

WELL-BEING IN NEW BRUNSWICK'S UNIQUE ECONOMY:

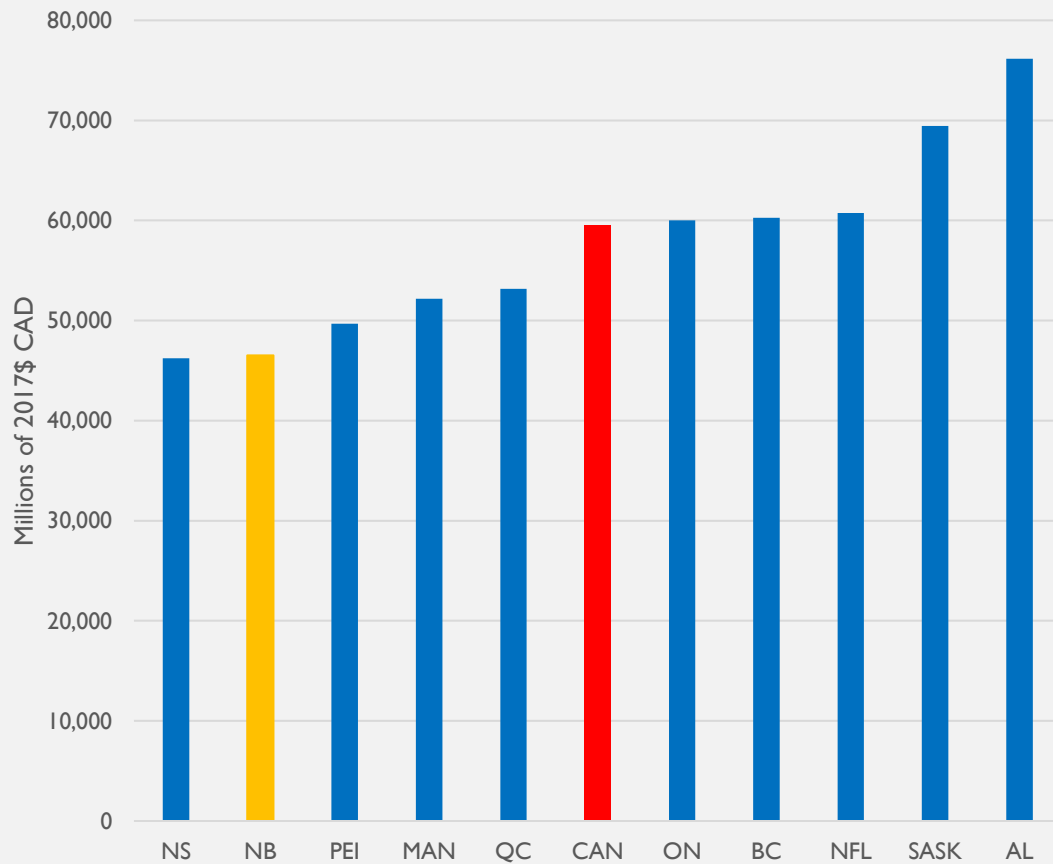
A PAPER SERIES ON TRENDS IN FISCAL POLICY,
LABOUR PRODUCTIVITY, AND EXPORTS

By: Adriana Suuronen

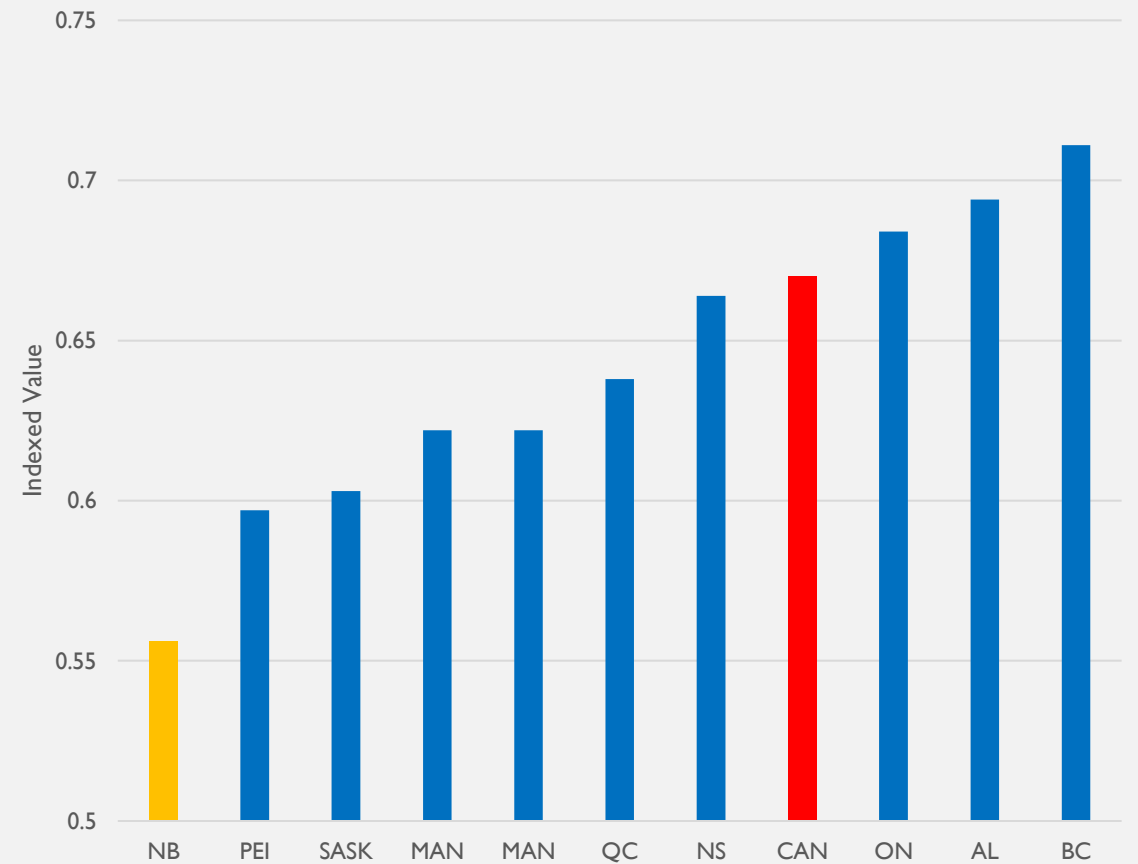
Working under: Andrew Sharpe (Centre for the Study of Living Standards)

STANDARDS OF LIVING IN NEW BRUNSWICK WERE SIGNIFICANTLY BEHIND THE NATIONAL AVERAGE IN 2022

Real GDP per capita, 2022



Index of Economic Well-being, 2022



THIS PAPER SERIES STUDIES THREE VARIABLES THAT COULD EXPLAIN THIS TREND

Fiscal Policy: The Budget Balance

Labour Productivity

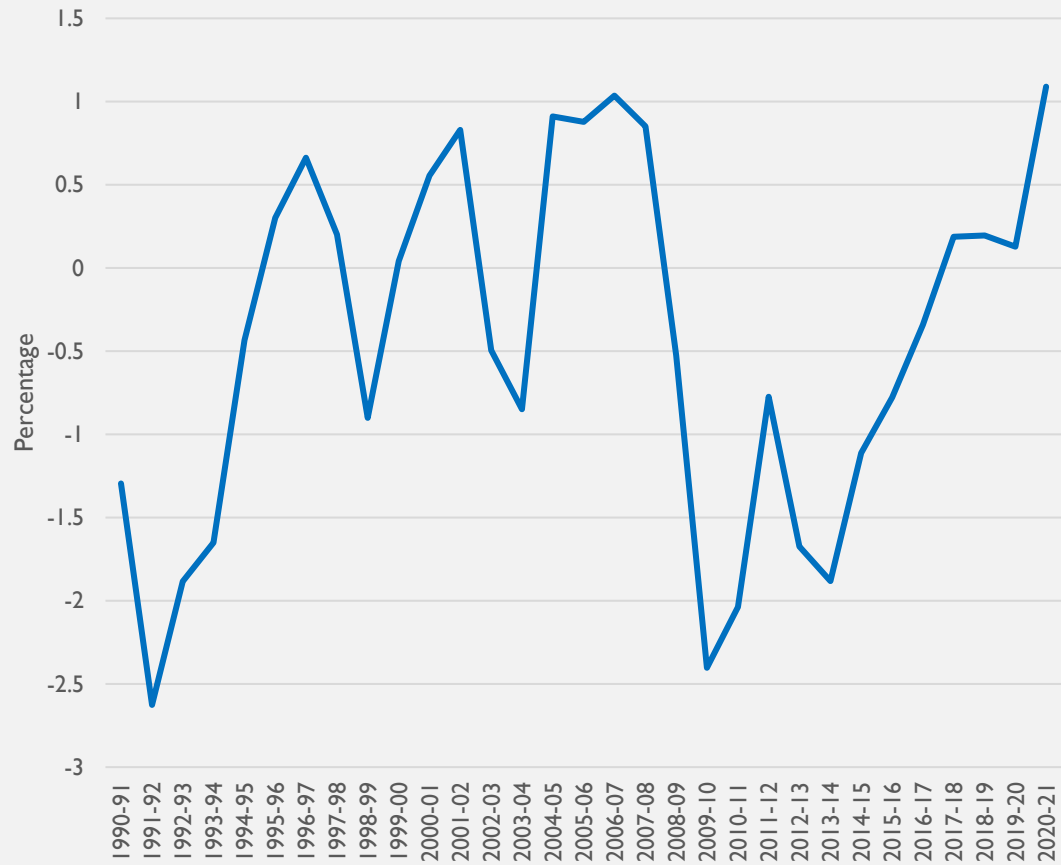
Value-Added Exports

Explain why New Brunswick continues to fall behind the national average in terms of economic well-being.

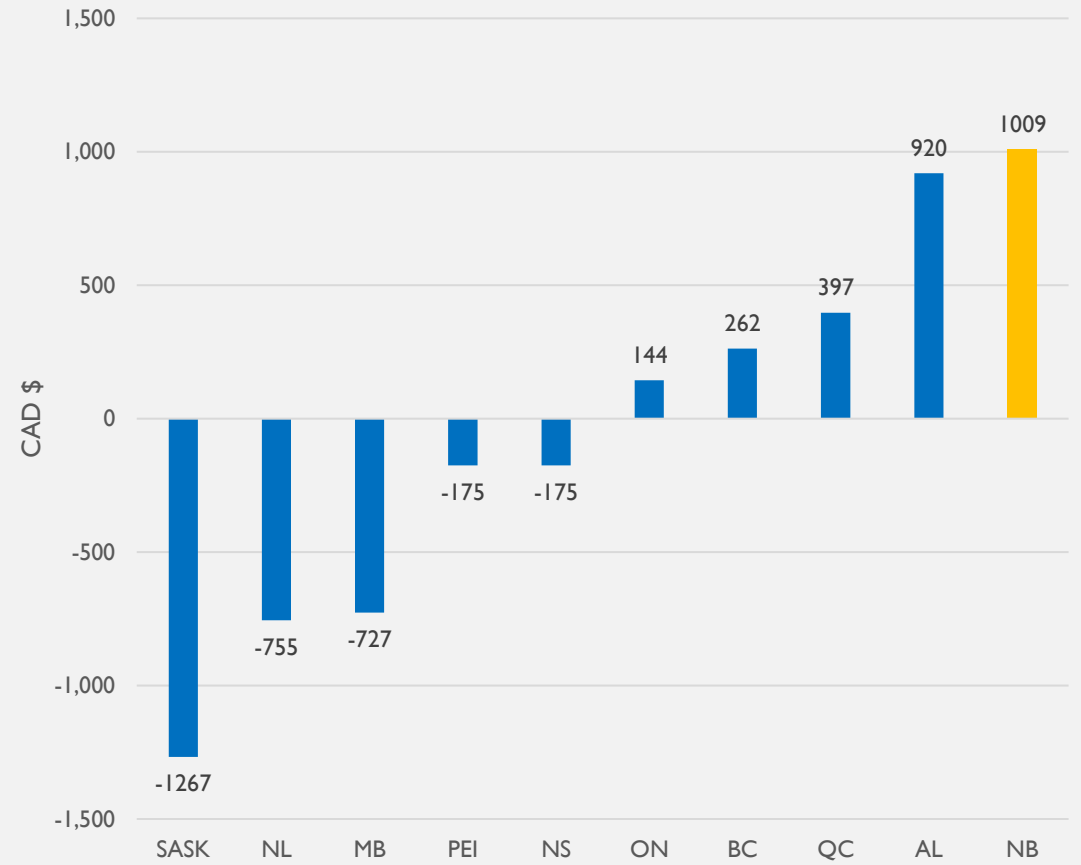
FISCAL POLICY: THE BUDGET BALANCE

NEW BRUNSWICK HAS STOPPED RUNNING LARGE DEFICITS AFTER MANY YEARS

Budget Balance as a Percentage of GDP



Budget Balance per capita, 2021-2022



THIS WAS ACHIEVED THROUGH INCREASED FEDERAL TRANSFERS AND DECREASED EXPENDITURE

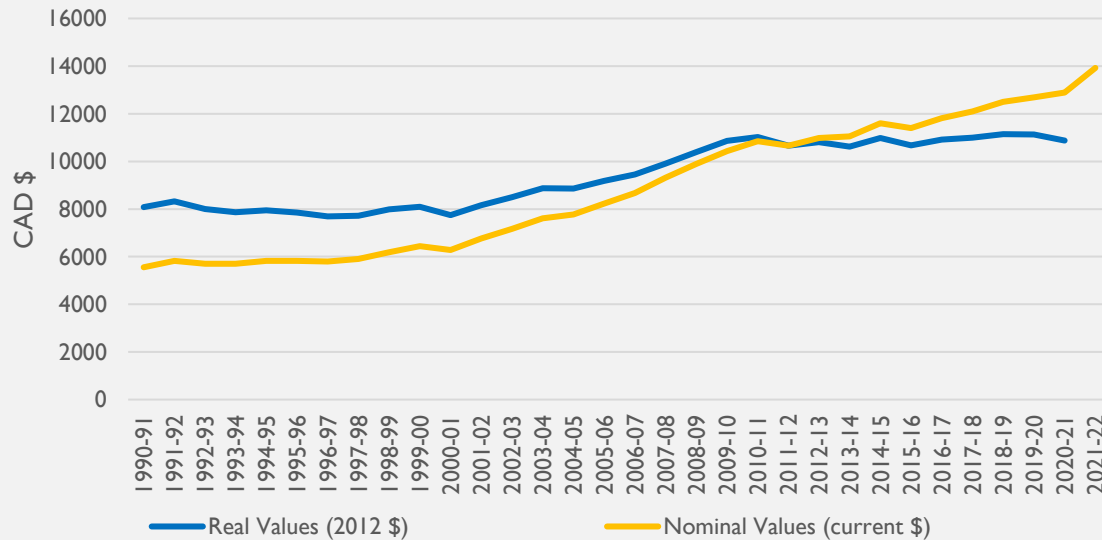
Average Annual Growth Rate of Expenditure

	Healthcare	Social Services	Education	Debt Charges	Total Expenditure
2017-2018 to 2021-2022	2.69	3.05	2.53	-0.99	2.24
1990-1991 to 2021-2022	3.76	5.34	3.19	1.04	3.32

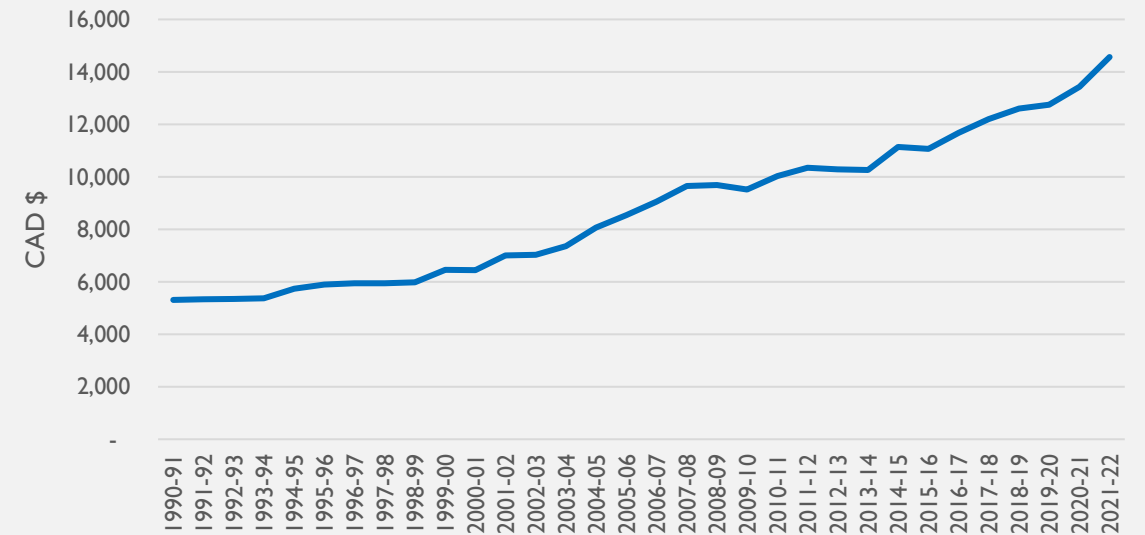
Average Annual Growth Rate of Revenue

	Tax Revenue	Federal Transfers	Total Revenue
2017-2018 to 2020-2022	1.43	6.82	5.51
1990-1991 to 2021-2022	3.30	3.57	3.49

Real and Nominal Total Expenditure per capita

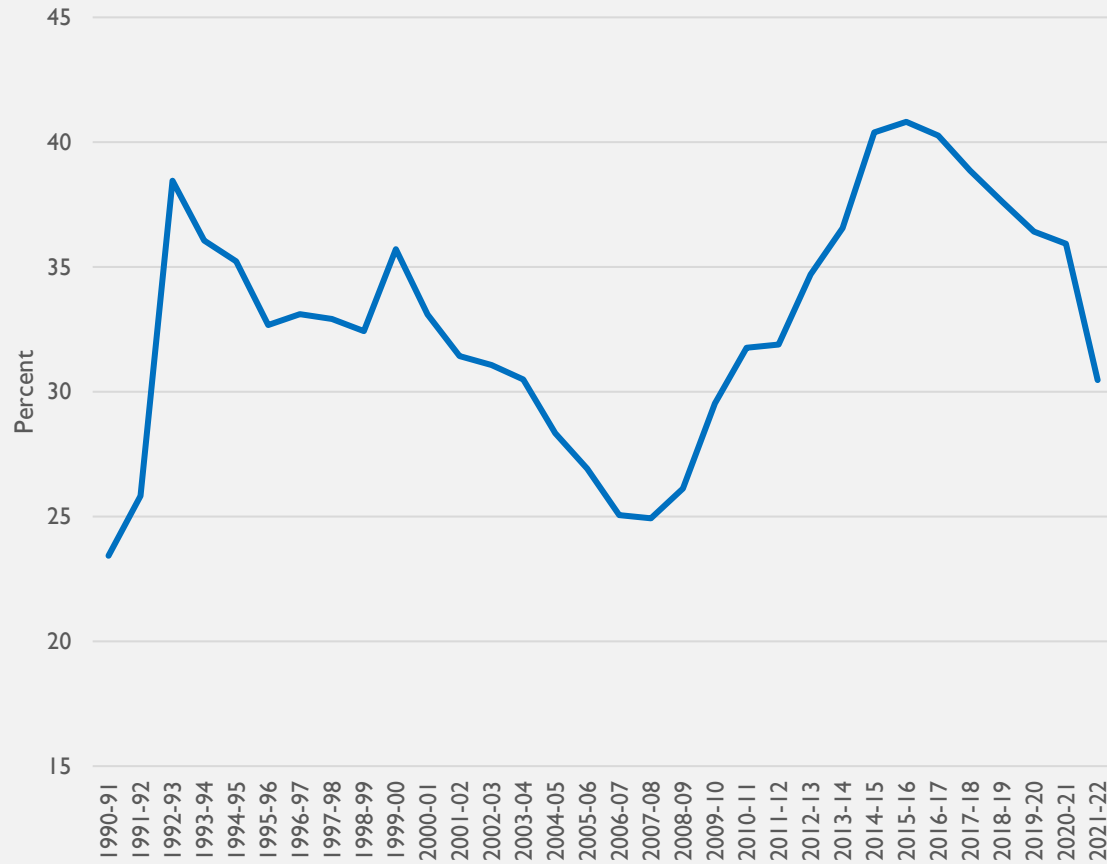


Total Federal Transfers per capita

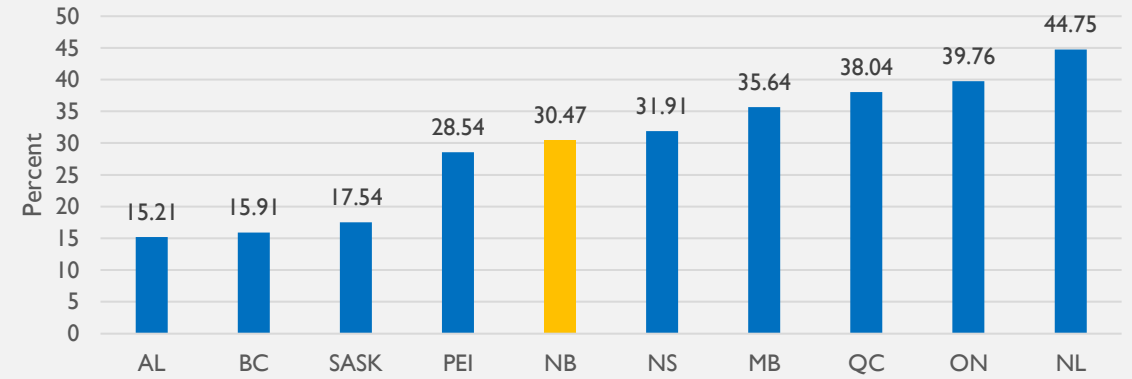


THEREFORE, NEW BRUNSWICK'S GOVERNMENT DEBT HAS SIGNIFICANTLY IMPROVED SINCE 2014-15

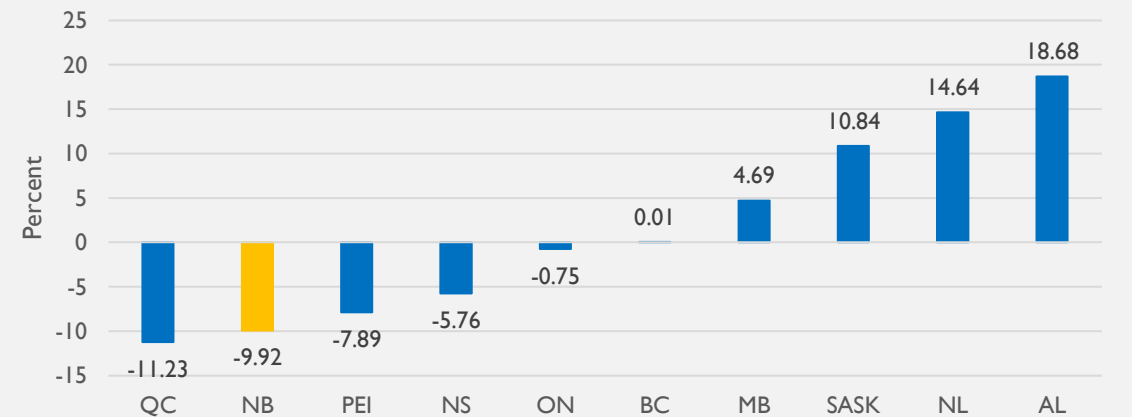
Provincial Debt-to-GDP Ratio



Provincial Debt-to-GDP Ratio, 2021-2022



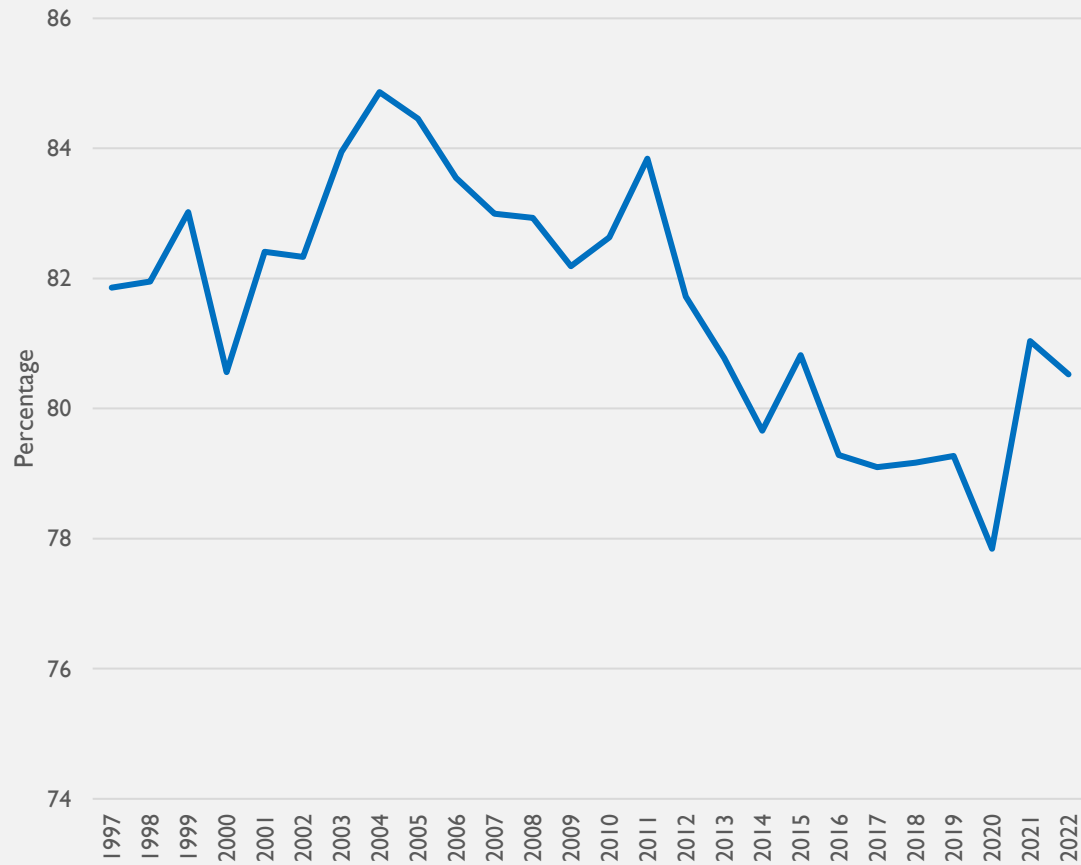
Provincial Debt-to-GDP Ratio Absolute Change, 2014-15 to 2021-22



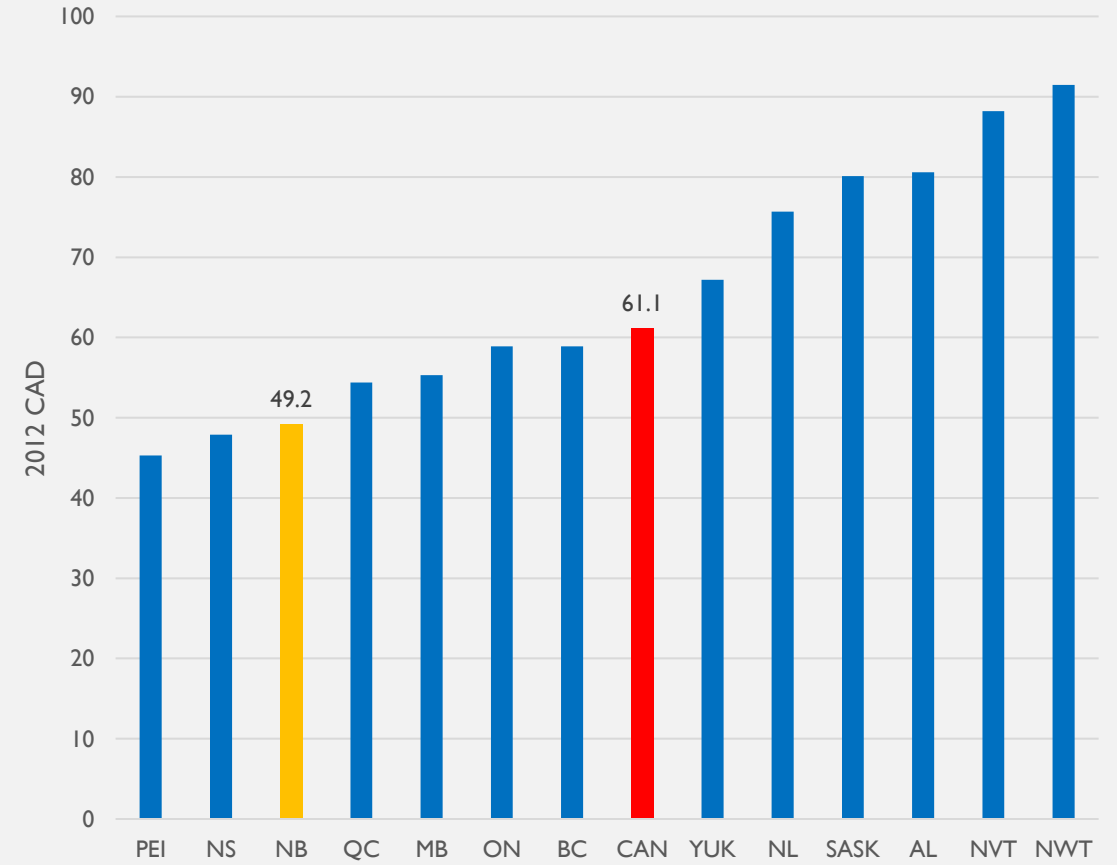
LABOUR PRODUCTIVITY

LABOUR PRODUCTIVITY IN NEW BRUNSWICK IS LOWER THAN THE NATIONAL LEVEL AND HAS BEEN FALLING BEHIND

Labour Productivity as a Percentage of the National Average

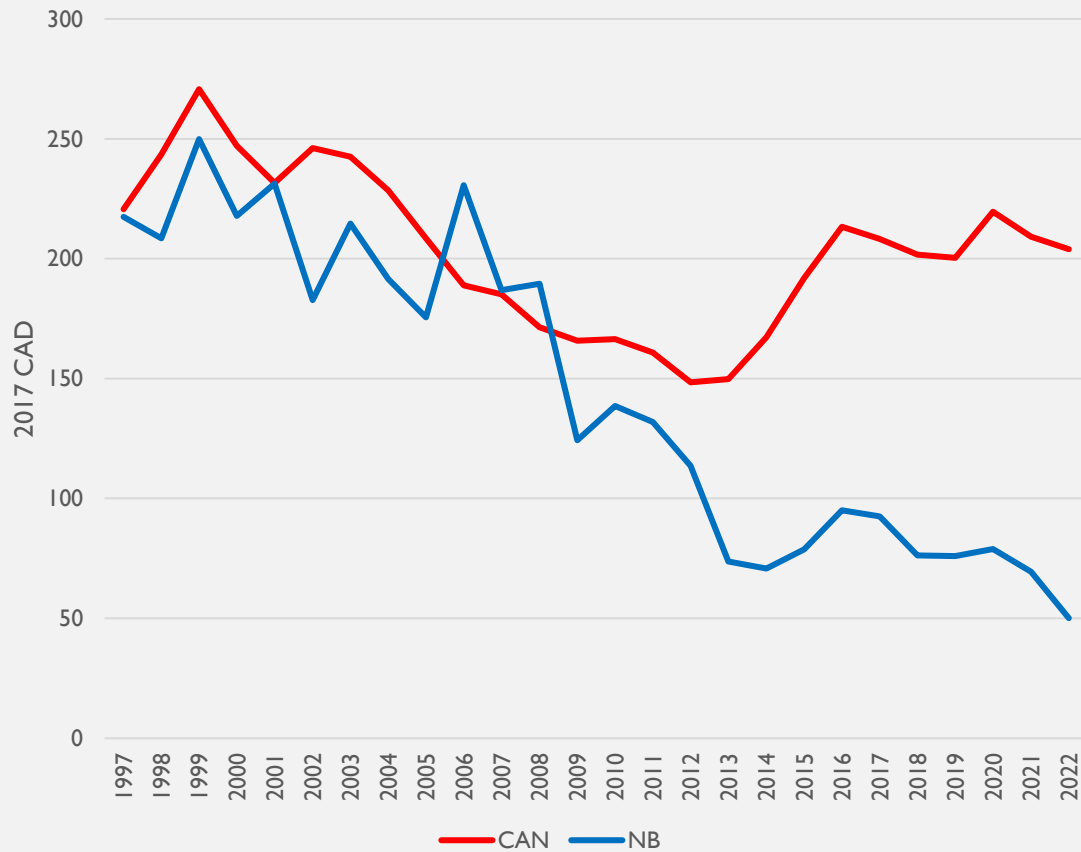


Labour Productivity, 2022

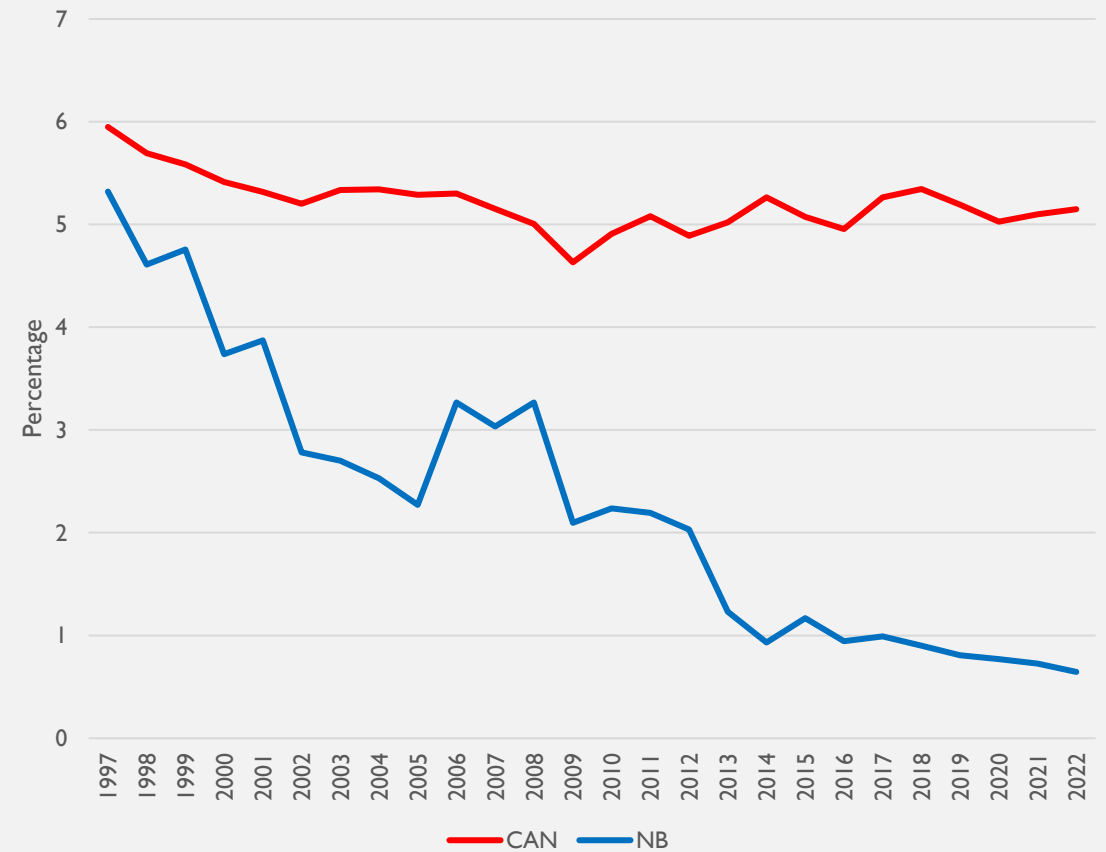


THIS IS LARGELY DUE TO A FALL IN THE IMPORTANCE AND PRODUCTIVITY IN THE MINING, OIL, AND GAS INDUSTRY

Labour Productivity in the Mining, Oil, and Gas Industry

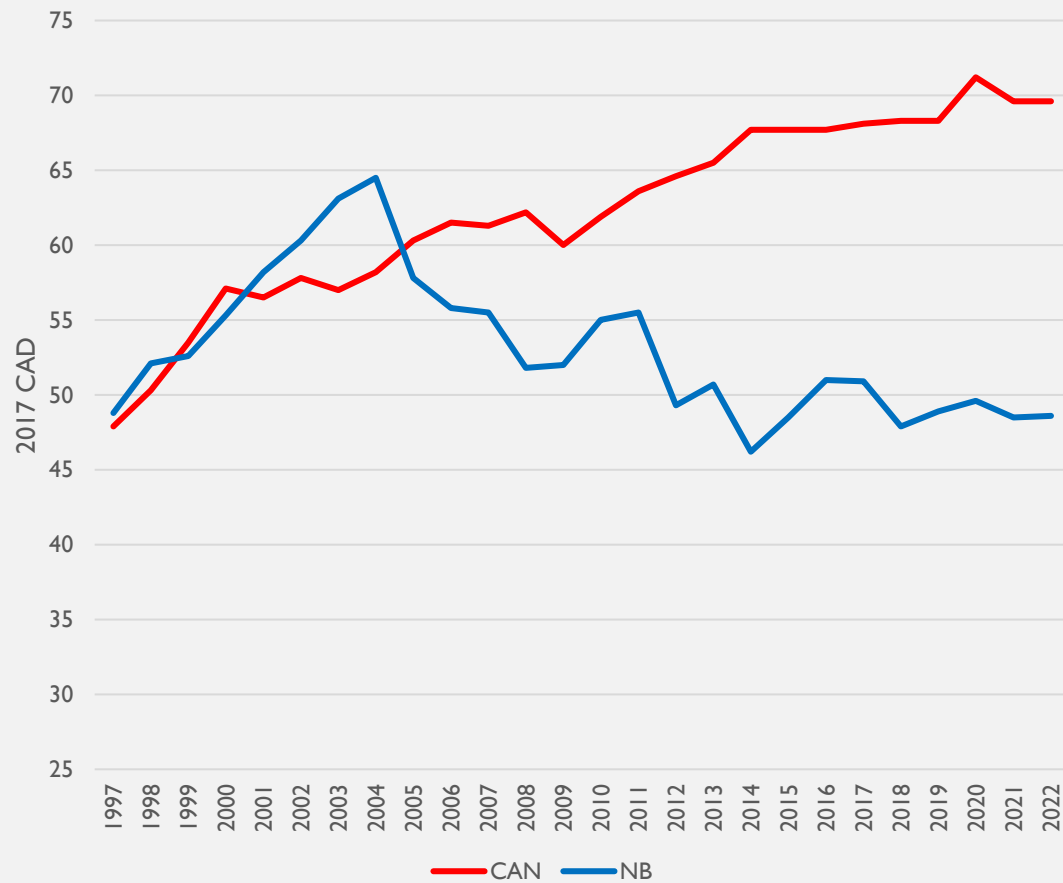


Nominal Value Added in the Mining, Oil, and Gas Industry as a Percentage of All Industry Nominal Value Added

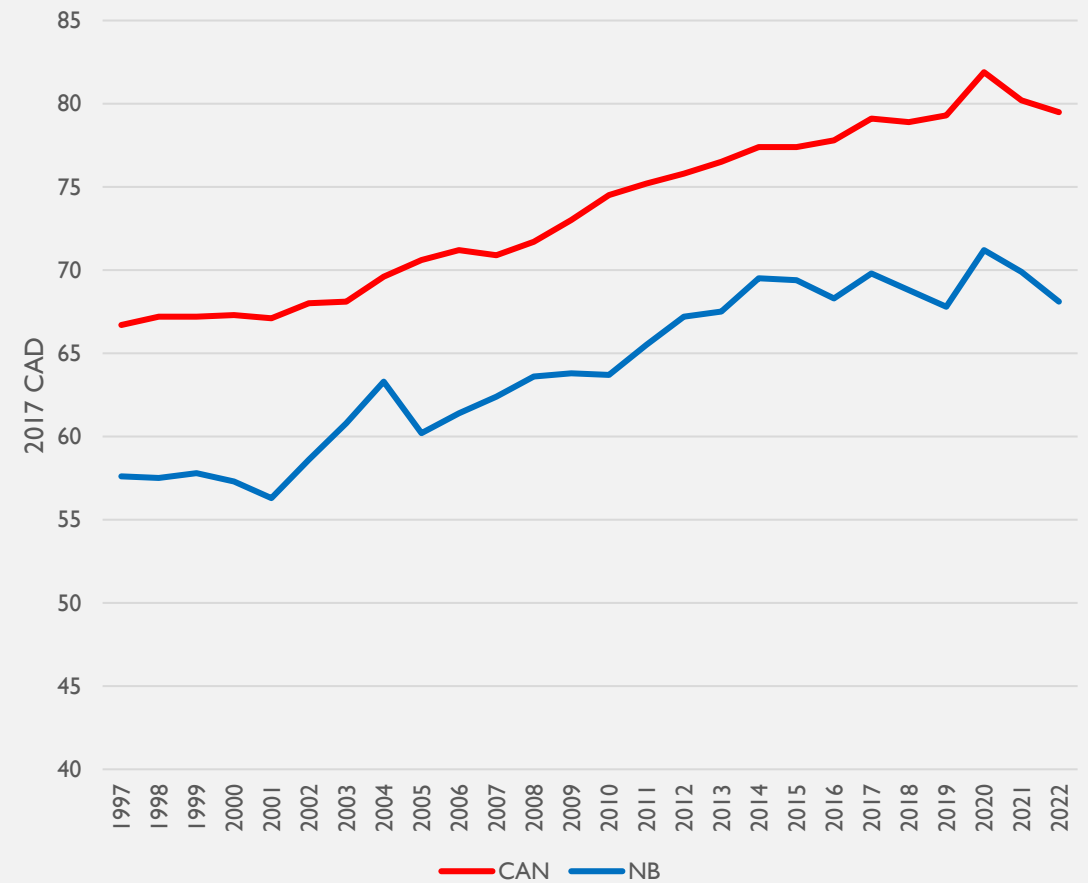


AND A POOR PERFORMANCE IN THE MANUFACTURING AND NON-BUSINESS INDUSTRIES

Labour Productivity in the Manufacturing Industry



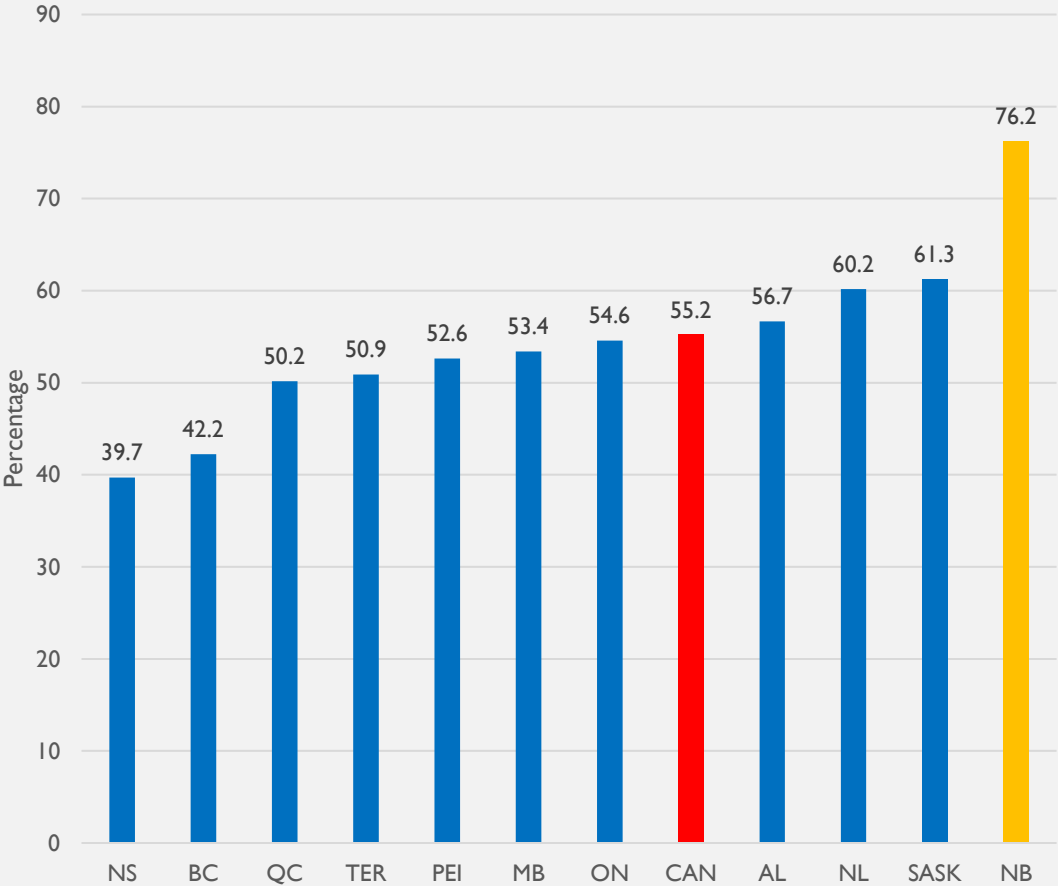
Labour Productivity in the Non-Business Industry



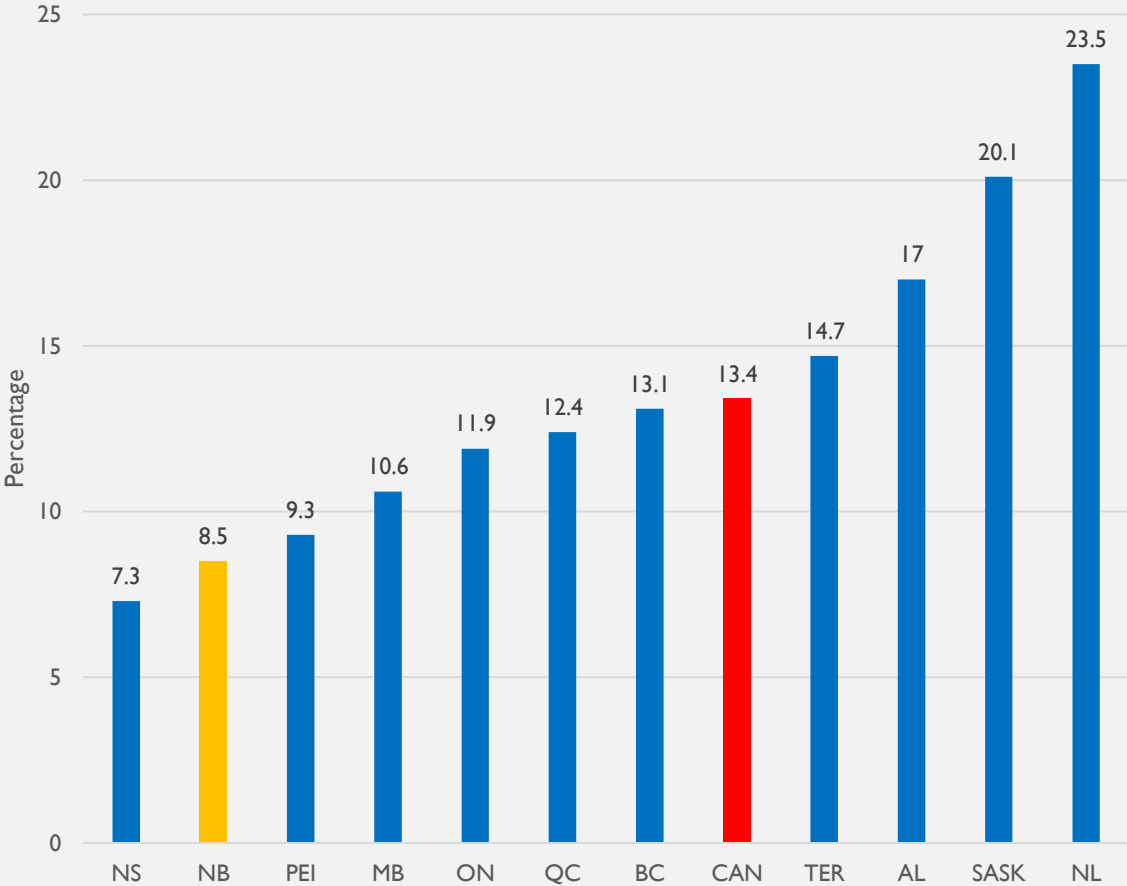
VALUE-ADDED EXPORTS

NEW BRUNSWICK FARES MUCH WORSE WHEN CONSIDERING DIRECT VALUE-ADDED EXPORTS THAN TOTAL EXPORTS

Total Exports as a Percentage of Real GDP, 2021



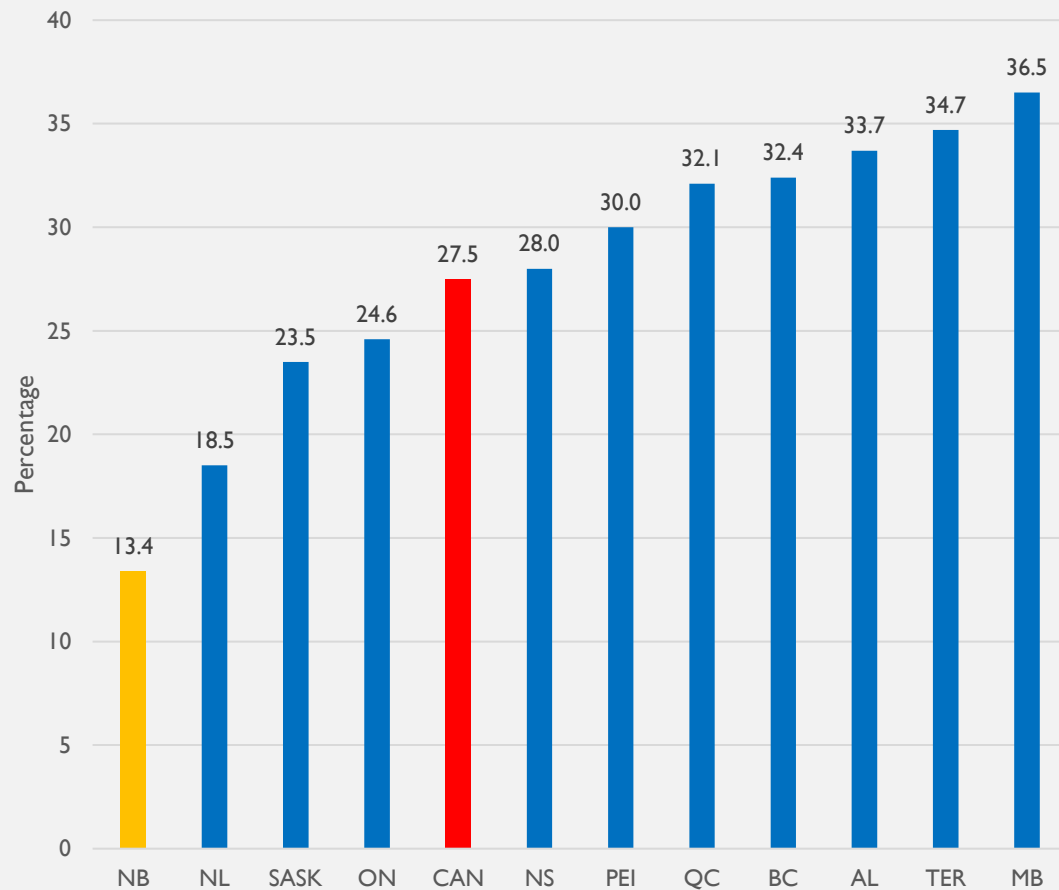
Direct Value-Added Total Exports as a Percent of Real GDP, 2021



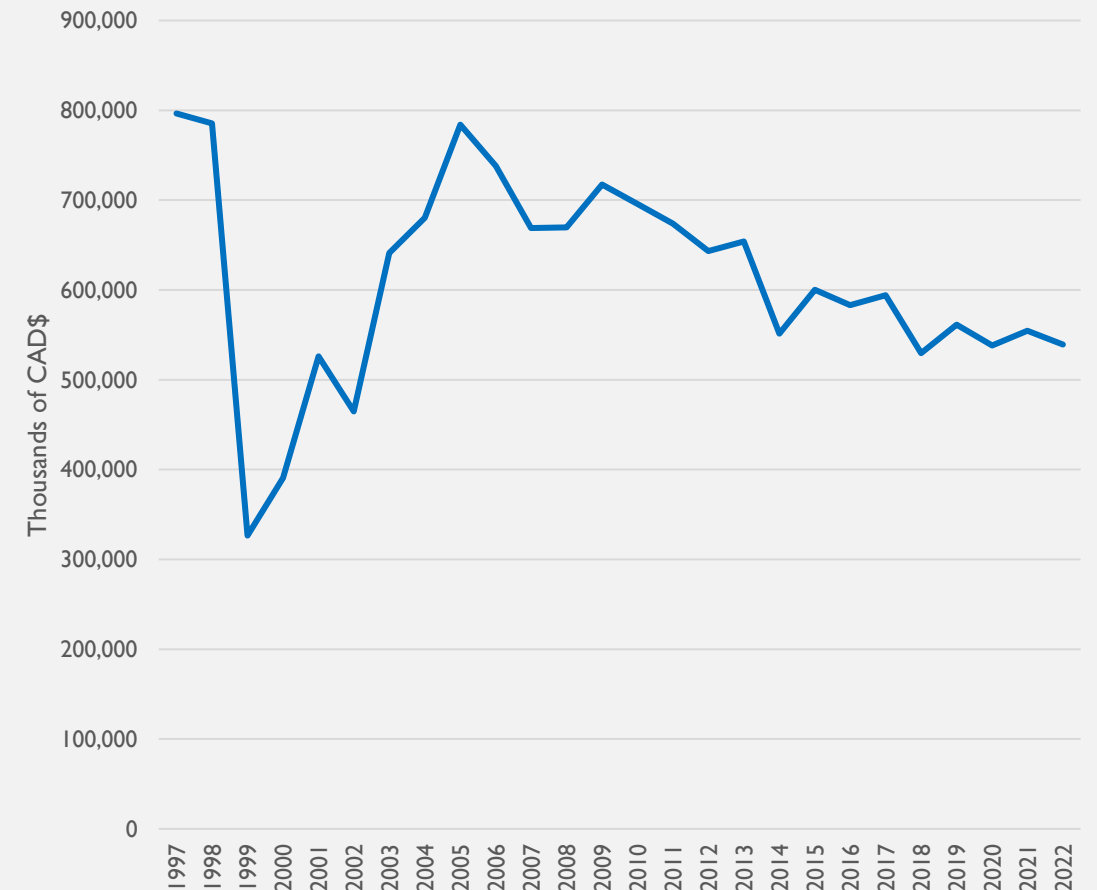
Source: Suuronen (2024)

THIS TREND IS CONSISTENT FOR THE IMPORTANT INDUSTRIES OF MANUFACTURING AND PETROLEUM REFINERIES

Direct Value-Added as a Percent of Manufacturing Total Exports, 2021



Real Value-Added of Output in Petroleum Refineries



POLICY RECOMMENDATIONS

THERE ARE SEVERAL POLICY RECOMMENDATIONS FROM THE FINDINGS OF THE PAPER SERIES

Fiscal Policy: The Budget Balance

- With large budget surpluses, many experts suggest a decrease in the surplus as residents need more support
- There may be a higher need for more expenditure in the future

Labour Productivity

- Support industries that are surpassing the national average
- Support important industries that have slow growth in labour productivity, most notably manufacturing

Value-Added Exports

- Incentivize production in industries with high value-added exports
- Promote the use of inputs made in the province

THANK YOU!

REFERENCES

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