



NEWS RELEASE

Eliminating interprovincial trade barriers would help economy grow by more than \$6,000 per household

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For Immediate Release

CALGARY—If governments in Canada want to help increase economic productivity growth (and the possibility of a four-day work week), they should remove trade barriers between people and businesses in different provinces, finds a new essay released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Canada may be one country but we’re not one economy, as barriers to investment and trade create artificial walls between our provincial and territorial economies at great cost to productivity and living standards,” said Trevor Tombe, associate professor of economics at the University of Calgary and author of *Towards a More Productive and United Canada: The Case for Liberalizing Interprovincial Trade*.

For example, according to recent estimates, Canada’s overall economic productivity could increase by 3.8 per cent if our internal trade barriers on goods were eliminated.

In other words, if our governments (including the federal and provincial governments) removed these trade barriers, Canada’s economy would grow by an additional \$90 billion per year—or more than \$2,300 per person and more than \$6,000 per household—which would increase the possibility of a four-day work week.

A separate essay examines other national barriers meant to protect existing companies and firms from both domestic and foreign competition. In Canada, these barriers and protections come in many forms including expensive licensing requirements, restrictions on the nationality of investors, subsidies to established firms, privileged access to government contracts and outright monopoly grants.

Because these barriers limit competition, protected firms become less dynamic, which slows productivity growth, limits opportunities for workers and the possibility of a four-day work week.

“If governments in Canada want to help create more opportunities for entrepreneurs and more pressure on existing firms to remain competitive and responsive to their customers, they should foster more open and competitive markets,” said Vincent Geloso, assistant professor of economics at King’s University College, Fraser Institute senior fellow and author of *Barriers to Entry and Productivity Growth*.

These essays are part of a series published by the Fraser Institute, which focuses on policy reforms that can improve productivity growth and lay the foundation for a four-day work week.

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