**GDP**

**Overview**

**Importance**

The creation of larger GDP in New Brunswick will increase the provinces tax base and allow for the provision of a higher standard of public services. It will also generate more opportunities for employment and raise the incomes of New Brunswickers in turn allowing for higher levels of consumption.

**Problem**

New Brunswick has routinely displayed lower [GDP Growth Rates](http://www.boostnb.com/goal-0-real-gdp-growth.html) than other provinces as well as ranking among the lowest in GDP per capita. This has many side effects which can include persistent out migration of young people, a higher reliance on federal transfers, and a lower level of provision of services by the province. New Brunswick must increase its GDP and GDP per capita to maintain the same level of services and a feasible tax base. Low GDP growth also comes with the risk that the province will not be able to service its debt, this is addressed under [Debt to GDP Ratio](http://www.boostnb.com/goal-19-net-debt-to-gdp-ratio.html).

**Cause**

There are many reasons for slow GDP growth in the province, identified in the goals set by BoostNB. To address this Boost has set and updated the progress on 20 goals including immigration, value of trade, labour productivity, youth unemployment and more.

**BoostNB Growth Philosophy**

GDP can be looked at from a regional growth perspective. Regional growth for the province of New Brunswick will involve a focus on the exports/base industries and the linkages they create. This can provide the groundwork for categorizing the BoostNB stretch goals for the province to work towards. Using this, categories; Growth, Base, Non-Base, Capture, and Non-Growth emerge. Below comprehensive descriptions of each will be outlined.

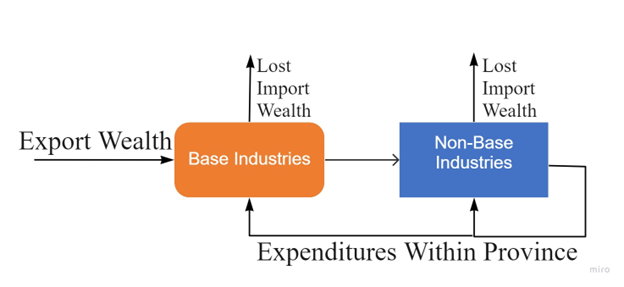
**Growth Goals**

Regional growth can be attributed to industries that participate in exporting and capture exporting wealth. These industries are considered to make up the “base” of the New Brunswick economy, bringing in wealth that stimulates activity. This includes our natural resources and manufacturing primarily; these are industries with international markets and competition. These major exporters are best utilized by “capturing” as much of this wealth as possible through either creating supporting industries for these large exporters or enhancing the profitability of existing industries. This “capture” has the effect of keeping export wealth within the economy. In New Brunswick, most people are employed in the “non-base” industries that produce only for the local population such as restaurants and barbers. When the base industries grow, the non-base industries grow with them to support them. For this reason, to grow the economy New Brunswick must stimulate export growth by capturing their full potential. How each of our categories fits into this model is shown below.

* **Growth:** GDP, Population
  + **Base:** Natural Resources, Trade
  + **Non-Base:** Labour
  + **Capture:** Investment

For a more intuitive understanding of the flow of funds through an economy, it is useful to consult Figure 1. In this figure you can see that the only place money comes in, is through export and the only places it goes out is through imports. With this model in mind, increasing exports relative to inputs or increasing the amount of this money that stays within the province are the two ways to grow the economy. Exports can be increased by ensuring efficient production through Investment, or by locally sourcing the inputs of major exporting industries. The economy can also grow by keeping money in the circular portion of this chart for as long as possible.

**Figure 1: Flow Diagram**



**Non-Growth Goals**

There is growing literature and debate surrounding whether growth should be the primary objective of developed economies. This is because past a certain threshold of wealth, happiness and health is no longer increased by even more wealth. Rather, to serve the happiness of the New Brunswick population and future generations it may be preferable to maintain such targets as Greenhouse Gas (GHG) Emissions or equality. Income equality is shown to have a profound effect on things such as happiness and many other key social indicators. For this reason, BoostNB has created “stretch goals” in the areas of GHG Emissions, Life Satisfaction, and Income Equality. These goals do not necessarily contribute to economic growth but instead, serve to build a stronger society.

* Non-Growth Goals: Social and Environmental Welfare

**In the Numbers**

New Brunswick and the other Maritime provinces have the lowest GDP per capita of all provinces in Canada as shown in Figure 1. This means that the economic activity and production of New Brunswickers is lower than other provinces. In 2021, this number equalled $40,100 (2012 Chained Dollars). This list was topped by Canada’s oil and gas provinces, followed by its most urbanized provinces with the Maritime provinces occupying the last three places.

**Figure 1: GDP Per Capita 2021 (2012 Chained Dollars)**

New Brunswick also typically has low annual GDP growth rates, shown in Figure 2 on a year-to-year basis. The tendency is that New Brunswick weathers global recissions, such as the 2008 financial crisis and the Covid-19 pandemic, slightly better than the national average but benefits much less during times of recovery and in boom periods. This overall leads to New Brunswick lagging the nation. More can be found on this in [Real GDP Growth](http://www.boostnb.com/goal-0-real-gdp-growth.html).

**Figure 2: Real GDP Growth Rates**

Source: Statistics Canada. [Table 36-10-0402-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000)](https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610040201).

To show the weight that a lagging GDP or a growing debt is having on the economy we include a goal on the Net [Debt to GDP Ratio](http://www.boostnb.com/goal-19-net-debt-to-gdp-ratio.html). The primary findings are displayed in Figure 3 showing that New Brunswick is not meeting the BoostNB goal of 30% debt to GDP ratio.

**Figure3: Debt to GDP Ratio**

**Chart, line chart

Description automatically generated**

**Summary**

New Brunswick is not progressing at a satisfactory manner when it comes to achieving the goals relating to GDP growth. The reasons for this are on display throughout this website. To catch up to other provinces, New Brunswick will have to improve in several key areas. To see these key areas, it is useful to spend a few minutes exploring the [BoostNB Dashboard](http://www.boostnb.com/) for quick information on where New Brunswick is and is not performing well and where there is opportunity for change.

**Appendix A: GDP per Capita by Province**



Source: Statistics Canada, Table 36-10-0402-01 (formerly CANSIM 379-0030) “Gross Domestic Product (GDP) at basic prices, by industry, provinces, and territories (x 1,000,000)”

Appendix B: Annual GDP Growth Rates



Source: Statistics Canada, Table 36-10-0402-01 (formerly CANSIM 379-0030) “Gross Domestic Product (GDP) at basic prices, by industry, provinces, and territories (x 1,000,000)”

Appendix C: New Brunswick's Net Debt-to-GDP Ratio

|  |  |
| --- | --- |
| **Year** | **Debt to GDP Ratio** |
| **1981** | 15.9% |
| **1982** | 19.9% |
| **1983** | 20.6% |
| **1984** | 21.4% |
| **1985** | 22.0% |
| **1986** | 23.6% |
| **1987** | 24.3% |
| **1988** | 23.3% |
| **1989** | 22.4% |
| **1990** | 23.5% |
| **1991** | 25.9% |
| **1992** | 36.8% |
| **1993** | 38.5% |
| **1994** | 37.3% |
| **1995** | 34.4% |
| **1996** | 33.5% |
| **1997** | 33.3% |
| **1998** | 33.0% |
| **1999** | 35.8% |
| **2000** | 33.2% |
| **2001** | 31.5% |
| **2002** | 31.2% |
| **2003** | 30.6% |
| **2004** | 28.4% |
| **2005** | 27.0% |
| **2006** | 25.1% |
| **2007** | 25.0% |
| **2008** | 26.2% |
| **2009** | 26.2% |
| **2010** | 29.6% |
| **2011** | 31.8% |
| **2012** | 31.9% |
| **2013** | 34.8% |
| **2014** | 36.6% |
| **2015** | 40.5% |
| **2016** | 40.9% |
| **2017** | 40.0% |
| **2018** | 38.6% |
| **2019** | 37.4% |
| **2020** | 36.6% |
| **2021** | 36.0% |

Source: Public Accounts of New Brunswick (For 2004-05: 2005 Budget). Contribution to/from Fiscal Stabilization Fund; Public Accounts of New Brunswick (for 2017-18: 2018 Budget)