



David Duplisea, executive director of the Saint John Region Chamber of Commerce.

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OPINION

EMERY: Duplisea may have saved Saint John

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Herb Emery | Commentary

Last week David Duplisea, CEO of the Saint John Chamber of Commerce, may have saved Saint John and New Brunswick.

Most people would have taken his call for an end to the toxic public fight between the city and province over a “new deal” for Saint John as the kind of news filler quote of an onlooker. But it was actually much more than that.

Saint John is an important engine of the provincial economy, and if you ever care to look carefully, a critical engine when you consider how integrated the Port City is with other locales in the province. This means the deteriorating fiscal situation of the City of Saint John, and increasingly confrontation between the city and the province in the quest for a “new deal”, will affect all of us if a solution is not found.

Counter to the media-reported negativity about Saint John, it is actually performing as well (or as poorly, if you like) as Moncton and the rest of the province. It has not diminished in importance. Statistics Canada has developed estimates of Gross Domestic Product for Census Metropolitan Areas in Canada. After accounting for inflation, those GDP numbers show that Moncton, Saint John and the rest of New Brunswick haven't grown much since 2009.

But notably, Saint John's share of provincial GDP is the same now as in 2009 and still equal to Moncton's share of provincial GDP.

We all need Saint John and the province to address the serious challenges faced by the city with its budget. And let's not candy-coat this: there is no solution where everyone is happy, which is why this is so hard for politicians to solve.

There need to be decisions made about how much spending the city can afford, which level of government should be borrowing and spending on what services and assets, and how to deal with the spatial tax competition within the CMA between the city and the communities “in the valley.”

And all of us need the province and Saint John to figure out a solution that allows property tax on business, industry and residences in Saint John to fall so that we can see greater investment and grow our GDP and tax base.

But cutting through all of that detail, the bottom line is that there are solutions to this problem and the city and the province need to move on choosing what they want to do.

So how did Mr. Duplisea potentially save the city and the province? By calling for an end to the negativity of the public political fighting and demanding the city and the province figure things out like adults.

When negotiation and co-operation fails, resorting to public campaigning for one’s preferred position is useful for swaying public opinion for who is responsible, or to blame, to force a particular solution. But that public fighting comes with costs. In this case, the negativity is killing business confidence, and likely investment, in the city.

Kevin Hassett, chairman of the Council of Economic Advisers in the U.S. asked: “Why is it that places filled with talented folks, you know, smart, talented folks ... can suddenly hit this equilibrium where ... most everybody’s leaving, no businesses want to be there?”

His answer was that expectations matter.

Nobel Laureate John Nash was famous for describing situations where people can get socially and economically stuck based on what what they see, or expect, are the choices of others. In a good

equilibrium, everybody is going to a place like Moncton because people perceive that is where others want to go, and they want to get there before everyone else does.

In a bad equilibrium, like Saint John seems to be suffering from, nobody is rushing in or investing because no one thinks that anyone else is going to. Public fighting between the city and province creates perceptions that Saint John is not the place to be compared to other places, where there are no dire warnings by the mayor or ultimatums from the province.

What drives one place into a bad equilibrium rather than the good equilibrium? And, more importantly, what can be done to flip from a bad situation to a good situation? Many New Brunswickers likely remember the “McKenna Miracle” as New Brunswick bucked the broader regional economic malaise and became known as a happening place. More often than not, the “miracle” was attributed to the attitudinal shift spurred by Premier McKenna.

Saint John’s problems are compounded by expectations that there will be ongoing problems. The city needs to break the cycle of negativity.

Duplisea’s timely and assertive reminder that there are many citizens and businesses who are committed to Saint John may be the genesis of a “Duplisea Miracle” for Saint John and New Brunswick.

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Rodney_Ouellette_ 4 hours ago

Same GDP since 2009...simple law of inertia. in SJ the port has not moved and and neither has the Irvings. That is what maintains the city's GDP. It is like Shediac boasting about having a tourism industry because it is located on a beach!

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