



NEWS RELEASE

Canada's economic growth slowest since the 1930s; economic environment not conducive to investment or innovation

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For immediate release

TORONTO—Economic growth and business investment in Canada have been faltering, which has severely weakened the country's ability to encourage innovation or new business start-ups, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"Canada's sluggish economic growth in the years before the pandemic reflects a lack of innovation and weak productivity growth," said Philip Cross, senior fellow at the Fraser Institute and author of *Canada's Faltering Business Dynamism and Lagging Innovation*.

The study finds that Canada's economic growth (measured by GDP, adjusted for inflation) over the past decade was the slowest since the 1930s, with productivity stalled and reduced competitiveness that impaired the country's attractiveness for investment.

The study also found that businesses in Canada are hampered by overbearing regulations and that much of Canada's economy is based on limiting competition, instead of fostering competitive markets, which in turn limits productivity growth and innovation.

In fact, while innovation originating in Canada declined starting in 1990, innovation in many other countries soared over the same period, such as the United States with cumulative gains of over 6 per cent per decade and the United Kingdom was not far behind at 4 per cent.

"However you measure economic success, Canada has been underperforming for many years, and that has negative consequences for all Canadians who are denied the many benefits of a dynamic, healthy economy," Cross said.

"Governments should reexamine the policies that are contributing to this economic malaise with the goal of creating an environment more conducive to entrepreneurship, investment and innovation."

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