



NEWS RELEASE

Nova Scotia's private sector largely trails the rest of the country; failed to improve between 2007-2019

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For Immediate Release

HALIFAX— Nova Scotia'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 in Nova Scotia, 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 Sector: 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 in Nova Scotia across this period of time. Moreover, Nova Scotia had the fifth 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 across the same period.

Nova Scotia also experienced a decline in the level of per worker business investment over the 2007 to 2019 period, and indeed in 2019 recorded the lowest level in the country at \$9,603. Nova Scotia's average business investment per worker over the whole period (inflation-adjusted) of \$11,392 ranked second lowest in the country.

The province also reported the second-lowest rate of entrepreneurship as measured by new business start-ups over the time period. It also recorded the second largest government sector, as measured by government spending as a share of the economy for the period.

"A large and growing government sector leaves less space for the private sector and ultimately crowds out private sector activity, impairing economic growth and ultimately living standards in Nova Scotia," 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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MEDIA CONTACTS:

Alex Whalen, Associate Director, Atlantic Canada Prosperity Initiative
Fraser Institute

To arrange media interviews or for more information, please contact:
Drue MacPherson, 604-688-0221 ext. 721, drue.macpherson@fraserinstitute.org

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