

OVES CITY

NE JOBS

by Roland Morrison

Author's Note — this study is by no means accurate. It is essentially the result of many "educated guesses" by both myself and the people who helped me gather the various data and information necessary for the different computations and tables. The article itself is based upon a study conducted by two U.P.E.I. profs, P. Nagarajan and Evan J. Douglas, entitled "The Impact of the University on the Economy of Prince Edward Island."

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The following table roughly shows the value-added from university spending in Fredericton:

TABLE II

Sector	Direct Expenditure (thousands)	Value Added (thousands)	Indirect Jobs Created
Student, Faculty, Staff			
Food	2,360.6	349.4	100
Housing	3,161.6	332.6*	74
Clothing	963.9	200.1	78
Entertainment	1,689.0	256.7	123
Transportation	2,951.5	496.0	115
Personal Services	947.7	427.7	160
Interest, Charity	264.7	52.9*	13
Miscellaneous	639.1	69.6	15
TOTALS	\$12,978.1	\$2,185.0	678

* Only those expenditures which contribute direct value added were considered in computations.

University Operating and Capital Expenditures*

Fuel and Utilities	750.0	201.7	33
Supplies & Equipment	1,500.0	175.0	44
Miscellaneous	500.0	98.5	30
	\$ 2,750.0	\$ 475.2	107
Grand Totals	\$15,754,100	\$2,660,200	785

* Does not include capital expenditures nor expenditures placed outside the community.

From the above data, it is obvious that student spending in particular is an important source of consumer credit in the sectors of entertainment, food, transportation, and housing, especially in regards to apartments. At last count, there were 300 apartments in the city. An estimated 20 percent of students, or 1200 students, live in apartments. At 3.5 students per apartment, they occupy 343 apartments, or 11.3 percent of the total. Since student demand for off-campus housing is so high, landlords are thus able to increase rents by a proportionate amount.

Nearly \$24 million is to be expended in the local economy by the universities proper, the students, faculty and the staff. The funds local business receive from this spending are used to cover costs of materials, taxes and payroll. A portion of the material costs are incurred in Fredericton, and constitute receipts for other local businesses, thus stimulating further economic activity. Similarly, labour costs are usually spent in Fredericton, thus contributing further business to the economy. These indirect wages and salaries created by the universities' spending are characteristic of the multiplier effect, or the "value added" effect.

From TABLE 2, we see that the university creates additional income of roughly \$2,660,000 through the spending of students, faculty and staff, as well as expenditures by the university itself. In addition, approximately 785 indirect jobs are created. Or, in other words, if the university were to suddenly cease operating entirely, nearly 800 people employed outside the university would be thrown out of work.

UNB, STU and TC are this important sources of employment in the community. Directly, UNB has nearly 1000 employees, while STU, TC, Saga Foods and Versa Foods together employ another 180 more. Added to the indirect jobs created, it can be said that the universities employ nearly 2,000 people. In 1971, the labour force of Fredericton was quoted as 10,500. The universities therefore employ nearly 20 percent of the local labour force. Imagine the economic repercussions if 20 percent of the labour force were laid off!

It would also seem that the universities are a centre of economic growth for Fredericton and the local economy. UNB's budget has jumped from \$5 million in 1964/1965 to an estimated \$18 million in 1972/1973. While Fredericton itself has not grown nearly so rapidly, a large percentage of its actual growth is due, no doubt, to the large increase in local spending by the universities.

In 1961, the population of Fredericton was 19,683. In 1971, this figure had risen to 24,254, a 23.2 percent increase. During the same time period, the university (including TC) enrollment in Fredericton rose from 1,847 in 1960/1961 to nearly 6000 in 1971-1972, an increase of 224 percent. Unfortunately, it is impossible to establish the exact relationship between the growth of the local economy and the growth of the universities without knowing the G.N.P. of Fredericton, which was unavailable at the time this article was being written.

The university community plays an important—almost vital—role in Fredericton, not only as a cultural and educational centre, but also as an economic centre. Directly or indirectly, it employs nearly twenty percent of the labour force, and spends an estimated \$24 million annually in the local economy. And, as UNB, STU and TC progress and expand, there is every indication that their host city of Fredericton will expand as well.