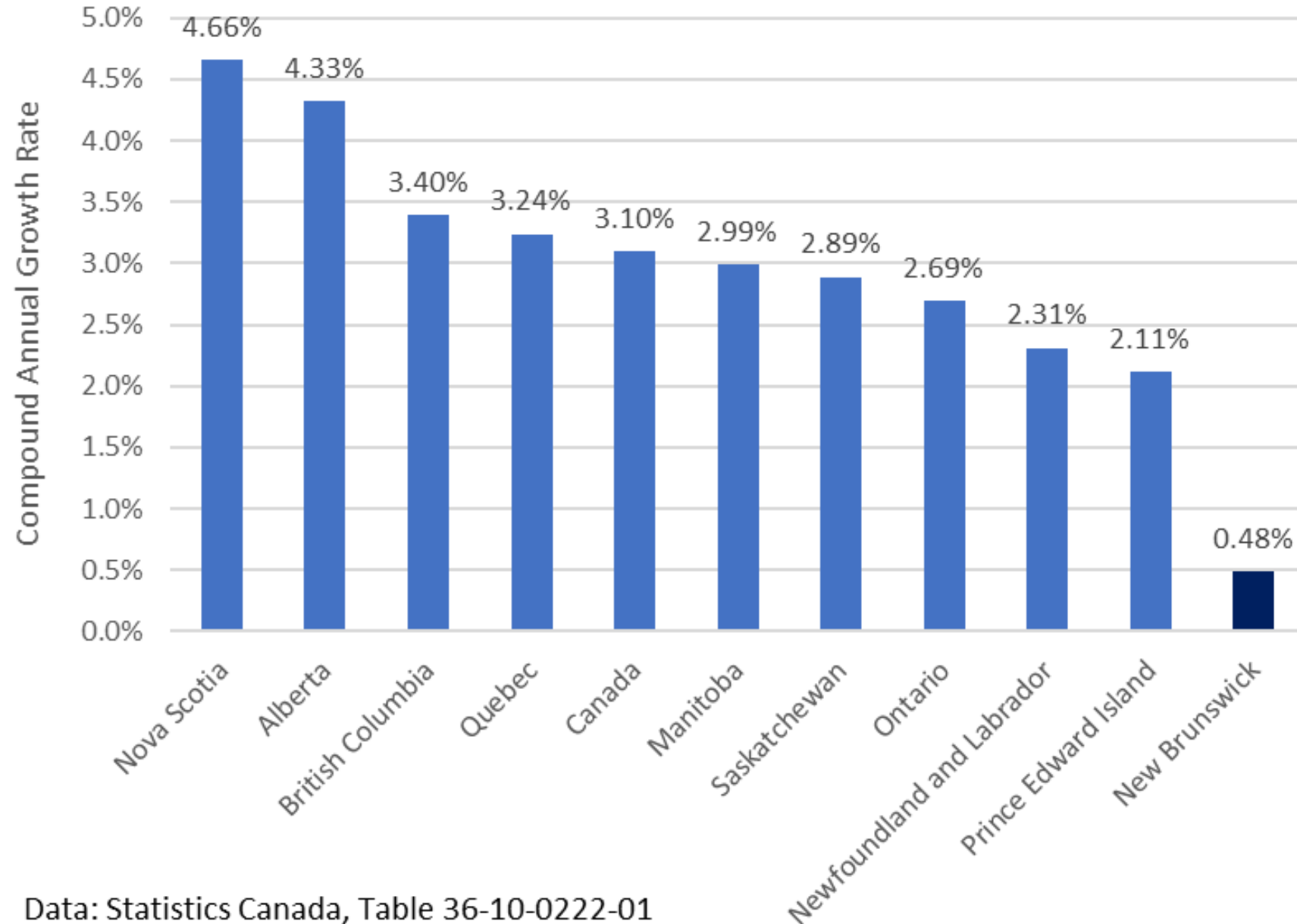


Data: Statistics Canada, Table 36-10-0222-01

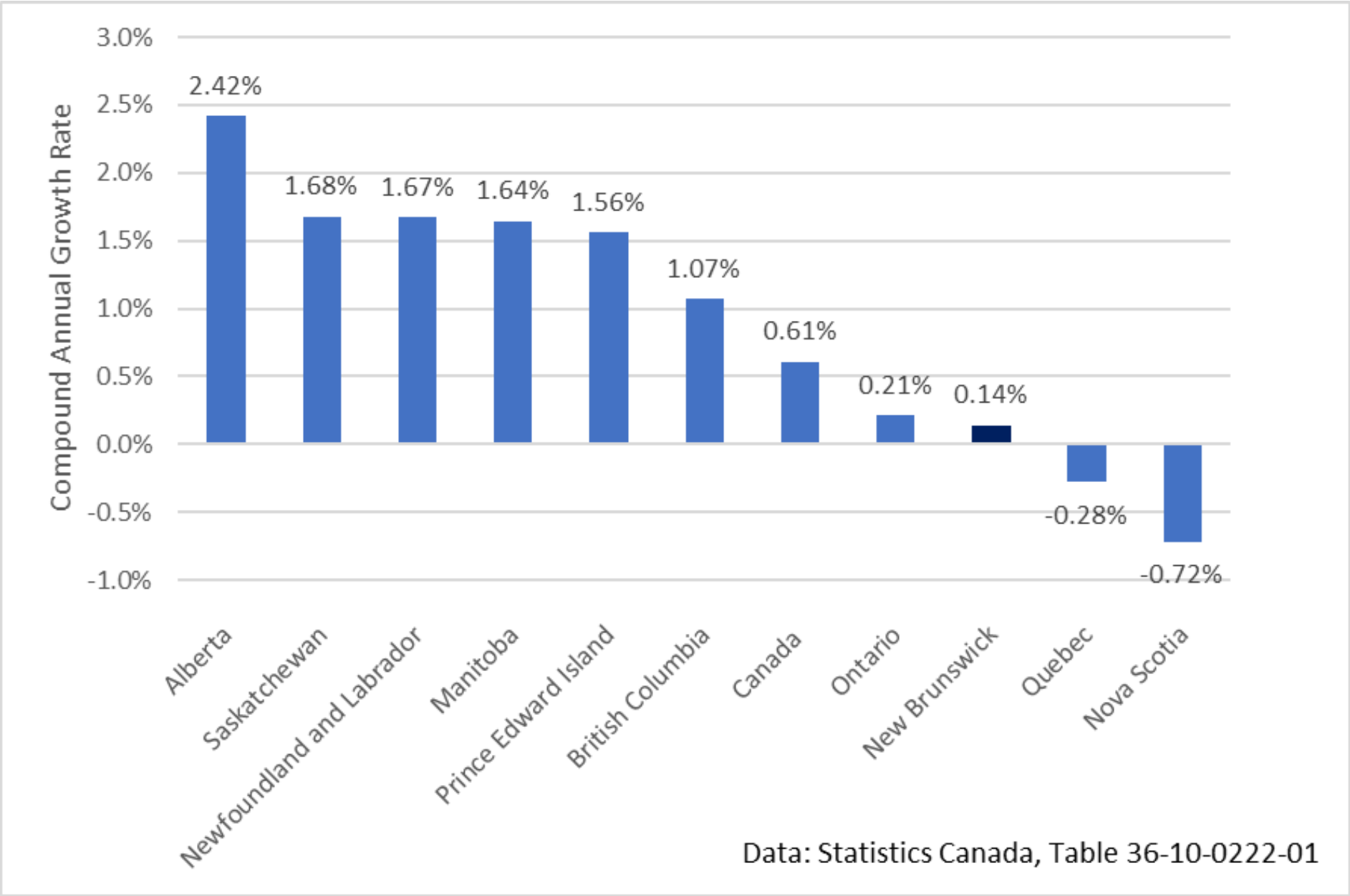
Residential Investment Growth by Province, 2000-2020



Governmental Investment Growth by Province, 2000-2020

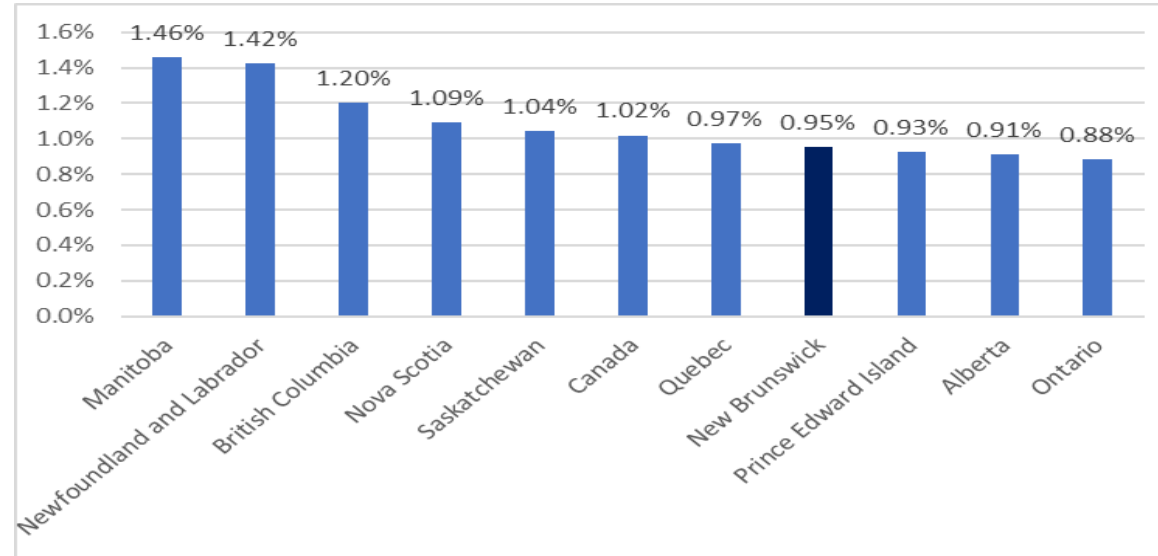


Export Growth by Province, 2000-2020

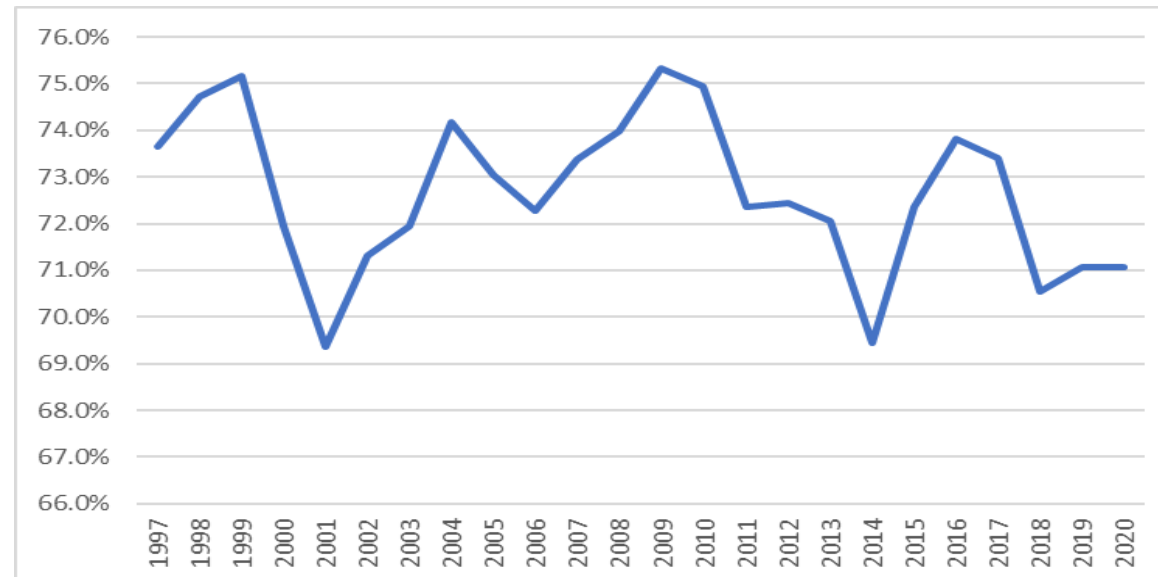


Labour Productivity Growth

Panel A: Growth by Province, 2000 - 2019



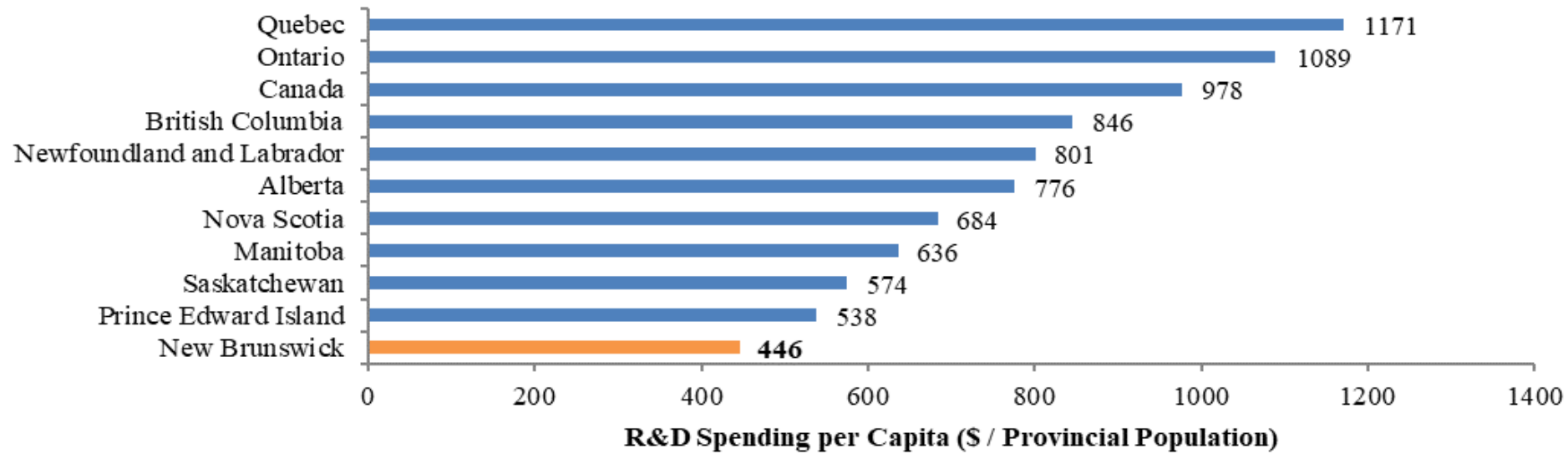
Panel B: New Brunswick Labour Productivity as a Percentage of Canadian Average, 1997 - 2020



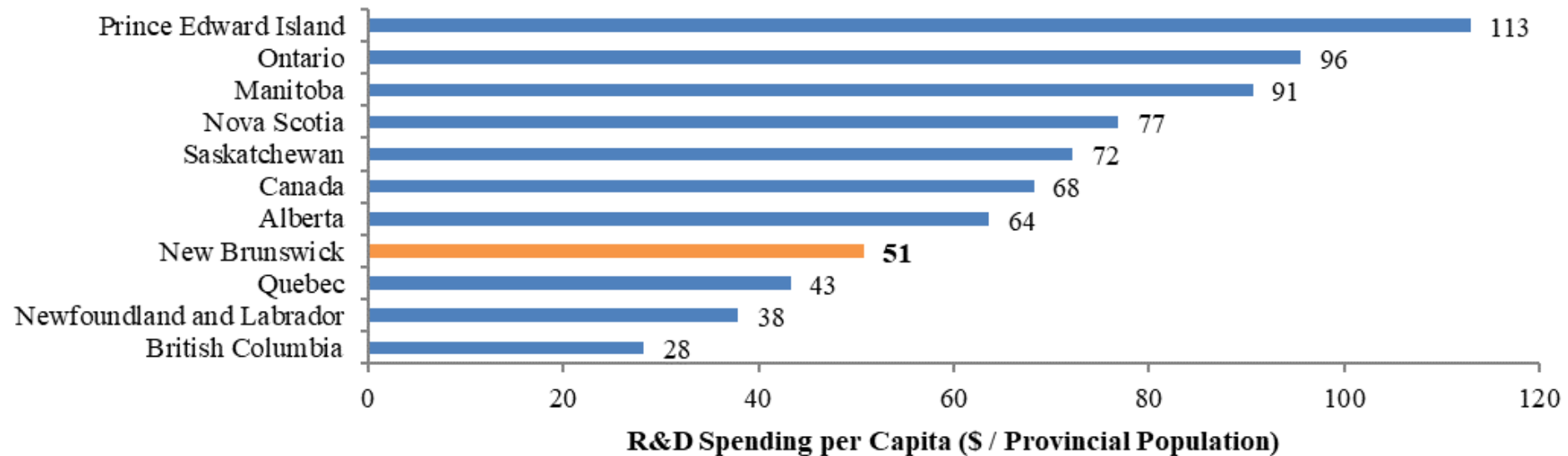
Source: Statistics Canada, Table 36-10-0480-01

R&D Spending per Capita by Performer Sector and Province, 2017

Panel A: Total R&D Spending

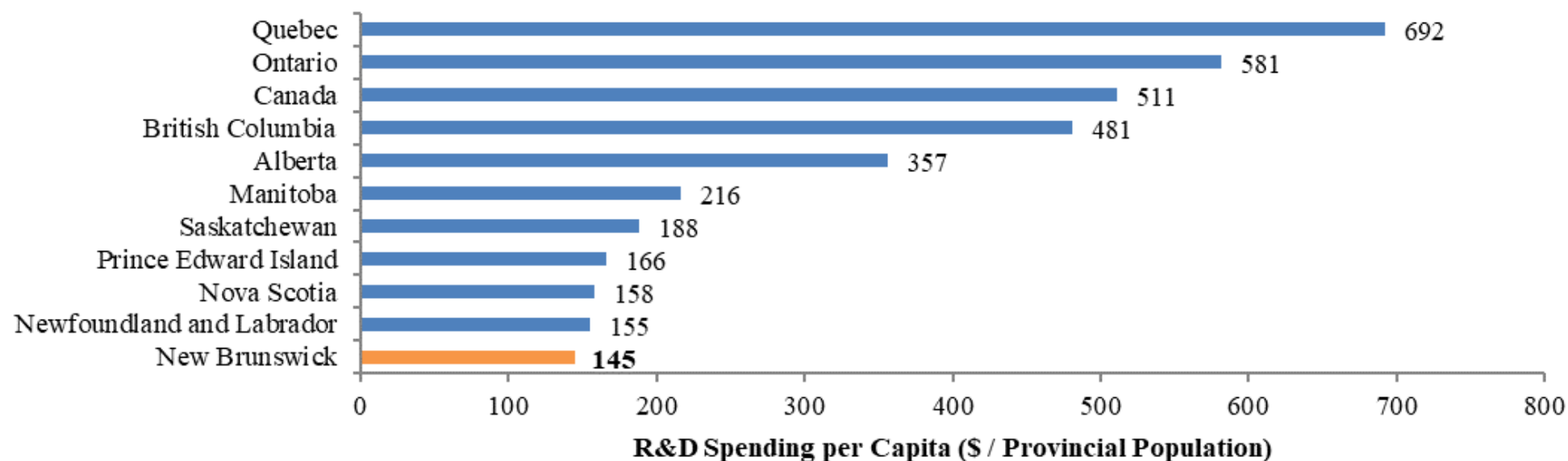


Panel B: Government

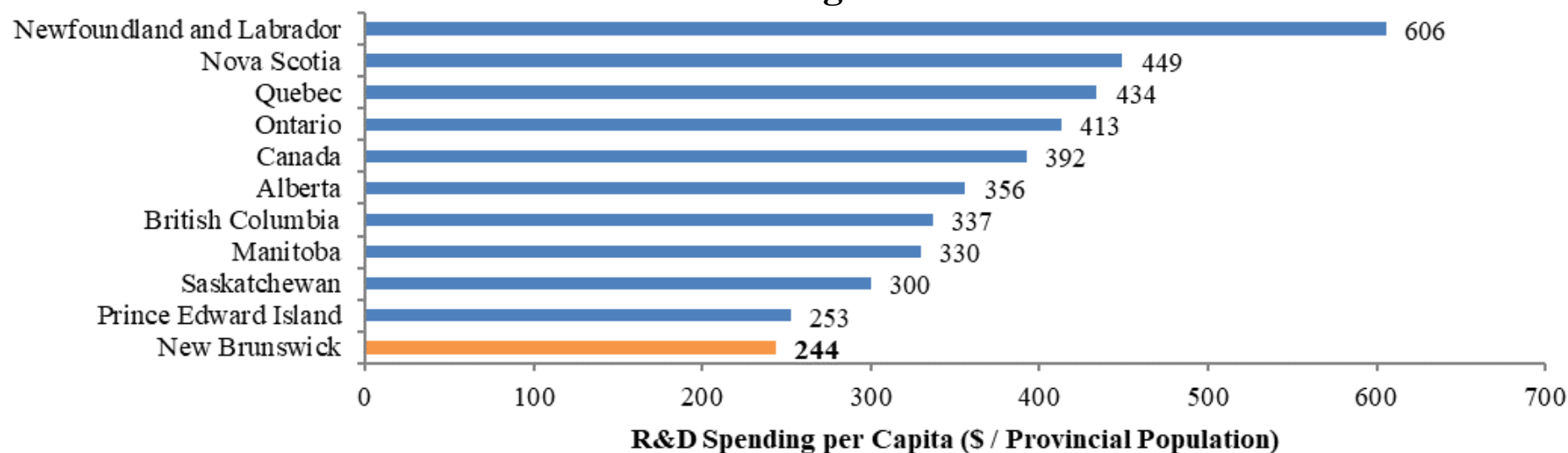


R&D Spending per Capita by Performer Sector and Province, 2017

Panel C: Business



Panel D: Higher Education



Summary of the Level of Innovation in New Brunswick by Indicator

Indicator	Findings
R&D Spending	<ul style="list-style-type: none"> • R&D spending per capita: Ranked low among provinces and below national average for total spending and for all performer sectors • % of GDP: Ranked low among provinces and below national average for total spending and for all performer sectors • % of total R&D spending: Ranked high in the higher education and government sectors; ranked low in business sector
R&D Personnel	<ul style="list-style-type: none"> • % of total employment: Ranked low among provinces and below national average for total R&D personnel and for all performer sectors • % of total R&D personnel: Ranked high in the higher education and government sectors; ranked low in business sector
Patents	<ul style="list-style-type: none"> • Number of patents: Ranked low among provinces
Firm-Based Innovation Statistics	<ul style="list-style-type: none"> • % of innovative firms: Ranked last among regions • % of firms that use advanced technologies: Ranked last among regions • Least likely to have firms implement any type of innovation

Summary of the Level of Innovation in New Brunswick by Indicator

Indicator	Findings
Non-Residential Fixed Capital Investment	<ul style="list-style-type: none"> • % of GDP: Ranked low among provinces and below national average for total investment and 2 of 4 investment types (engineering construction, and intellectual property products) • % of total investment: Ranked low among provinces for 2 of 4 investment types (engineering construction and intellectual property products)
Investment in Intellectual Property Products	<ul style="list-style-type: none"> • % of GDP: Ranked low among provinces and below national average in 2 of 3 types of IPP (mineral exploration and evaluation, and R&D) • % of total IPP investment: Ranked low among provinces and below national average in 2 of 3 types of IPP (mineral exploration and evaluation, and R&D)
Business Entry	<ul style="list-style-type: none"> • Gross and net entry rates: Ranked low among the provinces and below the national average

Summary of the Trends in Innovation in New Brunswick by Indicator

Indicator	Findings
R&D Spending	<ul style="list-style-type: none"> • Absolute change: Improved from 1981 to 2017 for total spending and all performer sectors, except the government sector • Relative change: Improved from 1981 to 2017 for total spending and all performer sectors, except the government sector
R&D Personnel	<ul style="list-style-type: none"> • Absolute change: Improved from 2000 to 2013 for total personnel and all performer sectors, except the government sector • Relative change: Improved from 2000 to 2013 for total personnel and all performer sectors, except the government sector
Patents	<ul style="list-style-type: none"> • Absolute change: Improved from 1980 to 2016
Firm-Based Innovation Statistics	<ul style="list-style-type: none"> • Absolute change: Improved from period 2010-2012 to 2015-2017

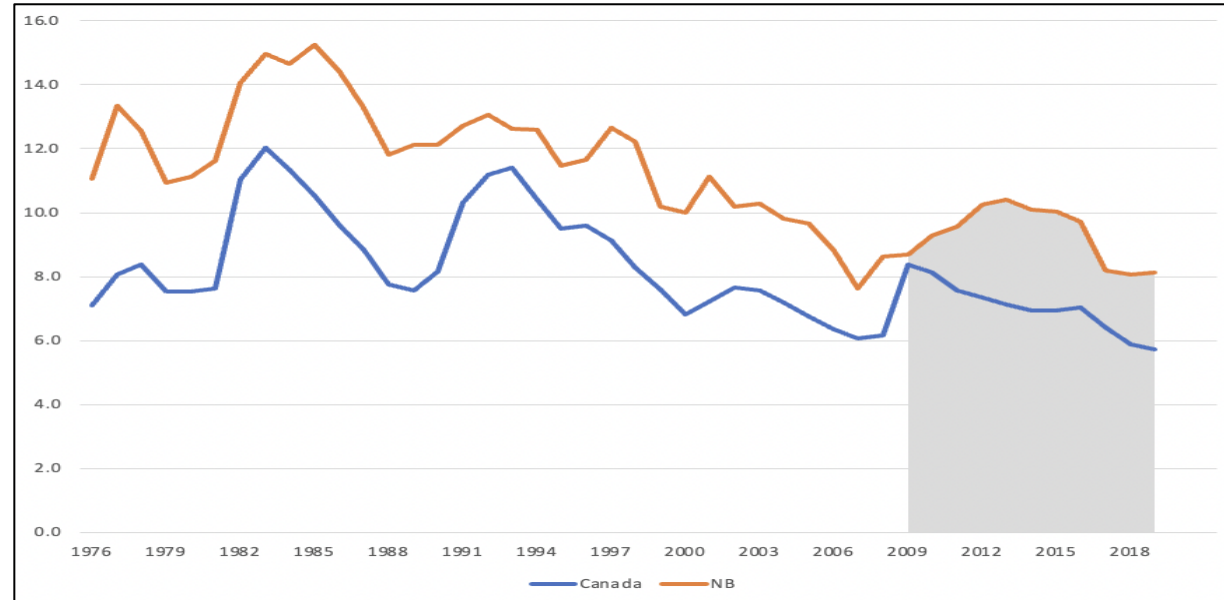
Summary of the Trends in Innovation in New Brunswick by Indicator

Indicator	Findings
Non-Residential Fixed Capital Investment	<ul style="list-style-type: none"> • Absolute change: Deteriorated from 1981 to 2018 for total investment and all performer sectors, except intellectual property products • Relative change: Deteriorated from 1981 to 2018 for total investment and all performer sectors, except intellectual property products
Investment in Intellectual Property Products	<ul style="list-style-type: none"> • Absolute change: Improved from 1981 to 2018 for all types of IPP, except mineral exploration and evaluation • Relative change: Deteriorated from 1981 to 2018 for all types of IPP, except total IPP and mineral exploration and evaluation
Business Entry	<ul style="list-style-type: none"> • Absolute change: Number of active businesses deteriorated from 2002 to 2017

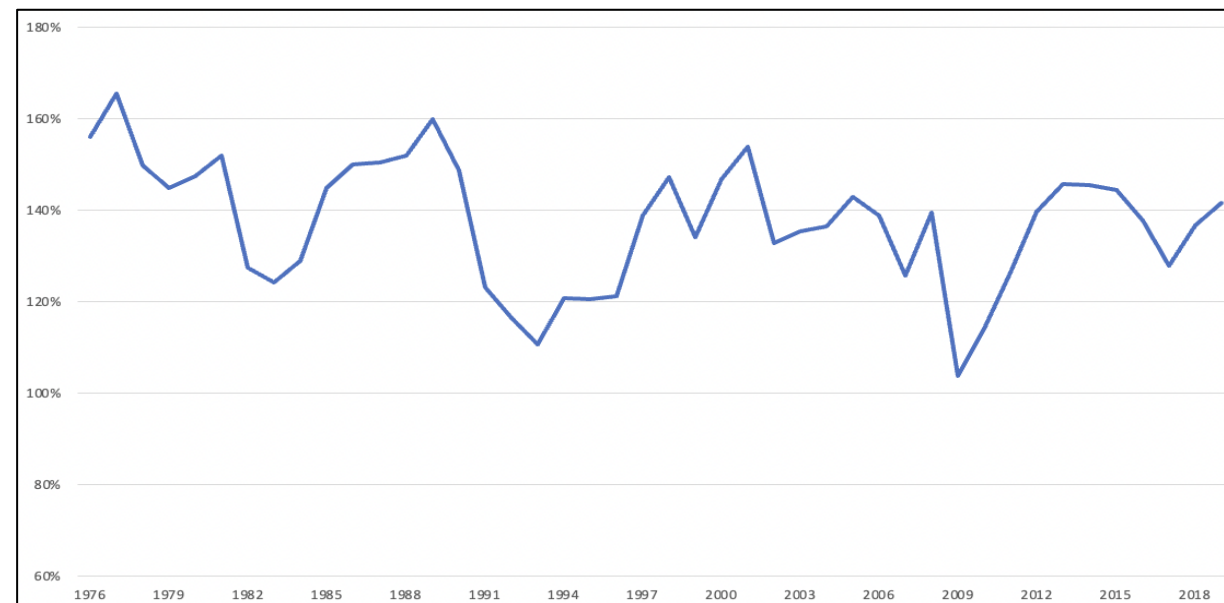
Section IV: Labour Market Performance

New Brunswick Unemployment Rates

Panel A: Unemployment Rate, New Brunswick & Canada

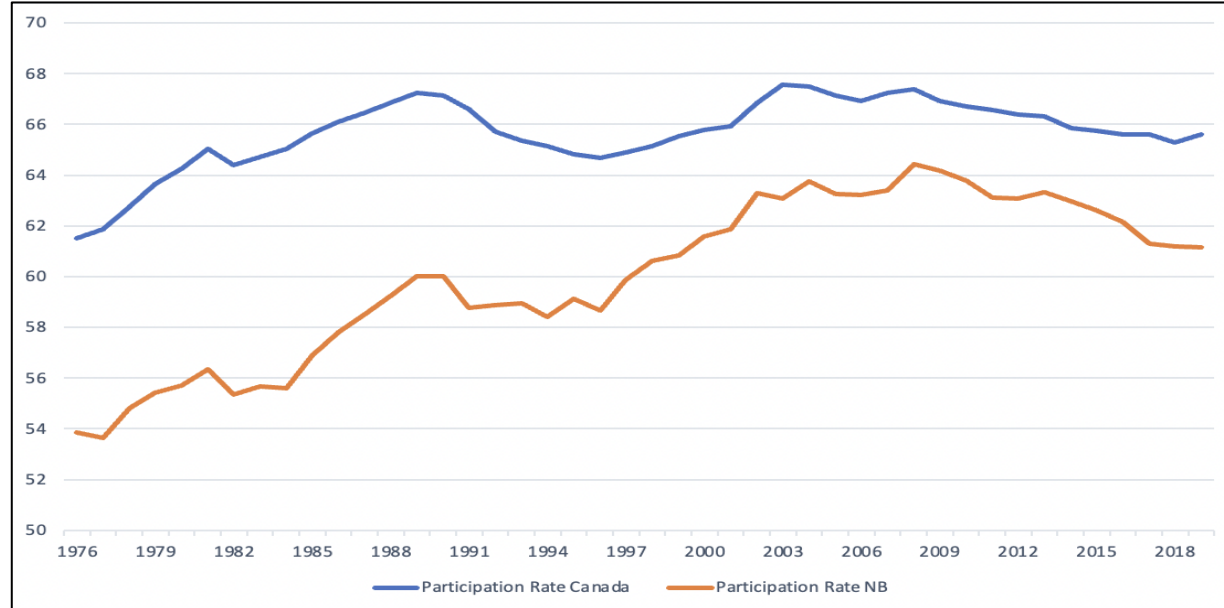


Panel B: New Brunswick Unemployment Rate as a Percentage of Canadian Average

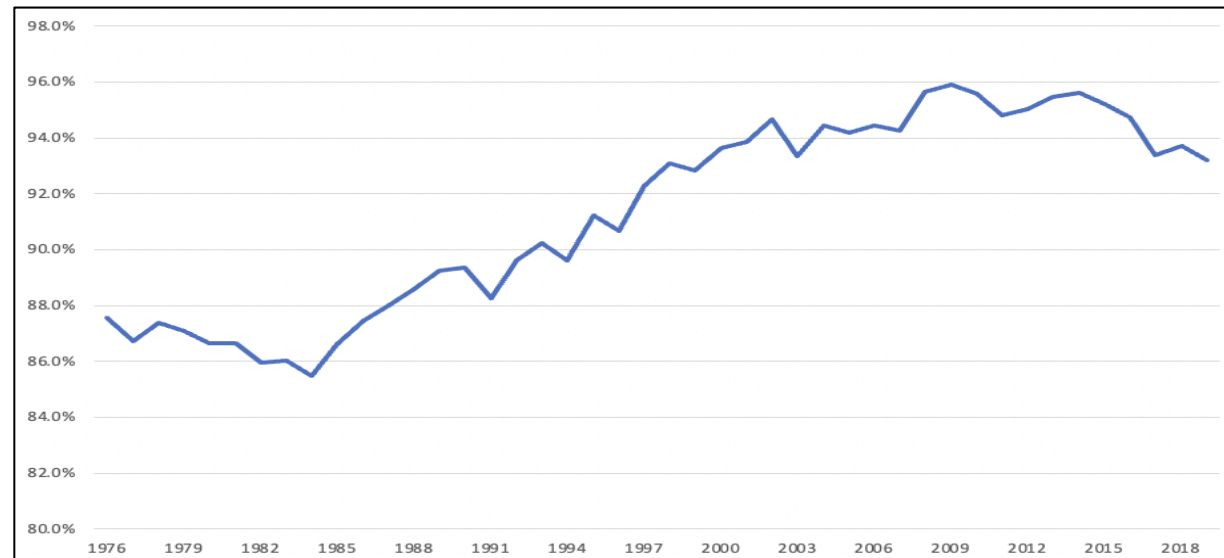


New Brunswick Labour Force Participation Rates

Panel A: New Brunswick and Canada Participation Rate, 1976-2019

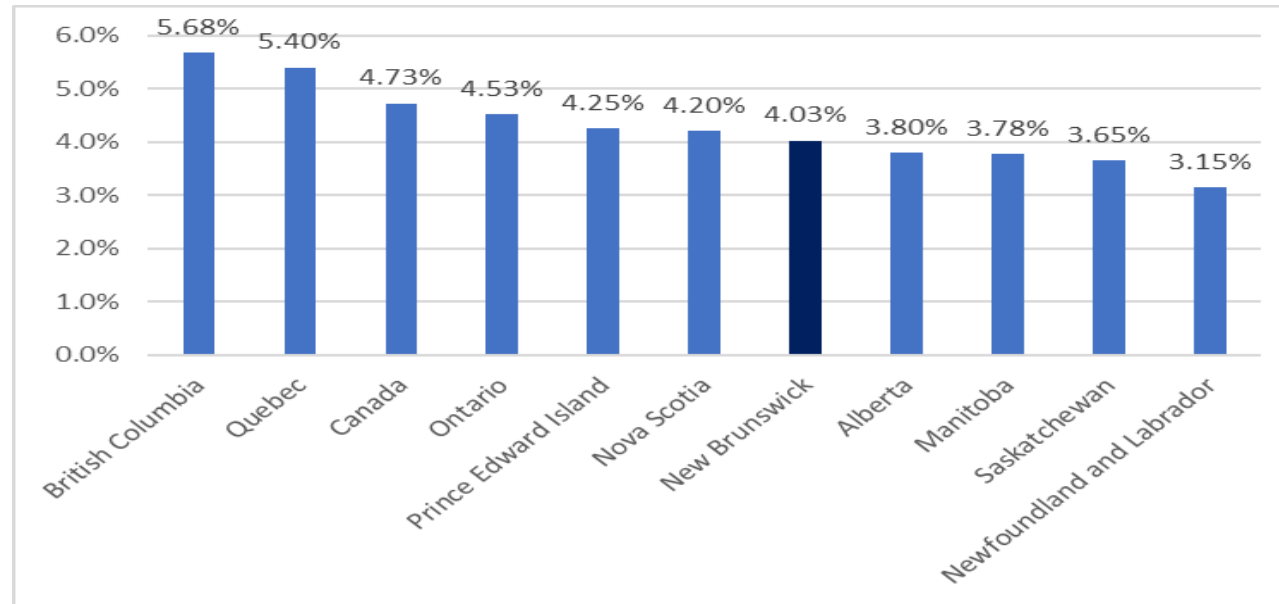


Panel B: New Brunswick Participation Rate as a Percentage of Canadian Average

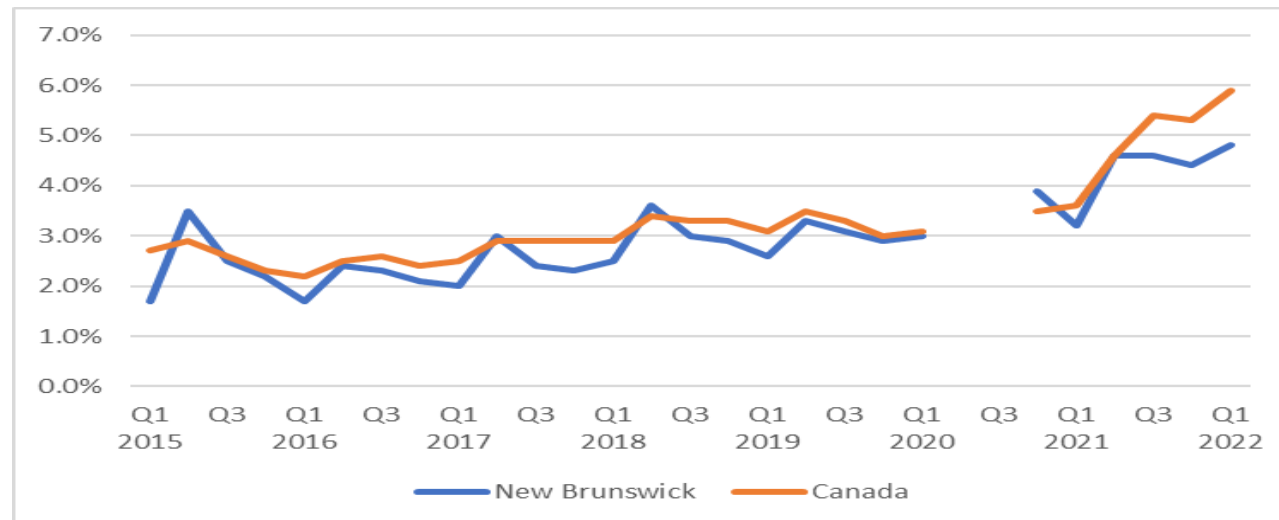


Job Vacancy Rate

Panel A: Job Vacancy Rate by Province, 2021



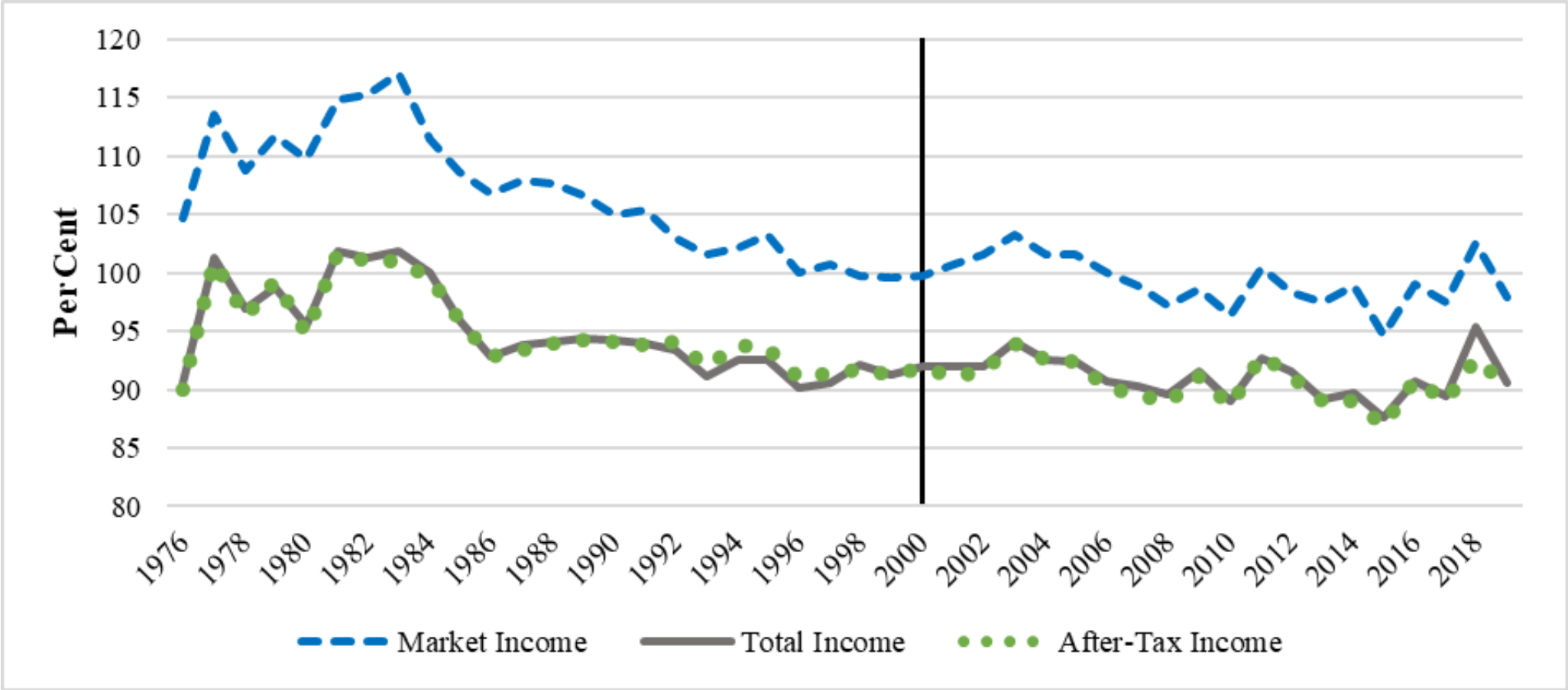
Panel B: New Brunswick Job Vacancy Rate versus Canadian Average, 2015:Q1 – 2022:Q1



Section V: Living Standards and Economic Well-being

Gini Coefficients of Adjusted Incomes in New Brunswick and Canada, 1976-2019

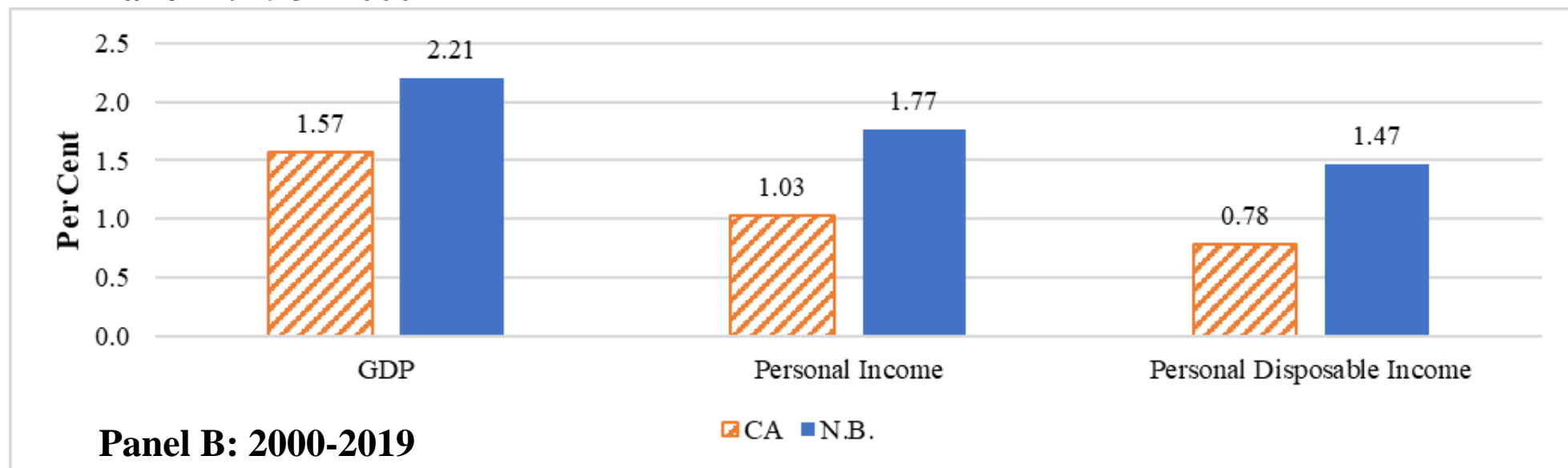
Panel C: New Brunswick Gini Coefficients of Adjusted Incomes as Proportions of Canadian Gini Coefficients of Adjusted Incomes, 1976-2019



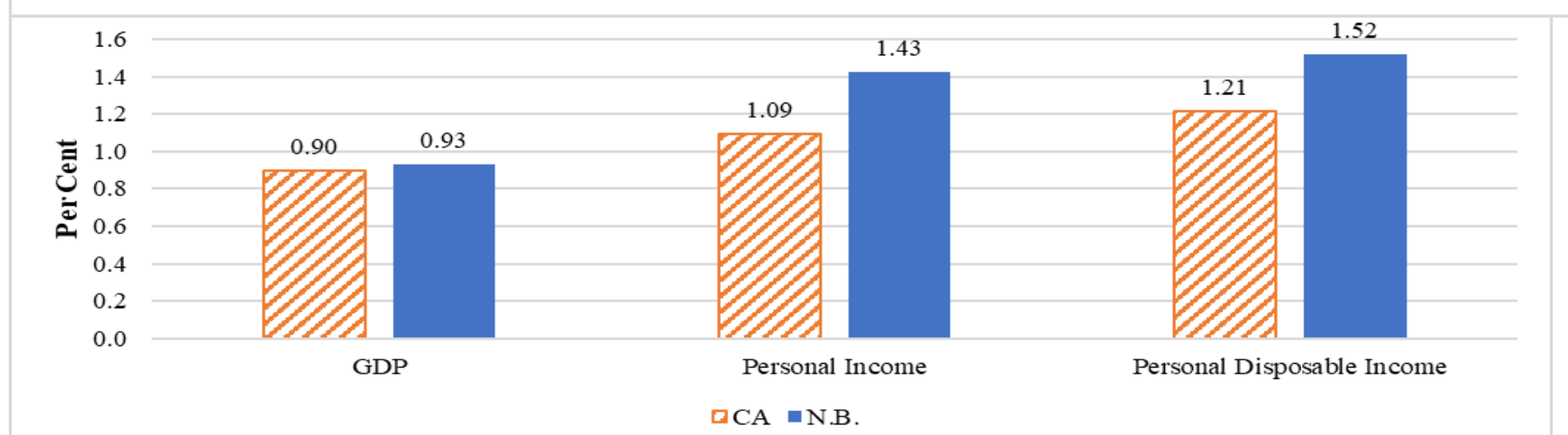
Source: Statistics Canada, Table 11-10-0134-01

Growth in New Brunswick's and Canada's Real Per Capita GDP, Personal Income, and Personal Disposable Income, 1981-2019 (Compound Annual Growth Rates)

Panel A: 1981-2000

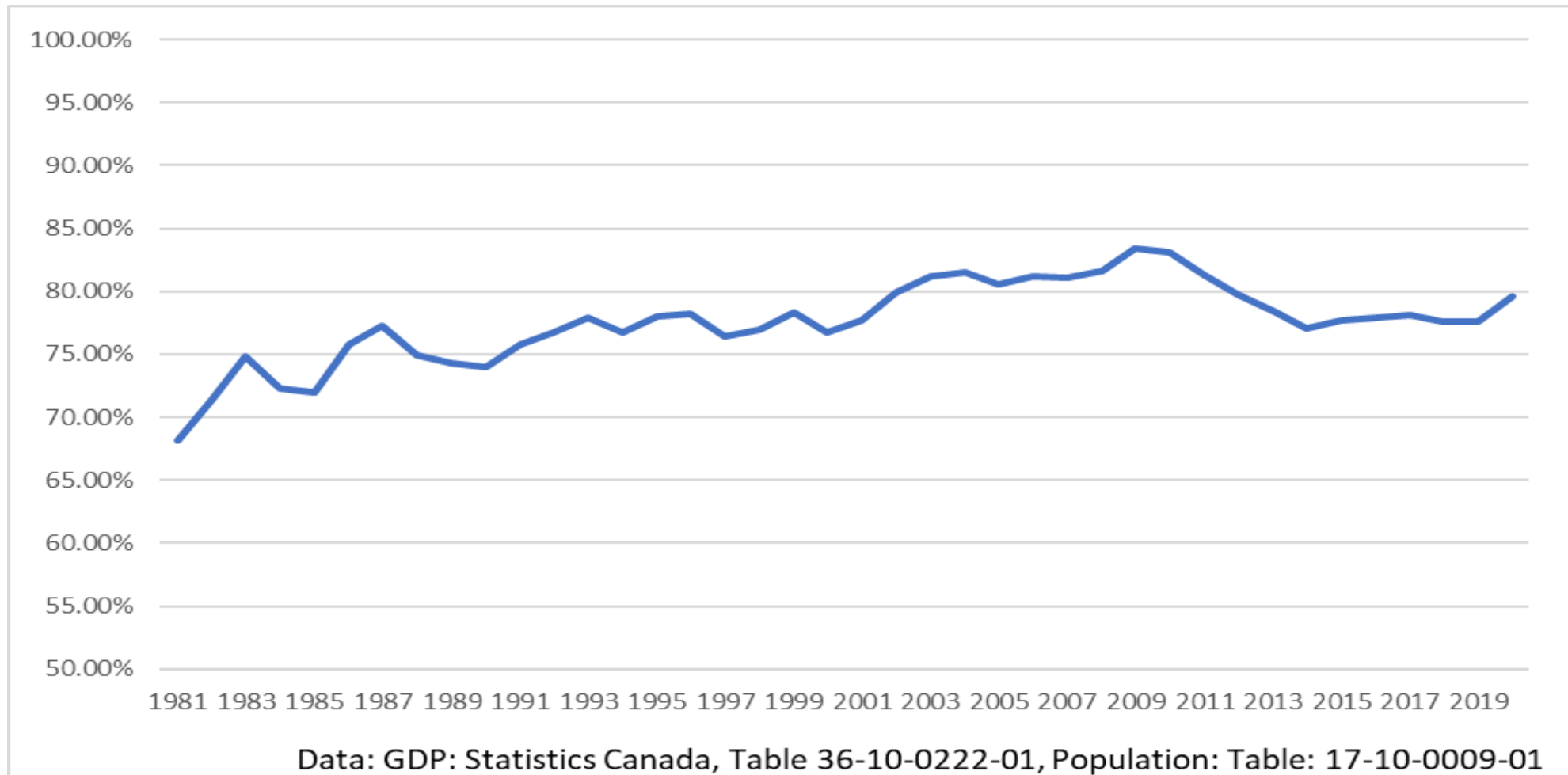


Panel B: 2000-2019



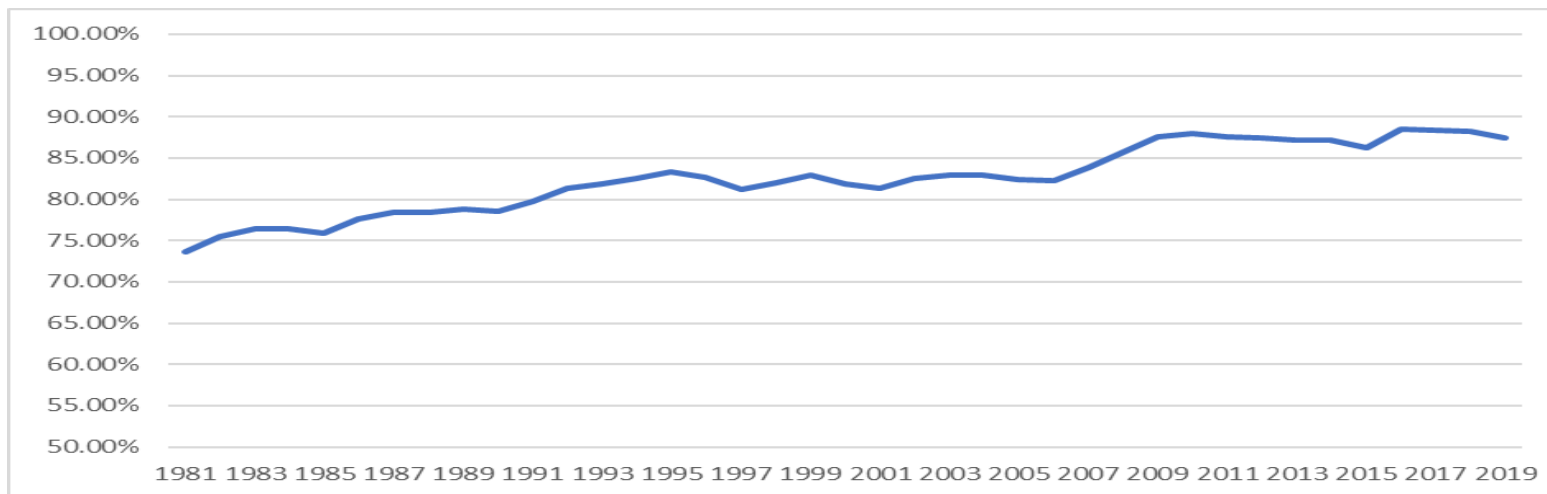
Trends in Real GDP per Capita and Personal Income Per Capita in New Brunswick and in Canada, 1981-2019

Panel A: Real GDP Per Capita in New Brunswick as a Proportion of the Canadian Average

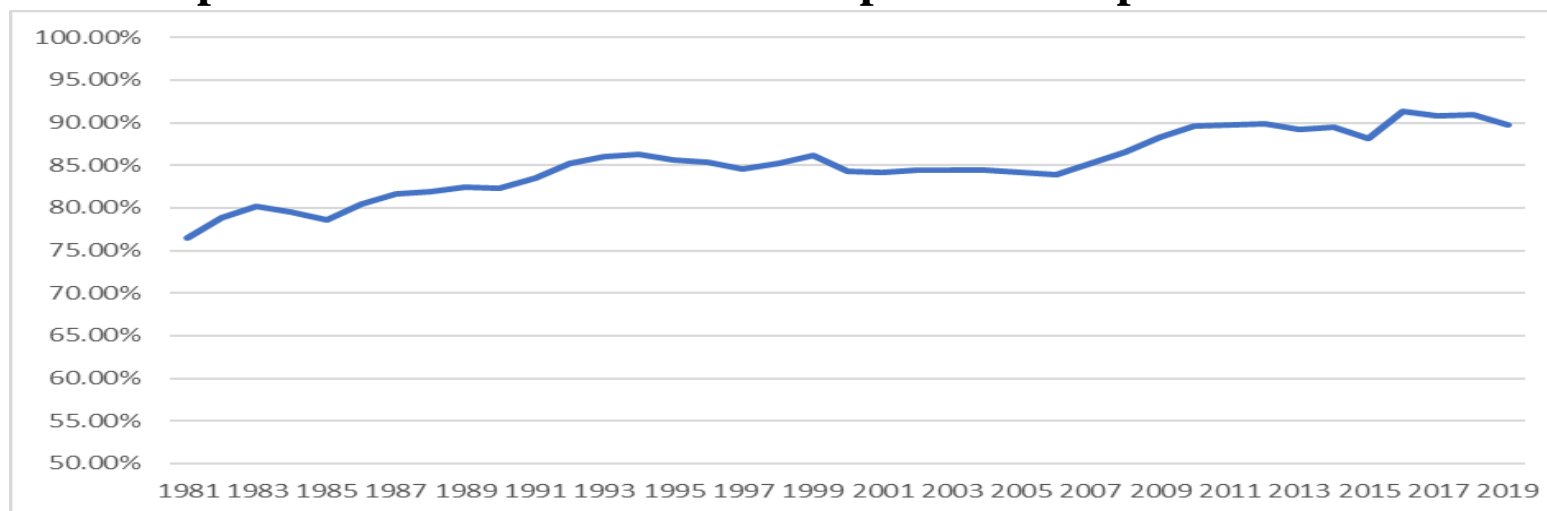


Trends in Real GDP per Capita and Personal Income Per Capita in New Brunswick and in Canada, 1981-2019

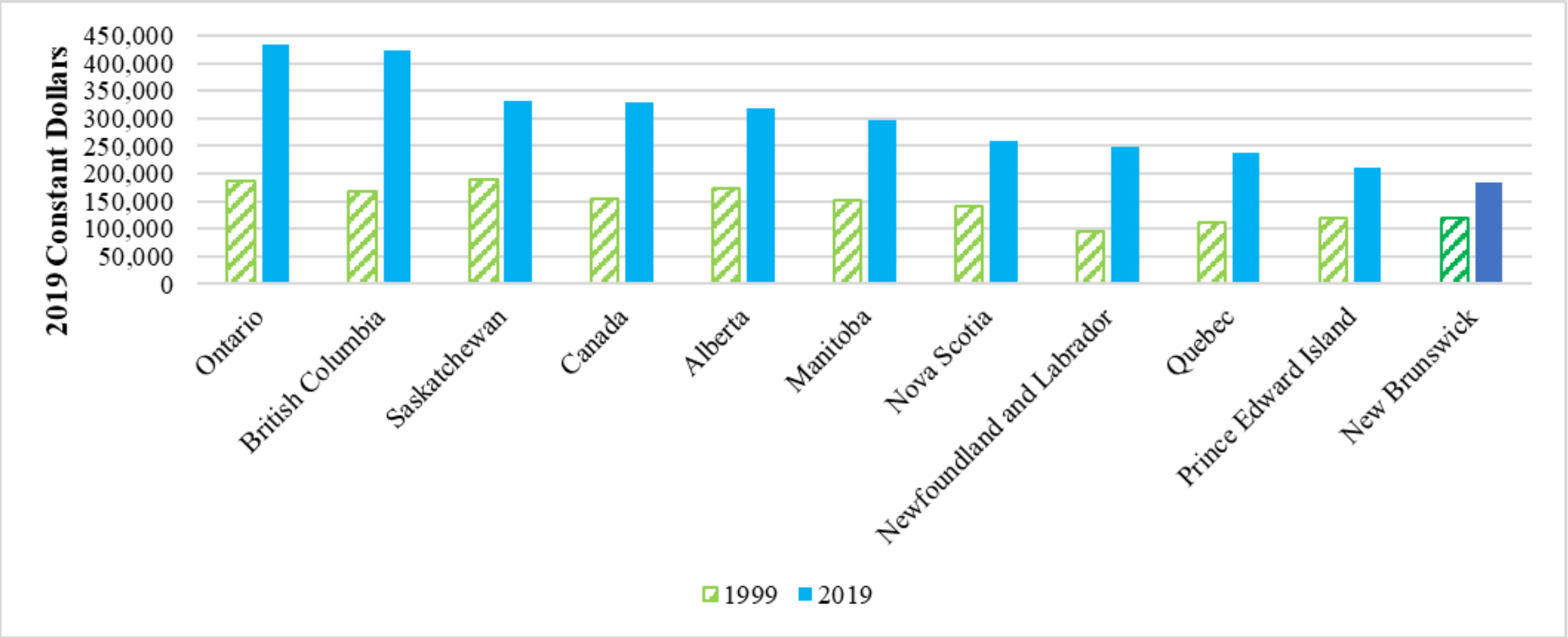
Panel B: Real Personal Income Per Capita as a Proportion of the Canadian Average



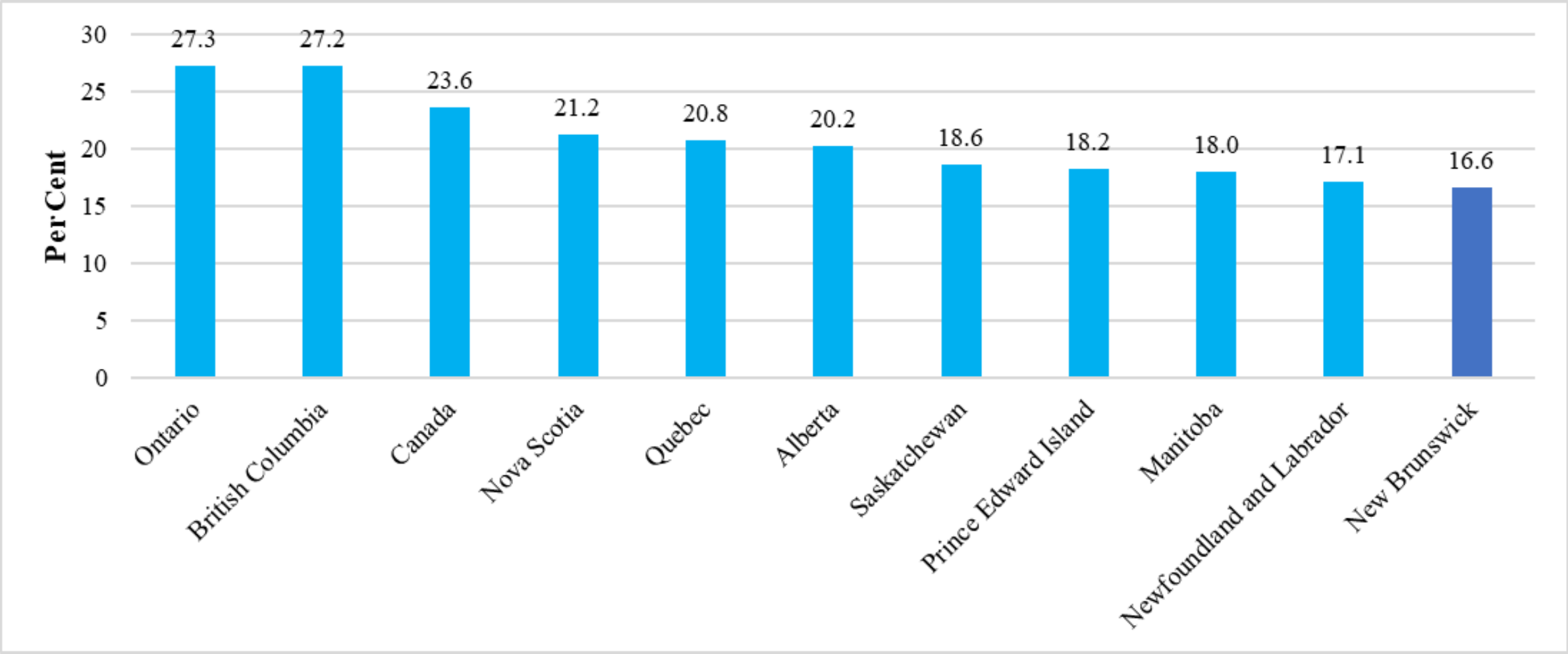
Panel C: Real Disposable Personal Income Per Capita as a Proportion of the Canadian Average



Median Net Worth by Province, Canada, 1999 and 2019

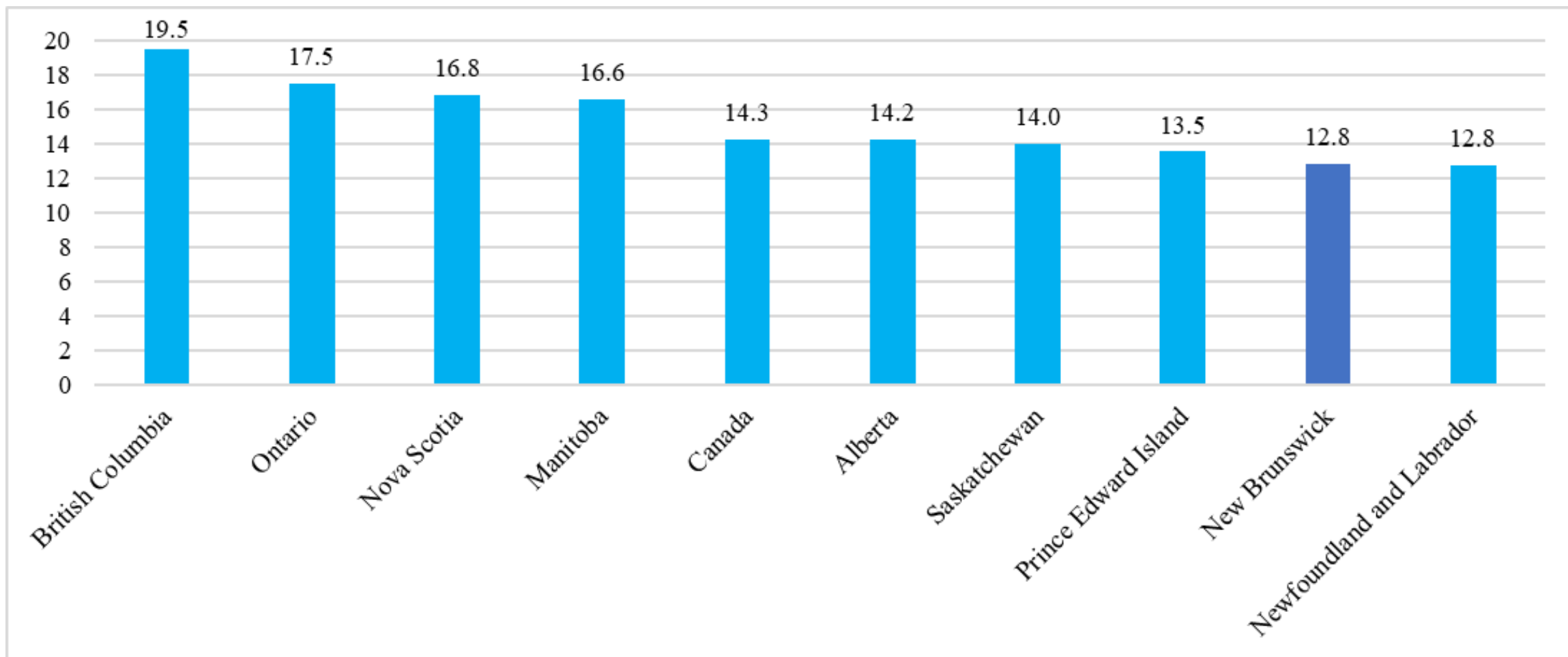


Per Cent of Households Spending 30% or More of Their Income on Housing by Province, Canada, 2015

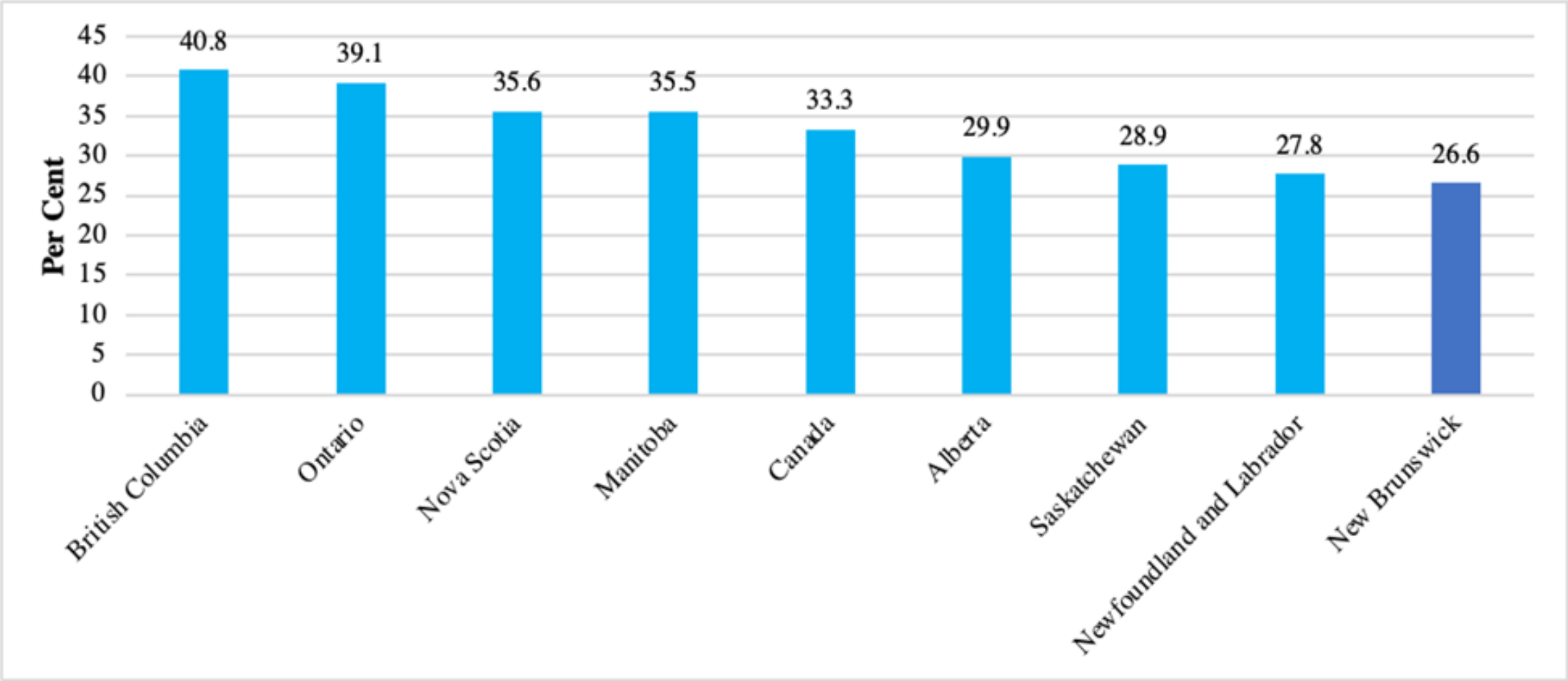


Source: Statistics Canada, 2016 census data, catalogue no. 98-400-X2016228

Average Annual Rent of a Two-Bedroom Apartment as a Per Cent of Pre-Tax Median Income, by Province, Canada, 2019



Proportion of Wages Full-Time Workers Aged 15-24 Spend on a One-Bedroom Apartment, by Province, Canada, 2019



Sources: price of a one-bedroom apartment: Canada Mortgage and Housing Corporation. Housing Market Information Portal at <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#TableMapChart/1/1/Canada>; average wages: Statistics Canada, Table 14-10-0340-01

VI. Future Directions

A. General Economic Trends Affecting NB Economy

- 1) Underlying pace of technological progress and trend labour productivity growth
- 2) Commodity prices

B. Factors Favourable to the NB Economy

- 1) Increased possibility of remote work
- 2) Low NB housing prices
- 3) Increased immigration targets for Canada
- 4) Rebound in tourism following pandemic

C. Public Policy Directions for New Brunswick

- 1) Relative importance placed on further economic growth, employment opportunities and material living standards versus perceived high quality of life
- 2) Government attitude toward resources development (e.g. allowable cut, aquaculture development, pipelines) and social license
- 3) Appropriateness of creating a provincial urban growth pole (like Halifax) by focusing growth on one of the three NB major cities (e.g., one major NB airport)
- 4) Sustainability of NB government finances given dependence on federal transfers.
- 5) Policies to boost abysmal private investment performance
- 6) Policies to increase business sector R&D
- 7) Policies to promote export growth
- 8) Policies to slow fiscal burden of the aging population