

NEWS RELEASE

Prince Edward Island's private sector largely trails the rest of the country; failed to improve between 2007-2019

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For Immediate Release

HALIFAX— Prince Edward Island's private sector trailed the rest of the country and failed to improve over the period 2007 to 2019, which covers the last full business cycle before the most recent recession, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The state of the private sector on P.E.I., like anywhere in the country, is closely linked with economic growth and living standards,” said Alex Whalen, associate director of the Atlantic Canada Prosperity Initiative at the Fraser Institute and co-author of *Stagnation in Atlantic Canada’s Private Markets: Measuring Progress 2007 to 2019*.

The study analyzes the private sector in Atlantic Canada and across the country by measuring several indicators between 2007 and 2019. It found that the size of the private sector workforce (measured by average private sector employment as a share of total employment) is below the national average on Prince Edward Island across this period of time. Moreover, P.E.I. had the second lowest rate of private sector employment amongst the provinces.

Another indicator, private sector venture capital investment, shows that despite having approximately 6.4 per cent of the national population, the Atlantic Provinces as a whole attracted an average of only 2.4 per cent of the national private venture capital investment over the same period.

P.E.I. experienced a small decline in the share of its economy represented by the government sector between 2007 and 2019, however, it still maintained the largest size of government as a share of its economy over the time period, at 60.6 per cent, followed by Nova Scotia, at 60.2 per cent, and New Brunswick, at 56.1 per cent.

“A large and growing government sector leaves less space for and ultimately crowds out private sector activity, impairing economic growth and ultimately living standards on Prince Edward Island,” said Whalen.

“Improvements in the state of the private sector will be key to generating economic opportunity, jobs, and business investment, improving overall prosperity in Atlantic Canada”

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