

# Comparing the Economies of Atlantic Canada and New England

By Alex Whalen and Joel Emes

Comparisons between regions can be useful in determining which areas are doing well economically, which are not, and what the differences are between them. Recent research has found that Atlantic Canada lags the rest of the country on measures such as GDP per capita. This study builds on that analysis by comparing Atlantic Canada to a close geographic neighbour, the New England states.

This study compares the two regions first by presenting measures comparing their economic performance, including measures of income and the labour market. Building off this analysis, we examine similarities between the regions to establish whether there are any structural reasons for the differences we observe in economic performance.

On one measure of income, GDP per person, the top three jurisdictions are all from New England—Massachusetts, Connecticut, and New Hampshire—while the bottom three jurisdictions are the three Maritime provinces, with Prince Edward Island last and Nova Scotia and New Brunswick ranking second and third last respectively. The lowest ranked US state in the region, Maine, had GDP per person (in 2019) exceeding that of any of the three Maritime provinces by a significant extent.

On median earnings, too, there is a clear difference between the New England states and the Atlantic provinces. All six

New England states have higher income levels than all four Atlantic provinces. At \$48,551 per person, Massachusetts had the highest median earnings in 2019. The Atlantic Canadian jurisdiction with the highest median earnings is Newfoundland & Labrador, at \$30,888, while the lowest jurisdiction in the group is Prince Edward Island with a median income of \$26,567.

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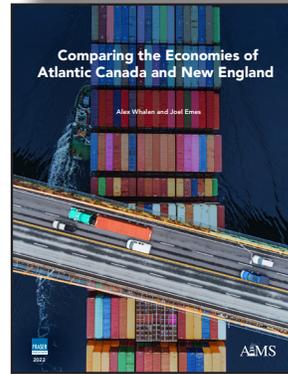
Looking at the labour market, the data again show a clear difference between the Atlantic provinces and New England states. Of the 10 jurisdictions measured, the four Atlantic provinces maintain the highest average unemployment rates, while the six New England states experience the lowest average unemployment rates. Newfoundland & Labrador had the highest average five-year unemployment rate at 11.6 percent while New Hampshire had the lowest average five-year unemployment rate at 2.9 percent.

Despite these differences in income and employment, the structure of the economy in each region is similar. With the exception of Newfoundland & Labrador, four main industries (manufacturing, real estate, health care and social assistance, and public administration) represent between 41.1 and 49.3 percent of the economy in the other Atlantic provinces and the New England states.

There are differences in some industries, however. Education services and construction account for higher shares of GDP in all four Atlantic provinces than in any of the six New England states. Meanwhile, professional, scientific, and technical services, as well as wholesale trade account for higher shares of GDP in all six New England states than in any of the four Atlantic provinces.

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The median age is similar between the Maritime provinces and Maine, New Hampshire, and Vermont. Also similar is the urban share of the population between the four Atlantic provinces and the same three New England States. These similarities exist despite the disparities revealed in income and employment. An examination of the policy factors that could be contributing to these differences offers a promising avenue for future research.



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