

NEWS RELEASE



Average per person income in the Maritimes trails behind the rest of Canada (minus Alberta) by \$11,000; back to late 90s levels, undoing progress in the 2000s

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HALIFAX—Average per person income in the Maritimes has been falling behind the rest of Canada (minus Alberta) since 2010 and now amounts to roughly \$11,000—and unemployment is rising more quickly—reversing a previous trend when the region was catching up, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“It may come as a surprise that from 1997 to 2010, Atlantic Canada was closing the economic gap with the rest of the country, but since 2011, the region has been falling behind again,” said Fred McMahon, resident fellow at the Fraser Institute and author of *Catching Up and Falling Behind: The Five Economic Eras of Atlantic Canada, 1961–2019*.

The study examines the history of economic policy the Atlantic region through five distinct eras, not including the COVID-19 pandemic.

It finds that average income (measured in per person GDP) in the Maritimes was \$11,169 lower than the rest of Canada (excluding Alberta) in 1997 but by 2010, average income was only \$7,907 lower. Starting in 2010, that trend reversed, and average income in the Maritimes fell back to \$11,034 behind the rest of Canada by 2019 (inflation-adjusted, 2019 dollars).

Among the reasons cited by the study, the region was catching up to the rest of Canada from 1997 to 2010 were significant Employment Insurance reforms and reduced government spending (as a share of GDP) during that period, which left more room for private sector growth.

But since 2010, government spending (as a share of the economy) in the Maritime provinces has been on the rise again, and the Employment Insurance reforms of the previous period have, in some cases, been weakened, and as a result, unemployment is increasing faster in Atlantic Canada than elsewhere in the country, and average incomes are falling behind again.

“Government policies matter, and Atlantic Canada’s history is rife with examples of when good policy choices led to economic growth and increased prosperity, and bad policy choices caused the reverse,” McMahon said.

“Atlantic Canadians can enjoy the same levels of prosperity that other Canadians enjoy, but only if policymakers across the region understand the ties between government policy and economic growth.”

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