PUBLIC POLICY FORUM

Adjusting the Sails

2024 Atlantic Canada Momentum Index

BY STEPHEN MAHER AND ANDREW SHARPE

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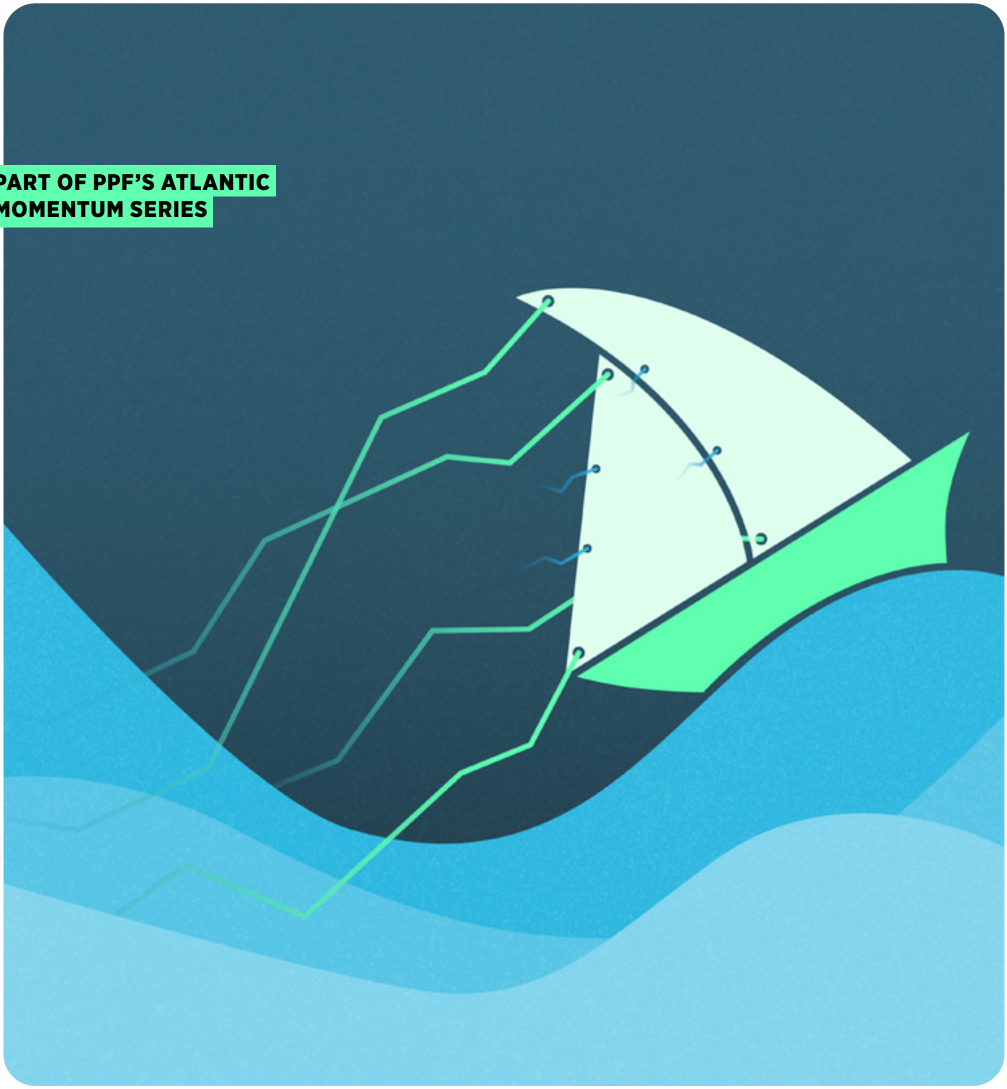

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SCAN FOR
DIGITAL REPORT

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Executive Summary

This year's *Atlantic Canada Momentum Index* offers evidence of a region at a critical juncture. The strong momentum outlined in last year's index[1] has slowed as the region struggles to adapt to the challenges that come with boom times and unprecedented population growth. Momentum remains positive, but it is more tentative now. Of the 25 indicators chosen for this study, 15 exhibit momentum (60 percent), down from the year before, when 16 of 20 indicators (80 percent) showed momentum.

Relative to Canada as a whole, where 17 of 25 indicators exhibit momentum, the region is lagging slightly. The driver of this weaker performance is slower economic growth; although still showing momentum in Atlantic Canada, it was stronger in the rest of the country.

Worryingly, the exceptional sense of belonging that has been a point of pride and advantage for the region declined sharply in this year's index, though it still stands higher than the national average. Some pressing challenges, such as housing and health care, are significant but not unique to the region.

The index still shows considerable points of strength, including population, median age, employment and labour productivity. But to ensure that momentum continues — and is not a post-pandemic blip in a bleaker historic trend — a concerted and co-ordinated effort to better spur and manage growth is needed.

1 Introduction

Every sailor knows the old saying: We can't direct the wind, but we can adjust the sails.

In the last decade, social and demographic shifts as unpredictable as the wind have come from every compass point in Atlantic Canada — and it's clear political and economic leaders need to trim the sails if the region is to maintain its momentum.

Atlantic Canada is in the biggest boom since the Second World War, but it won't last forever

Residents face unique and unusual opportunities. Atlantic Canada is in the biggest boom since the Second World War, but it won't last forever, and making strategic decisions now — setting the sails properly — is necessary if it is to be in the best position to get the wind fully at its back.

A once-in-a-generation perceptual shift in favour of the region came about because of COVID-19. While the world was in the unforgiving grip of the worst pandemic in a century, Atlantic Canadians rallied around public health measures, so the disease appears to have taken less of a toll in the region than anywhere else in the Western hemisphere. Their cohesion, trust and leadership allowed them to build the Atlantic Bubble.

After the emergency ended, a part of the world long seen as a quaint, dependent backwater suddenly took on a new shine. With a concerted push on immigration, years of population decline were already reversing. The pandemic shift to working from home was the final piece of the puzzle, spurring a sudden population shift east.

The return of population growth, like the Atlantic Bubble, was the product of good policy decisions. For the first time in decades, a significant number of newcomers were arriving in Atlantic Canada, and many of them have stayed, adding diversity and energy to communities that had been facing steep demographic decline. Where, for a long time, rural communities had feared they would lose their local hospital, now the challenge has become ensuring there are enough family doctors.

This year, 15 of the 25 indicators show momentum, trailing Canada as a whole, where 17 were moving in the right direction

After long decades in which Atlantic Canadians struggled to make progress — raising and educating generations of young people only to watch them head west — the wind was with the region. As our first Atlantic Momentum report[2] showed last year, the region showed growth in 16 of 20 key social and economic indicators between 2015 and 2022, outpacing the rest of the country.

This year's report, the second Atlantic Canada Momentum Index, shows continued momentum, but also the need for focused action to prevent backsliding. Business investment is low and there is not enough housing or health care for those productive knowledge workers that the region has been so delighted to welcome.

After consultations, five new indicators have been added to the 2024 Momentum Index: poverty rate; greenhouse gas emissions; housing affordability; investment in renewable energy; and the participation rate of women with children under age six, so that the index now presents an even more complete picture of the economy and the areas requiring attention. This year, 15 of the 25 indicators show momentum, trailing Canada as a whole, where 17 were moving in the right direction. (When we look at just the original 20 indicators, 13 — or 65 percent — show momentum this year.)

That is not cause for despair, but it underlines a need for policymakers and business and community leaders to adjust the sails.

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A Fast-Rising Tide

The wave of newcomers that injected so much money, talent and energy into Atlantic Canada crested in 2023, taking the edge off some of the momentum in the region. The numbers in the second *Atlantic Canada Momentum Index* warn of a cooling trend as the region approaches the tail end of an historic boom.

On the plus side, the index continues to show: healthy momentum in key areas such as population growth, immigration and a declining median age; the poverty rate is falling; and housing starts are rising sharply. But momentum is missing in some other indicators, such as life satisfaction, immigration retention, non-residential investment and employment income (see Table 3).

Atlantic Canada is much better off than it was before the recent (and welcome) population influx, but the region faces big challenges in absorbing so many

We need to understand that our situation has shifted so quickly that time-tested approaches may no longer serve us well

new people. It is not just a matter of providing health care, housing, recreation and other services. The first order of business is a mental pause. We need to understand the magnitude of what has happened — and understand that our situation has shifted so quickly that time-tested approaches may no longer serve us well.

We need to adjust our thinking, says Université de Moncton professor Donald Savoie, who has been studying regional economic development carefully for decades. Forty years ago, Savoie wrote the report for then-prime minister Brian Mulroney that led to the establishment of the Atlantic Canada Opportunities Agency, and subsequently wrote the most important books on the issue, including *Visiting Grandchildren: Economic Development in the Maritimes* and *Looking for Bootstraps: Economic Development in the Maritimes*.

When he wrote his report for Mulroney, "we had people, but we really didn't have jobs. Today, we have jobs, but we don't have people," he says. "We're importing people, and it's creating havoc with our health-care system, our education system. Moncton has gone crazy, absolutely crazy. Halifax as well. It's growth that we can't manage in a way."

For generations, Atlantic leaders were focused by necessity on managing decline. For complicated economic, political and geographic reasons, the region's biggest export was productive young people. With an older population that requires higher levels of spending on health care and other services, and a dwindling population of productive, tax-paying young people, the region looked to be in a downward spiral. It was often hard to be optimistic, because along with the fiscal hole created by the grim demographics, there was little capital, small markets, few immigrants and not enough entrepreneurialism.

All that has changed quickly. The region has experienced explosive growth.

From 2010 to 2019, Atlantic Canada's population grew by just 77,797. From 2019 to 2023, it grew by 169,156, with a growth rate of 2.5 percent in 2022 and 3.1 percent in 2023. The streetscapes in sleepy, previously homogenous communities of Atlantic Canada were suddenly more diverse and lively, with Punjabi, Mandarin and Tagalog voices where previously only English or French were heard. In Charlottetown, for example, there is now a 16-team Filipino basketball league. Many of the newcomers came from outside Canada — 28,000 immigrants in 2021-2022 and 32,000 immigrants in 2022-2023; in other words 60,000 over two years. Halifax alone had almost 30,000 immigrants arrive from 2020 to 2023.

The benefits are enormous; a huge injection of youth, diversity, energy and money. All these new people — whether they are from Ontario, Kyiv or Manila — bring new ideas. "The new perspectives and the diversity of thought and people coming from different parts of the world and different parts of the country … has been really helpful," says Sarah Young, one of the founding partners at Sandpiper Ventures, a Halifax-based venture capital fund for women. "You have people who are coming who don't necessarily have the burden of history of Atlantic Canada. That on its own has been so helpful, where you just have people arriving and saying, 'This is an amazing place to be.'"

The influx has supercharged the economies in urban Atlantic Canada. Regional development experts wonder if there is still merit in thinking of it as a region with different problems from those in the rest of urban Canada. The areas with good transportation links to the rest of the country are now economically similar to other regions. They have the same problems as other parts of urban Canada, but the same promise as well.

"The convergence of … Atlantic Canada and the rest of Canada is incredible, and the most incredible thing is, because of oil, Newfoundland goes from last place to being above — by 2013-14 — the Canadian average," says Doug May, an economist at Memorial University. "When you look at adjusted income, it's highly likely that the standard of living on an individual basis is perhaps higher in Atlantic Canada than it is in the Canadian average."

Beneath the activity, there are reasons for concern, though. The level of non-residential investment in the region is low — 70.9 percent of the national average in 2022. It has long been low in the Maritimes and rises and falls in Newfoundland depending on large energy projects. Business spending on research and development is slowly improving but remains much lower than the already-low Canadian norm. These numbers are discouraging and suggest the need for long-term action.

In the short term, many rural communities may be doing better than it seems on the surface, because so many former residents are away in Alberta or other far-flung places making good money, which they eventually bring home to spend. The trick is to make sure more don't leave by creating the conditions for a vibrant economy that will provide them opportunities.

David Campbell, former chief economist for the Government of New Brunswick, thinks the region — and Nova Scotia in particular — needs to push harder to increase exports and reduce barriers to aquaculture, mining and forestry. "If you don't have population growth, you can't have economic growth, but it's a necessary (but not sufficient) condition for economic growth."

There are some positive signs: The kind of co-operation that created the Atlantic Bubble has spread to efforts to reduce barriers and boost labour mobility, including initiatives to harmonize training and licensing across the region for skilled trades. And the Atlantic Physician Registry allows doctors to practise anywhere in the region for a small yearly fee.

Beneath the activity, there are reasons for concern

A lack of economic activity is not the problem in urban Atlantic Canada, at least. The economies are generally hot or overheating in all communities within about an hour's drive of the highway from Halifax to Montreal — a corridor of affluence — and the areas served by the airports in Charlottetown and St. John's. This includes communities such as Bridgewater, Kentville, Truro, New Glasgow, Amherst, Shediac, Oromocto, Fredericton, Moncton, Saint John, Edmundston and Conception Bay — all of which are newly diverse and full of economic activity.

"If you're in that corridor, you're doing very well," says Savoie. "If you're in that corridor, your major problem is having a good level of public service. If you're outside of that corridor, you have traditional reasons to worry about the problems that we had 40 years ago."

The challenge in urban Atlantic Canada now goes beyond generating economic activity, Savoie says. "The problem is, how do we manage growth and how do we accommodate new Canadians in the way that they should be accommodated?"

The Storm Surge

Atlantic Canadian leaders must urgently turn their minds to a new problem for the region: accommodating a growing population. The massive surge of people will take some time to process. The overall momentum picture is still positive, but in-migration has slowed, investment remains low and there are difficult underlying challenges for slow-growth regions.

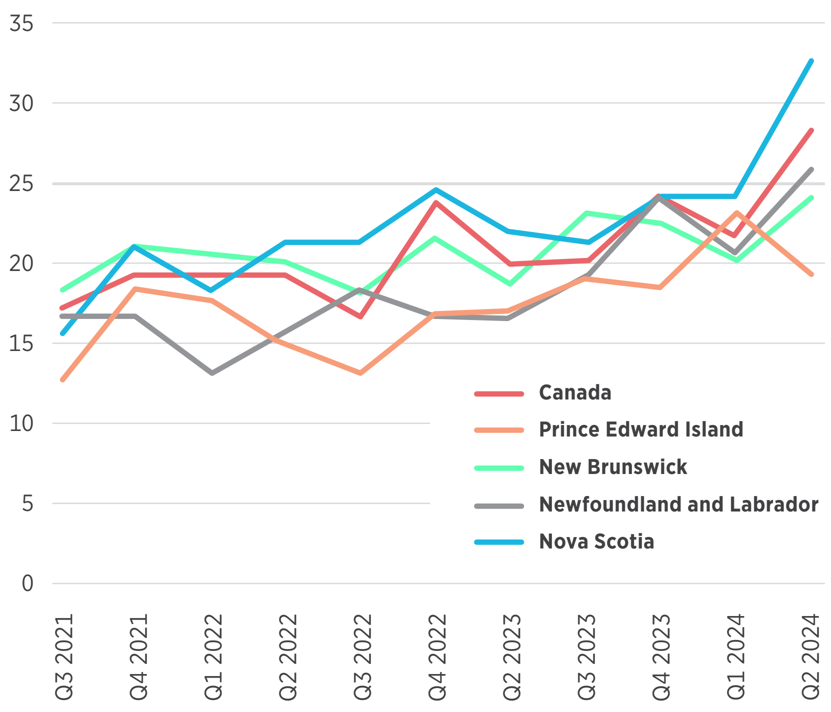
Real GDP per capita fell 1.3 percent in Atlantic Canada in 2022 (the most recent year for which data are available), compared to a 1.9 percent increase nationally, reversing the gains the region had experienced relative to the rest of the country from 2015 to 2021. Employment income is also going the wrong way, as is immigration retention. But the most challenging indicators have to do with the key pressure points of providing critical services for a growing population.

The challenges are tough enough that it is perhaps good news that the inflow of people is slowing. That should ease pressure on housing prices and health care.

In 2022, the proportion of Atlantic Canadians aged 12 and older with access to a family doctor was 83.1 percent, 2.9 percentage points below the national average of 86 percent. This problem has worsened dramatically over time: from 91.2 percent in 2009, to 89.2 percent in 2015, and 87.2 percent in 2021.

These pressure points are having a psychological effect, too. Atlantic Cana-

Chart 1: Life Satisfaction (Very Dissatisfied to Neutral)



Source: Statistics Canada. Table 13-10-0843-01. Life satisfaction by province.
Missing Q1 2023 data point from Statistics Canada

dians are less happy than they were in previous years. In 2022 in Atlantic Canada, 85.5 percent of the population aged 12 and over was either satisfied or very satisfied with their lives, down from 92.3 percent the year before, according to Statistics Canada. There was a similar fall around the world, a change that appears to be linked to cost-of-living concerns. For Canada as a whole, the number fell from 92.2 to 87.2 percent.

It may not be a coincidence that dissatisfaction grew most quickly in Nova Scotia, where housing affordability is bad, or that it went the other way in Newfoundland and Labrador, where housing became more affordable.

There has been a sharp increase in the number of unhappy young people in many western countries in the past several years, which was picked up by the 2024 World Happiness Report,[4] led by University of British Columbia professor John F. Helliwell. This may correlate with housing shortages, which disproportionately affect young people.

In much of urban Canada, housing has long been a challenge, but for Atlantic Canada it's a new problem. In Halifax, for example, the average housing price hit $550,605 in 2023, more than double the level of a decade ago. The average rent in 2023 was $1,538, up from $965 in 2015. The vacancy rate has been at one percent for the past three years in Halifax, Moncton and St. John's and tent encampments have sprung up.

Leaders have responded with measures aimed at increasing housing supply, and that is having an impact. Housing starts in the region — which until recently dramatically lagged the rest of the country — have surged. There are projects that are helping, too. On the north side of the Saint John River in Fredericton, Marcel LeBrun, a software engineer who made hundreds of millions pioneering internet video–streaming technology, has built 12 Neighbours,[5] a community of tiny homes for about 100 people, many of whom came from tent shelters in downtown Fredericton.

"When we started, there were about 100 people on the list (for homes)," says Joshua Lebrun, the executive director. "Now there's probably 300 or 400. So, the problem's gotten bigger, not smaller."

Providing housing, health care and other services — including transit and parks for urban renters — vital if the region is to continue attracting desirable knowledge workers who can live anywhere they want.

"The combination of investment in infrastructure — both health care, education, roads, sewers, parks and amenities, transit — if you don't plan ahead for really rapid growth, then what you get is kind of dismal, self-defeating growth and it kind of peters out," says Lars Osberg, an economist at Dalhousie University.

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About This Index

The first report on momentum in Atlantic Canada in March 2023 developed a scorecard based on 20 indicators. We compared trends from 2015 to 2022 with the period from 2008 to 2015 and also compared the data to Canada as a whole to see if the region's absolute performance has outpaced national indicators.

This report follows the same methodology as the 2023 report, with the addition of fresh data.[6] We have also added five new indicators: the labour force participation rate of women with children under age six; greenhouse gas emissions; investment in renewal energy; housing affordability and the poverty rate.

Last year's report showed improvements in the region in 16 of 20 key social and economic indicators between 2015 and 2022, often outpacing the rest of the country. In 2015-2022/23, 15 of the 25 indicators in Atlantic Canada showed improvement. But the region lagged the country as a whole, where 17 of the 25 indicators showed improvement.

Both Atlantic Canada and the country as

a whole experienced a deterioration in four indicators: non-residential investment; housing affordability; life satisfaction; and sense of belonging (Appendix Table 2). Atlantic Canada also saw a deterioration in exports, employment income, renewal energy investment and access to a family doctor.

Table 1: Number of Indicators Experiencing Improvement and Deterioration, 2015-2022/23

	Improvement	Deterioration
Canada	20	5
Atlantic Canada	17	8
Newfoundland and Labrador	14	11
Prince Edward Island	18	7
Nova Scotia	19	6
New Brunswick	16	9
Quebec	22	3
Ontario	20	5
Manitoba	17	8
Saskatchewan	14	11
Alberta	13	12
British Columbia	20	5

Note: An increase in the rate of change of the variables median age, the Gini coefficient and NEET is defined as an improvement and a decrease of deterioration is indicative of positive momentum. For all other variables, positive momentum is associated with a positive change.

Table 2 presents the number of indicators in Canada, Atlantic Canada and the 10 provinces (the territories are not included) that experienced an improvement or a deterioration in performance in the 2015-2022/23 period relative to the earlier 2008-2015 period. The indicators that show an improvement here are said to have momentum.

Table 2: Number of Indicators Experiencing Momentum (a Positive Change in the Rate of Change) 2008-2015 vs. 2015-2022/23

	Momentum	No Momentum
Canada	17	8
Atlantic Canada	15	10
Newfoundland and Labrador	18	7
Prince Edward Island	13	12
Nova Scotia	15	10
New Brunswick	14	11
Quebec	17	8
Ontario	16	9
Manitoba	14	11
Saskatchewan	11	14
Alberta	9	16
British Columbia	18	7

Note: A negative change in the rate of change of the variables median age, the Gini coefficient, and NEET between the two periods is indicative of positive momentum. For all other variables, positive momentum is associated with a positive change.

Fifteen of the 25 indicators in Atlantic Canada improved in 2015-2022/23 compared to 2008-2015, with 10 indicators showing a deterioration. This is evidence of the region having momentum,[7] although the proportion of indicators showing momentum (60 percent) was less than in the first Atlantic Canada Momentum Index report (80 percent, based on 18 of 20 indicators).

Momentum in Atlantic Canada was less than at the national level, where 17 of the 25 indicators showed momentum. In the previous report, Canada did worse than Atlantic Canada, as one half (10 of 20) of the indicators did not experience a pickup. This change reflects the addition of one more year, or for some indicators, two more years of data.

A key number here is economic growth. In Canada in 2022, it was strong at 3.8 percent, well above that in Atlantic Canada at 1.1 percent.

A key number here is economic growth. In Canada in 2022, it was strong at 3.8 percent, well above that in Atlantic Canada

Economic growth positively influences many indicators.

The seven indicators on which Atlantic Canada outperformed the national average were: immigration; participation rate of women with children under age six; production of non-emitting energy; greenhouse gas emissions; Gini coefficient; housing affordability; and sense of belonging.

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Momentum Results for the 25 Indicators

The 25 indicators this year fall under five domains: the macro economy; human capital; labour market performance; innovation and investment; and quality of life. Trends in Atlantic Canada in these indicators from 2015 to the most recent year for which data are available are compared with the 2008-2015 period for both the country as a whole and Atlantic Canada. An improvement in performance between periods is a sign of momentum.

Comparisons are also made in the rates of improvement in the indicators in Atlantic Canada compared to the country as a whole to see if the region's absolute performance has outpaced that of Canada. It is possible that the region showed a very large improvement after

2015 from a very poor performance in the pre-2015 period, but it is still underperforming the national average.

1

MACRO ECONOMY

The macro economy domain contains three indicators: real GDP; real GDP per capita; and real exports. In all three indicators, Atlantic Canada has exhibited considerable momentum after 2015. In contrast, the Canadian economy is showing momentum in two of these indicators after 2015.

Economic Growth (Real GDP)

The Atlantic economy experienced very slow economic growth from 2008 to 2015, only 0.1 percent per year on average. However, in the 2015-2022 period, economic growth picked up considerably to 1.14 percent per year — strong evidence of momentum.

Meanwhile, the Canadian economy advanced 1.54 percent per year in 2008-2015. Economic growth then increased to 1.78 percent per year in 2015-2022, an acceleration of 0.24 points.

Despite the very large turnaround of the Atlantic Canadian economy after 2015, in absolute terms, real GDP growth was still considerably higher at the national level.

Real GDP Per Capita

The Atlantic economy experienced negative growth in real GDP per capita from 2008 to 2015, at -0.11 percent per year. In the 2015-2022 period, real GDP per capita growth — following the trend of real GDP economic growth — picked up to 0.2 percent per year, an improvement of 0.31 percentage points and strong momentum.

Real GDP per capita in the Canadian economy advanced 0.51 percent per year in 2008-2015, with growth continuing at a slightly faster pace of 0.53 percent in 2015-2021, an improvement of 0.02 percentage points. The growth

Despite the very large turnaround of the Atlantic Canadian economy after 2015, real GDP growth was still considerably higher at the national level

in living standards picked up in both Atlantic Canada and at the national level after 2015.

The rate of growth in real GDP per capita in Atlantic Canada has fallen short of the Canadian average since 2015 (0.2 percent versus 0.53 percent).

In absolute terms, real GDP per capita is lower in Atlantic Canada than nationally, and the gap is not closing. In 2022, real GDP per capita was $49,502 (2017 dollars), 82.8 percent of the national level of $59,762. This relative level is down from 84.8 percent in 2015 and 88.5 percent in 2008. The year 2022 saw real GDP per capita fall 1.3 percent in Atlantic Canada, compared to a 1.9 percent increase nationally. This reversed the gains in living standards the region had experienced relative to the national average from 2015 to 2021.

Real Exports

The export performance of the Atlantic economy from 2008 to 2015 was very poor, with real exports down 1.93 percent per year. In the 2015-2022 period, real exports still fell, but at a slower rate (-0.44 percent), an improvement in momentum of 1.49 percentage points.

Real exports at the national level advanced 1.61 percent per year in 2008-2015, but growth fell off to 1.03 percent in 2015-2021, a deceleration of 0.59 points.

The rate of growth in real exports in Atlantic Canada was much lower than the Canadian average between 2015 and 2022 (-0.44 percent versus 1.03 percent). This is a key reason for the region's slower economic growth.

In absolute terms, real exports per capita are lower in Atlantic Canada than nationally, and the gap is getting worse. In 2022, real exports per capita were $22,700 (2017 dollars), 80.4 percent of the national level of $28,246, and down from 87.2 percent in 2015 and 105.6 percent in 2008 before exports from the Atlantic region plummeted.

The human capital domain contains six indicators: population; median age; immigration; immigration retention; proportion of youth not in employment, education or training (NEET); and the proportion of the population with tertiary education. Atlantic Canada exhibited momentum in five of the six indicators, the exception being immigration retention. The country as a whole had momentum on all six indicators.

Population

Atlantic Canada experienced very weak population growth from 2008 to 2015, only 0.21 percent per year on average. But in the 2015-2023 period, it picked up considerably to 1.2 percent per year — an acceleration of 0.99 percentage points. Very large increases in population in 2023 and 2022 — 3.1 percent and 2.5 percent respectively — contributed significantly to this faster growth.

Nationally, the population grew at 1.02 percent per year in 2008-2015 and then picked up to 1.46 percent in 2015-2023, an acceleration of 0.44 percentage points. The pickup in population growth in Atlantic Canada after 2015 was two times larger than the country as a whole, although both showed considerable momentum.

Population growth after 2015 was still slightly slower in Atlantic Canada than at the national level (1.2 percent versus 1.46 percent). Relatively fewer immigrants to the region and net migration to the rest of Canada explain this situation.

Immigration

The region experienced strong immigration growth of 10.43 percent per year from 2008/2009 to 2015/2016 (unlike all other indicators that are reported on a calendar basis, immigration is recorded from July 1 to June 30). In the 2015/2016 to 2022/2023 period, immigration was even stronger at 13.21 percent per year, a pickup of 2.78 percentage points.

In Canada, immigration grew at 4.02 percent per year from 2008/2009 to 2015/2016 and picked up to 5.46 percent from 2015/2016 to 2022/2023, an acceleration of 1.44 percentage points. That's less than Atlantic Canada but still showing considerable momentum.

In absolute terms, immigration growth after 2015 was much higher in Atlantic Canada than at the national level (13.21 percent versus 5.46 percent), again due to the lower base.

In absolute terms, immigration growth after 2015 was much higher in Atlantic Canada than at the national level

Immigration Retention Rate

The immigration retention rate is defined as those still in the province or country of their arrival one year or five years later. It has historically been lower in Atlantic Canada than Canada as a whole. Data are only available for the five-year immigrant retention rate from 2012-2016 and for the one-year retention rate from 2016 to 2020. Momentum is defined as the difference between the 2012-2016 and 2016-2020 periods, on the assumption that trends in the two rates are comparable.

In Atlantic Canada, the five-year retention rate advanced 0.5 percent per year, from 53.8 percent in 2012 to 54.6 percent in 2016. The one-year retention rate increased 0.31 percent per year, from 67.2 percent in 2016 to 68.1 percent in 2020. Given the fall in the growth of retention of 0.19 percentage points between periods, this indicator did not exhibit momentum.

Average provincial Immigrant retention rates (defined as the population weighted average of the provincial retention rates) have been falling. The five-year retention rate fell 0.26 percent per year, from 84.7 percent in 2012 to 83.9 percent in 2016. The one-year retention rate fell 0.1 percent per year, from 88.3 percent in 2016 to 88.2 percent in 2020. Given the 0.25 percentage point improvement in performance between periods, this indicator did exhibit momentum.

Median Age

Atlantic Canada experienced a large rise in the median age of the population from 2008 to 2015 (0.94 percent per year). In the 2015-2023 period, the median age fell 0.06 percent per year, a deceleration of 1.01 percentage points. This indicator, which is closely tied to immigration since immigrants are on average younger than the overall population, shows momentum.

In Canada, the median age grew 0.46 percent per year in the 2008-2015 period and then fell 0.03 percent per year in 2015-2023, a deceleration of 0.5 points. The fall in the advance of the median age in Atlantic Canada after 2015 was twice that of the country as a whole (1.01 points versus 0.5 points), with both showing considerable momentum.

Youth Not in Education, Employment and Training (NEET)

One measure of the performance of the labour market for youth is the proportion of youth, defined as those aged 15 to 29, who are not employed, in education or training (NEET). The larger this NEET rate, the less the labour market is meeting the needs of youth. For this indicator, momentum is defined as a downward change in the rate of growth.

Atlantic Canada experienced a fall in the proportion of NEET in the youth population from 2008 to 2015 at a 0.47 percent average annual rate — a positive development. From 2015 to 2023, this downward trend accelerated to 0.92 percent per year, resulting in a 0.46 percentage point improvement in the growth rate between periods.

Nationally, the proportion of NEET advanced at a 1.15 percent average annual rate between 2008 and 2015 — a negative development. It then fell at a 2.07 percent average annual rate between 2015 and 2023, resulting in a 3.22-point change between the two periods. As was the case in Atlantic Canada, there was considerable momentum at the national level for this indicator.

In absolute terms, the NEET rate was higher in Atlantic Canada than in Canada, although the gap has been falling given the faster NEET growth rate at the national level.

Educational Attainment

The indicator used to track this characteristic is the proportion or rate of the population aged 25 to 64 with a tertiary education, defined as post-secondary or trades.

Atlantic Canada has enjoyed rapid growth in the educational attainment of its population in recent years. From 2008 to 2015, the proportion with tertiary education increased at a 2.03 percent average annual rate. The growth rate picked up to 2.84 percent from 2015 to 2023, an acceleration of 0.81 points. There is strong momentum in the share of well-educated workers in Atlantic Canada.

At the national level, there also has been an upward trend in the tertiary education rate, although at a slower pace than in Atlantic Canada. From 2008 to 2015, the rate advanced at a 1.66 percent annual average, picking up to 1.71 percent in 2015-2023, an acceleration of 0.05 points. There was momentum for this indicator after 2015 at the national level, but less than at the level of Atlantic Canada (0.81 versus 0.05 points).

In absolute terms, the proportion of the population aged 25-64 with tertiary education is lower in Atlantic Canada than nationally, although the gap has been falling given the faster growth rate of educational attainment in Atlantic Canada.

3

LABOUR MARKET PERFORMANCE

The labour market performance domain contains four indicators: employment rate; employment income; labour productivity; and the participation rate of women with children under age six. Two of these indicators had momentum in Atlantic Canada and three did nationally.

Employment Rate

Atlantic Canada saw the employment rate for the 15-64 age group rise at 0.13 percent per year from 2008 to 2015. This growth rate picked up to 0.68 percent in 2015-2023, an acceleration (and thus strong momentum) of 0.57 points.

At the national level, there was a downward trend in the employment rate in the 2008-2015 period (-0.2 percent per year). The trend was then reversed, with the employment rate growing an average 0.58 percent annually in 2015-2023, an acceleration of 0.77 percentage points.

In absolute terms, the employment rate is lower in Atlantic Canada than nationally, with the gap falling considerably over time.

Employment income

Atlantic Canada experienced growth in real employment income of 0.44 percent per year from 2008 to 2015. However, from 2015 to 2022, employment income fell 0.07 percent per year, resulting in a slowdown of 0.51 percentage points per year. There is, therefore, no momentum in the employment income trend in Atlantic Canada.

At the national level, the trends were reversed. From 2008 to 2015, employment income fell at a 0.25 percent average annual rate, then rose 0.36 percent in 2015-2022, an acceleration of 0.61 percentage points (momentum).

In absolute terms, employment income is lower in Atlantic Canada than nationally, with the gap falling and rising over time. In 2008, the employment income in Atlantic Canada was 81.7 percent of the national level ($53,000 in 2022 dollars versus $64,800). This rose to 84.6 percent in 2015 ($54,200 versus $64,100) and then fell to 82.1 percent in 2022 ($59,500 versus $72,500).

Labour Productivity

Labour productivity is the key determinant of the standard of living of the population — only with more output produced per hour worked can real incomes rise.

Atlantic Canada experienced negative productivity growth immediately after the financial crisis. From 2008-2015, output per hour in the business sector decreased at a 0.82 percent average annual rate, largely driven by the large fall in productivity in Newfoundland and Labrador due to developments in the oil and gas sector. The productivity growth rate picked up to 0.49 percent from 2015-2023, an acceleration of 1.32 points. This indicates strong momentum in the labour productivity performance in Atlantic Canada.

At the national level, there was a very different picture. From 2008-2015, labour productivity advanced at a 1.16

percent average annual rate, falling off to 0.83 percent in the 2015-2023 period, a deceleration of 0.33 percentage points. Thus, in contrast to Atlantic Canada, there was no momentum at the national level.

In absolute terms, the level of business sector labour productivity remains lower in Atlantic Canada than nationally.

Participation Rate of Women with Children Under Age Six

A barrier to the participation of women in the labour force is the availability of affordable child care. Since Statistics Canada does not publish a consistent time series on child-care spaces, the index turned to trends in the participation rate of women with children under age six in the workforce (which is the objective of creating more child-care spaces).

The participation rate of women aged 25-54 with children under age six in Atlantic Canada rose 0.52 percent per year from 2008-2015. It continued to rise after 2015, but at a lower rate (0.22 percent per year in 2015-2023), resulting in a deceleration in growth of 0.31 percentage points between periods. There was, therefore, no momentum for this indicator.

The participation rate for women aged 25-54 with children under age six in Atlantic Canada has exceeded the national average since 1997

In contrast, the rate at the national level did exhibit momentum after 2015. It increased 0.33 percent per year in 2008-2015, increasing to 0.95 percent in 2015-2023, a pickup of 0.62 percentage points.

It is of note that the participation rate for women aged 25-54 with children under age six in Atlantic Canada has exceeded the national average since 1997. In 2008, this participation rate was 106.2 percent of the national average (76.7 percent versus 72.2 percent), rising to 107.7 percent in 2015 and then falling to only 101.6 percent in 2022 (81.0 percent versus 79.7 percent).

4

INNOVATION AND INVESTMENT

The innovation and investment performance domain contains five indicators: BERD (business enterprise in-house expenditure on research and development) spending; non-residential investment; non-emitting energy output; investment in renewable energy; and greenhouse gas emissions. Only two of these five indicators had momentum after 2015 (BERD and greenhouse gas emissions) in both Atlantic Canada and nationally.

BERD Spending

Business enterprise in-house expenditure on research and development (BERD) is a key metric of innovation intensity in a jurisdiction and a driver of economic opportunities and growth.

Atlantic Canada experienced growth in BERD from 2008 to 2015 at 2.48 percent per year. BERD growth picked up dramatically to 7.04 percent per year from 2015 to 2021 (the most recent year for which data are available), an acceleration of 4.55 percentage points. There is thus very strong momentum in BERD performance in Atlantic Canada since the mid-2010s, especially in Newfoundland and Labrador and New Brunswick.

At the national level, there has also been a marked acceleration in BERD growth after 2015. From 2008 to 2015, BERD advanced at only a 1.09 percent average annual rate in Canada. It then picked up to 7.23 percent from 2015 to 2022, an acceleration of 6.14 percentage points.

The momentum for this indicator was thus greater nationally than in Atlantic Canada, but the strength of BERD growth in both jurisdictions is encouraging.

In per capita terms, the level of BERD in Atlantic Canada was $239 in 2021 or 33.6 percent of the national average. BERD is very weak in Atlantic Canada, but there is an upward trend relative to the country as a whole.

Non-Residential Investment

In the 2008-2015 period, non-residential investment in Atlantic Canada (which includes machinery, equipment and structures investment by both businesses and government) was very strong, advancing at 5.02 percent per year. However, this was largely related to resource projects in Newfoundland and Labrador. The Maritime provinces exhibited weak or negative growth in this indicator.

After 2015, non-residential investment in Atlantic Canada plummeted, decreasing at a 5.87 percent average annual rate in 2015-2022, a fall-off of 10.89 percentage points. Again, Newfoundland and Labrador was responsible for 90 percent of this decline. For this indicator, there is no momentum in Atlantic Canada.

At the national level, there was much less volatility in non-residential investment trends, although there was a fall-off after 2015. Non-residential investment advanced at a 1.36 percent average annual rate from 2008 to 2015, then fell 0.81 percent per year from 2015 to 2022.

Production of Non-Emitting Energy

Perhaps surprisingly, growth in the production of non-emitting energy (primary electricity generated by hydro, nuclear and renewals) has been slow in both Atlantic Canada and the country as a whole in recent years.

In 2008-2015, this indicator grew at a rate of 0.62 percent per year in Atlantic Canada, and then fell at a 0.13 percent rate from 2015-2022, a deceleration of 0.48 percentage points. There is no momentum for this indicator in Atlantic Canada.

At the national level, production of non-emitting energy advanced at a 1.02 percent average annual rate from 2008-2015, then fell off to 0.39 percent per year in 2015-2022, a deceleration of 0.63 points, very similar to the loss of momentum in Atlantic Canada.

On a per capita basis, the production of non-emitting energy in Atlantic Canada is well above the national average and increasing. This is due to the extensive hydro-electricity production in Newfoundland and Labrador. In 2022, the region produced 150.4 percent of the non-emitting energy per capita of the national average, up from 145.7 percent in 2008 and 149.9 percent in 2015.

Investment in Renewable Energy

A second indicator related to sustainable development is investment in renewable energy, defined as hydro, solar and wind.

Atlantic Canada's greenhouse gas emissions on a per capita basis are below the national average, with the gap widening

From 2008 to 2015, investment in renewal energy rose from $124 million current dollars to $1.2 billion, a growth rate of 37.9 percent. Newfoundland and Labrador accounted for 92 percent of the investment in 2015, mostly hydro facilities in Labrador. With the completion of these hydro projects, investment in renewable energy in the region plummeted to $319 million in 2022, a fall of 15 percent per year, meaning no momentum for this indicator.

For the Maritimes, the trend in renewable energy investment is much different. Renewable energy investment in Nova Scotia, New Brunswick and Prince Edward Island totaled $104 million in 2008, falling slightly to $103 million in 2015 and then more than doubling to $267 million in 2022. This indicates considerable momentum for this indicator for the Maritimes.

The trend in renewable energy investment for the country as a whole is similar to Atlantic Canada. From 2008 to 2015, investment in renewal energy at the national level advanced at a 9.3 percent average annual rate. This growth rate fell off to 5.36 percent per year in 2015-2022, indicating a slowdown of 3.94 percentage points — no momentum.

Greenhouse Gas Emissions

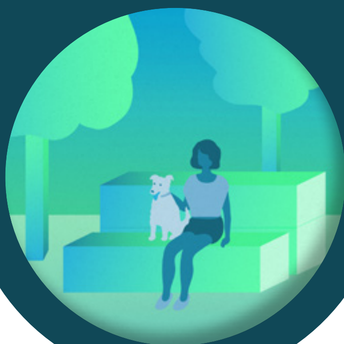
In Atlantic Canada, greenhouse gas emissions per capita fell 2.8 percent per year in 2008-2015. This rate of decline picked up to 2.83 percent in the 2015-2022 period, showing a small degree of momentum.

The rate of decline was much slower in both periods nationally: -1.27 percent per year in 2008-2015 and -1.97 percent in 2015-2022, but there was greater momentum after 2017, a 0.69 percentage point fall.

Atlantic Canada's greenhouse gas emissions on a per capita basis are below the national average, with the gap widening. In 2022, the region's emissions were 81.4 percent of the national average, down from 86.6 percent in 2015 and 96.6 percent in 2008.

5

QUALITY OF LIFE



The quality of life domain contains seven indicators: the Gini coefficient; housing affordability; housing starts; access to a family physician; poverty rate; life satisfaction; and a sense of belonging. Atlantic Canada experienced momentum after 2015 in only three of these seven indicators, with Canada as a whole experiencing momentum in four indicators.

Gini Coefficient

After rising in the 1980s and 1990s, the Gini coefficient — a measure of income inequality — in the 21st century has been stable or on a slight downward trend in Canada.

In Atlantic Canada, the Gini coefficient rose 0.29 percent per year between 2008 and 2015, and then fell at a 0.84 percent average annual rate from 2015 to 2022, a change of 1.14 percentage points between periods and evidence of momentum.

At the national level, the Gini coefficient was unchanged between 2008 and 2015 and then fell 0.65 percent per year from 2015 to 2022, an improvement of 0.65 percentage points. The income inequality indicator showed momentum at the national level, but at a somewhat slower pace than in Atlantic Canada.

The level of income inequality is less in Atlantic Canada than nationally. In 2022, the Gini coefficient in Atlantic Canada was 92.7 percent of the national average (0.278 versus 0.3).

Housing Affordability

The Centre for the Study of Living Standards has constructed a housing affordability measure defined as the ratio of average housing prices to average family income. The rate of change in this ratio has increased significantly after 2015 in both Atlantic Canada and the country as a whole, indicating lack of momentum.

Between 2008 and 2015, housing actually became more affordable in Atlantic Canada. The ratio of housing prices to income fell at a 0.51 percent average annual rate from 2.28 to 2.14. The situation changed dramatically after 2015, when the ratio rose at a 4.24 percent rate, reaching 2.87 percent in 2022.

At the national level, the ratio of housing prices to income increased at a 1.74 percent average annual rate between 2008 and 2015, from 3.55 to 4.0. After 2015, the rate of increase in the ratio picked up to 4.75 percent per year.

In absolute terms, housing is more affordable relative to income in Atlantic Canada than nationally. Indeed, in 2022, the ratio of housing prices to income in Atlantic Canada was around half (51.8 percent) of that for the country as a whole.

Housing Starts

Atlantic Canada saw a collapse in housing starts from 2008 to 2015, down 5.76 percent per year. Housing starts then rebounded strongly between 2015 and 2023, advancing at a 6.95 percent average annual rate, for an acceleration in the growth rate of 12.71 percentage points. Housing starts in Atlantic Canada have thus enjoyed very strong momentum since 2015.

At the national level, housing starts followed a similar but more muted pattern. They fell 1.09 percent per year between 2008 and 2015 and then rebounded 2.61 percent between 2015 and 2023, a turnaround of 3.69 points.

Access to a Family Physician

In Atlantic Canada, there has been a downward trend in the proportion of the population that has access to a family physician. This fell at a 0.37 percent average annual rate in 2009-2015 (data are not available for 2008) and at a 1.02 percent rate in 2015-2022. Given the larger fall in the second period, there was no momentum in this indicator.

At the national level, the proportion of Canadians with access to a family physician fell at a 0.3 percent annual rate between 2009 and 2015. However, unlike in Atlantic Canada, this indicator advanced 0.47 percent per year between 2015 and 2022, a turnaround of 0.77 percentage points (and therefore momentum).

In 2022, the proportion of Atlantic Canadians aged 12 and older with access to a family doctor was 83.1 percent — 2.9 percentage points below the national average of 86 percent.

Poverty

In Atlantic Canada, the poverty rate[8] fell at a 1.68 percent average annual rate, from 17.7 percent in 2008 to 15 percent in 2015. The poverty rate then fell 4.35 percent per year in 2015-2022, reaching 11.5 percent in 2022. The change in the rate of decline between periods was 2.67 percentage points, a sign of significant momentum.

A similar pattern unfolded at the national level. The poverty rate fell 0.35 percent per year, from 14.9 percent in 2008 to 14.5 percent in 2015. It then picked up speed, falling 5.31 percent per year from 2015 to 2022, reaching 9.9 percent in 2022. The change in the rate of decline between periods was 4.96 percentage points.

The poverty rate in Atlantic Canada has historically been above that of Canada and that continues. After 2015, the rate of decline was greater nationally than in Atlantic Canada, resulting in the region's relative poverty rate rising to 116.2 percent of the national average by 2022.

Life Satisfaction

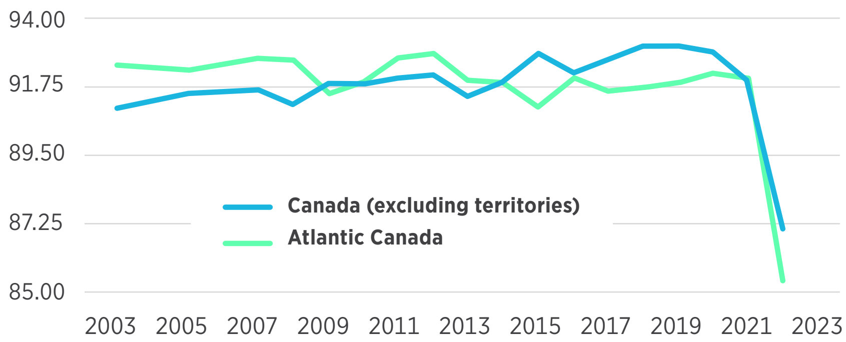
Statistics Canada asks Canadians to rate their overall satisfaction with life on a scale of one (extremely dissatisfied) to 10 (extremely satisfied). The proportion of the population aged 12 and over stating they are satisfied or very satisfied with their lives is the indicator for life satisfaction used in this report.

The level of life satisfaction in Atlantic Canada declined at a 0.24 percent average annual rate from 2008 to 2015. It then turned positive, growing 0.18 percent per year from 2015 to 2021. However, in 2022, it fell 7.4 percent, from 92.3 percent of the population being satisfied or very satisfied to 85.5 percent. This resulted in a 0.94 percent average annual decline in life satisfaction in 2015-2022. So, there is no momentum for this indicator, unlike last year.

It should be noted that life satisfaction in Atlantic Canada has been very stable over time (Chart 2). From 2002 to 2021, it ranged between a low of 91.8 percent and a high of 93 percent. The fall in life satisfaction in 2022, to 85.5 percent, is unprecedented.

At the national level, life satisfaction rose 0.28 percent per year from 2008 to 2015, in contrast to the fall in Atlantic Canada. From 2015 to 2021, life satisfaction declined slightly before plummeting 5.4 percent in 2022. Over the 2015-2022 period, life satisfaction fell at a 0.95 percent average annual rate in Canada, virtually the same as in Atlantic Canada.

Chart 2: Life Satisfaction — Satisfied or very satisfied, Canada and Atlantic Provinces, 2003-2022



Source: Statistics Canada. Table 13-10-0096-15 Sense of belonging to local community, somewhat strong or very strong, by age group.

In 2008, Atlantic Canadians were slightly more satisfied with life than Canadians generally, at 101.6 percent of the national average. That was no longer the case in 2022, when just 85.5 percent of the population aged 12 and over was either satisfied or very satisfied with their lives, slightly below the overall Canadian number at 87.2 percent.

Sense of Belonging

A key determinant of happiness is a sense of belonging to the local community. Statistics Canada asks Canadians this question each year in the Canadian Community Health Survey.

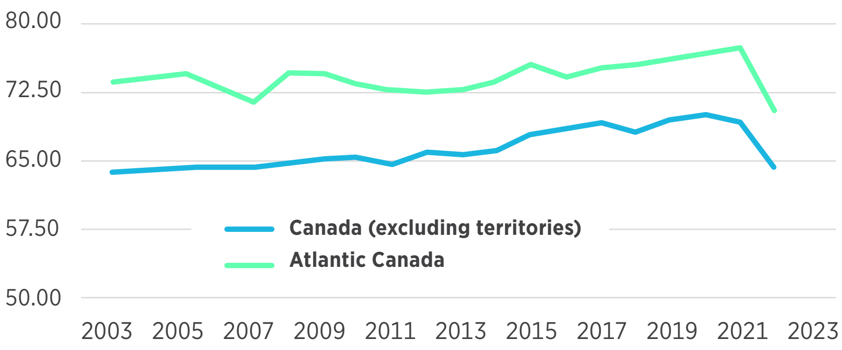
The proportion of persons aged 12 and over in Atlantic Canada who reported that they felt a sense of belonging to the local community increased at a 0.14 percent average annual rate from 2008 to 2015. It continued to increase from 2015 to 2021 and then plummeted 8.7 percent in 2022, resulting in a 0.95 percent average annual change in the sense of belonging of Atlantic Canadians in 2015-2022. There is no momentum for this indicator in the region.

Like life satisfaction, sense of community belonging in Atlantic Canada has been quite stable over time (Chart 3). The fall in sense of belonging in 2022, to 70.5 percent from 77.2 percent in 2021, is unprecedented.

Atlantic Canadians exhibit a consistent and significantly higher sense of belonging to the local community than Canadians in general. In 2022, 70.5 percent of the population in Atlantic Canada reported a sense of belonging to the local community, 109.3 percent of the national proportion. The region's superior performance on this indicator was even better in the past, at 111.0 percent in 2021, 110.7 percent in 2015, and 114.8 percent in 2008.

At the national level, the proportion of the population reporting a sense of belonging advanced a strong 0.65 percent per year from 2008 to 2015. It continued to increase from 2015 to 2021 and then plummeted 8.2 percent in 2022, resulting in a 0.75 percent average annual fall in the sense of belonging of Canadians in 2015-2022. Again, the fall from 69.5 percent of Canadians reporting a sense of belonging in 2021 to 64.5 percent in 2022 is unprecedented.

Chart 3: Sense of Belonging to Local Community, somewhat strong or very strong (%), Canada and Atlantic Provinces, 2003-2022



Source: Statistics Canada. Table 13-10-0096-15 Sense of belonging to local community, somewhat strong or very strong, by age group.

Summary of Indicators

Table 3 summarizes the scoreboard for Atlantic Canada in terms of momentum. It highlights in green the 15 of 25 indicators for which the region exhibited momentum and provides the growth rates for the 2008-2015 and 2015-2022/2023 periods upon which the momentum calculation is based.

Table 3: Atlantic Canada Scorecard on Momentum (average annual rate of change)

		2008-2015	2015-2022/23	Difference in Growth Rate (% Points)
Macro Economy	Real GDP	0.10	1.14	1.04
	Real GDP per Capita	-0.11	0.20	0.31
	Real Exports	-1.93	-0.44	1.49
Human Capital	Population	0.21	1.20	0.99
	Median Age	0.94	-0.06	-1.01
	Immigration	10.43	13.21	2.78
	Immigrant Retention Rate	0.50	0.31	-0.19
	Proportion of NEET	-0.47	-0.92	-0.46
	Proportion of Population with Tertiary Education	2.03	2.84	0.81

		2008-2015	2015-2022/23	Difference in Growth Rate (% Points)
Labour Market Performance	Employment Rate	0.13	0.68	0.55
	Employment Income	0.44	-0.07	-0.51
	Labour Productivity	-0.82	0.49	1.32
	Labour Force Participation of Women with Children Under Age Six	0.52	0.22	-0.31
Innovation and Investment	BERD Spending	2.48	0.04	4.55
	Non-Residential Investment	5.02	-5.87	-10.89
	Non-Emitting Energy	0.62	0.13	-0.48
	Investment in Renewal Energy	37.85	-15.02	-52.87
	Greenhouse Gas Emissions	-2.80	-2.83	-0.03
Quality of Life	Gini Coefficient	0.29	-0.84	-1.14
	Housing Starts	-5.76	6.95	12.71
	Housing Affordability	-0.51	4.24	4.75
	Poverty Rate	-1.68	-4.35	-2.67
	Access to Family Physician	-0.37	-1.02	-0.65
	Life Satisfaction	-0.24	-0.94	-0.70
	Community Belonging	0.14	-0.95	-1.09

***Note:** A negative change in the rate of change of the variables median age, the Gini coefficient, GHG emissions, housing affordability, poverty rate and proportion of NEET between the two periods is indicative of positive momentum. For all other variables, positive momentum is associated with a positive change.

Table 4 summarizes the scoreboard for Canada in terms of momentum. It highlights in green the 17 of 25 indicators for which the region exhibited momentum and provides the growth rates for the 2008-2015 and 2015-2022/2023 periods upon which the momentum calculation is based.

Table 4: Canada Scorecard on Momentum (average annual rate of change)

		2008-2015	2015-2022/23	Difference in Growth Rate (% Points)
Macro Economy	Real GDP	1.54	1.78	0.24
	Real GDP per Capita	0.51	0.54	0.02
	Real Exports	1.61	1.03	-0.59
Human Capital	Population	10.2	1.46	0.44
	Median Age	0.46	-0.03	-0.50
	Immigration	4.02	5.46	1.44
	Immigrant Retention Rate	-0.26	-0.01	0.25
	Proportion of NEET	1.15	-2.07	-3.22
	Proportion of Population with Tertiary Education	1.66	1.71	0.05
Labour Market Performance	Employment Rate	-0.20	0.58	0.77
	Employment Income	-0.25	0.36	0.61
	Labour Productivity	1.16	0.83	-0.33
	Labour Force Participation of Women with Children Under Age Six	0.33	0.95	0.62

		2008-2015	2015-2022/23	Difference in Growth Rate (% Points)
Innovation and Investment	BERD Spending	1.09	7.23	6.14
	Non-Residential Investment	1.36	-0.81	-2.17
	Non-Emitting Energy	1.02	0.39	-0.63
	Investment in Renewal Energy	9.30	5.36	-3.94
	Greenhouse Gas Emissions	-1.27	-1.97	-0.69
Quality of Life	Gini Coefficient	0.00	-0.65	-0.65
	Housing Starts	-1.09	2.61	3.69
	Housing Affordability	1.74	4.75	3.01
	Access to Family Physician	-0.30	0.47	0.77
	Poverty Rate	-0.30	-5.31	-4.96
	Life Satisfaction	0.28	-0.95	-1.23
	Community Belonging	0.65	-0.75	-1.40

***Note:** A negative change in the rate of change of the variables median age, the Gini coefficient, GHG emissions, housing affordability, poverty rate and proportion of NEET between the two periods is indicative of positive momentum. For all other variables, positive momentum is associated with a positive change.

5

Conclusion

Atlantic Canada finds itself at an historic moment. After struggling for generations with relative economic decline and outmigration, much of the region is now adjusting to a sudden influx of people, which created extraordinary momentum — and the opportunity to turn around its reputation as a have-not backwater.

But the same wave of people that injected so much energy into the region has exacerbated shortages of housing and health care, creating hardship, especially for low-income people, risking a backlash that could undermine support for population growth. To avoid discord, and to keep appealing to outsiders, leaders and planners must invest in infrastructure before systems are overwhelmed.

To avoid discord, leaders and planners must invest in infrastructure before systems are overwhelmed

“We, too, can get the traffic jams and the miserable quality of life that you get in Toronto,” says Lars Osberg of Dalhousie University. “We just have to not plan for growth.”

Osberg believes Atlantic leaders should think like restaurateurs in a competitive market. The people we want can live here or in Kitchener, Montreal or on Vancouver Island. Some of them could live in San Francisco or Tokyo. To keep them here, where they will pay the taxes that help keep rural hospitals open, we need to make sure we are offering them good services at a fair price.

“There are very few people out there who want to go to the very cheapest restaurant they’ve ever heard of and buy the very cheapest on the menu,” he says. “I think it’s a big mistake to focus always on making things cheaper and cheaper and cheaper and cheaper, because you end up with more miserable quality of life and you lose the attractiveness that was originally there.”

It’s a big mistake to focus always on making things cheaper ... because you end up with more miserable quality of life

Making the necessary investments may not be politically easy, in part because of rivalries.

“It ends up being Halifax versus the rest of Nova Scotia, or it’s Nova Scotia versus New Brunswick, or Atlantic Canada versus the rest of Canada,” says Sandpiper’s Sarah Young. “When you talk about the mobile workers, they’re making decisions about going anywhere in the world. And I would suggest that the rest of world is not necessarily thinking about Canada, and the bigger challenge is Canada is also being myopic.”

A restaurant will not be successful if the staff are sniping at one another — nor will it be successful if it is not welcoming, which is such a traditional part of the culture of the region that it has been celebrated on Broadway and in London’s West End in the hit musical Come From Away.

As the population rapidly expands, it may be a challenge to hang on to what makes the region special — that sense of belonging. That culture may be under strain from an influx of newcomers and the fast pace of change, but John F. Helliwell, who has studied this for years, expects the culture will prevail. “These are powerful social norms. Once they’re established, they can be broken quite quickly if something really goes wrong and they take a long time to build up but, of course, once you've got them, they have a fair amount of sustaining power. I suspect that it's resilient and will prevail in the end."

This sense of belonging, of caring for neighbours and welcoming strangers, is the Atlantic advantage — a sense of social connection that for generations made people stay even when they could make bigger paycheques elsewhere, that brought them home for vacations, made them pine for the day they could retire back home.

For the first time in generations, the people of the region are struggling to manage rapid growth — a better problem to have, but a problem nonetheless

For the first time in generations, the people of the region are struggling to manage rapid growth, not decline — a better problem to have, but a problem nonetheless. As a result, we will have to adjust our sails and develop new strategies and approaches to face their new challenge.

Next steps include:

- **Over the past year we have been meeting with policy-makers and influencers on themes around the 2023 index. We released four reports on the region:** Open Atlantic[9]**;** Power Plays[10]**;** Belonging Advantage[11]**; and** Minding the Gaps[12]**, and a** report **that outlined the opportunities around offshore wind.[13] Thanks to our partners, PPF started the Atlantic Momentum newsletter, a weekly look at news, events and important policy from around the region.**

- **Our focus in Atlantic Canada remains to identify momentum factors and mobilize levers of change, including public policy recommendations.**

- **With two sets of data, we are ready for a focused**

discussion on the highest-return policy options and solutions to ensure continued momentum.

- **We know that increasing productivity is a critical component to inclusive economic growth. That is why we will be working with interlocutors in the region to explore way to reduce barriers to investment. We need to better understand the benefits of more open trade models.**

- **Population growth has slowed but it is still growing. The ability to retain new residents and newcomers will be critical to meet our labour market needs and support economic growth. There is an opportunity to work collaboratively to share information on what is working with population retention and how we can shape the future for a positive impact.**

- **PPF plans to continue to examine potential options for Atlantic Canada. As the policy environment evolves, we shall continue to watch the horizon for emerging momentum opportunities.**

ENDNOTES

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4 Helliwell, J.F., et al. (Eds.). (2024). World Happiness Report 2024. University of Oxford: Wellbeing Research Centre. https://worldhappiness.report/ed/2024/

5 12 Neighbours. (n.d.). About 12 Neighbours. https://www.12neighbours.com/

6 This report is being released in October 2024, 18 months after the first report released in March 2023. This means that for some indicators released between March and August there were an additional two years of data.

7 As noted earlier, results are sensitive to the dating of the periods. When the break is made at 2010 instead of 2015 and the 2000-2010 and 2010-20222/23 periods are used, fewer indicators in Atlantic Canada experienced momentum in the post-2010 period. The 2010-2015 period was not one of strong performance for Atlantic Canada.

8 In 2018, the federal government designated an official poverty measure, the Market Basket Measure (MBM), which combines elements of both absolute and relative approaches to poverty. The base year for the expenditure weights used in the MBM is updated frequently, which poses problems for consistency in time series. The current MBM uses a 2018 base, with estimates going back to only 2015. To create a time series back to the 2008 timeframe needed for calculation of momentum in this report, the MBM estimates using the 2010 base were linked to the MBM (2018 bases) in the overlap year of 2015.

9 Stevenson, M. (Jan. 10, 2024). Open Atlantic: How breaking down trade barriers could supercharge Atlantic Canada's economy. Public Policy Forum. https://ppforum.ca/publications/atlantic-canada-trade-barriers-economy/

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