

# NEWS RELEASE

## Recent growth rate of capital investment in the U.S. more than double Canada's

October 11, 2018  
For immediate release

**VANCOUVER**—Canada’s anemic growth rate of capital investment—which has slowed to a 40-year low—has lagged behind growth rates in the United States and other developed countries in recent years, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Slowing rates of capital investment by business are particularly notable for Canada, which risks impeding economic growth and living standards,” said Steven Globerman, professor emeritus of economics at Western Washington University and co-author of *Capital Investment in Canada: An International Comparison*.

The study finds that, between 2015 and 2017, gross fixed capital formation (GFCF)—a common measure of investment—increased only 2.5 per cent in Canada, compared to 6.4 per cent for the United States.

In particular, from 2015 to 2016 (the latest year of available comparable data), Canada’s rate of GFCF investment actually fell 1.2 per cent, while countries in the Organisation for Economic Co-operation and Development (OECD) saw an increase of 3.6 per cent.

Investment growth in recent years has been especially weak in Canada’s business sector, particularly in the areas of machinery, equipment and intellectual property—investments that lead directly to improvements in productivity that benefit workers and consumers.

In fact, machinery and equipment investments in Canada in 2015 were 8.9 per cent of GFCF compared to 15.5 per cent in the U.S., while investment in intellectual property (patents, ideas, innovations, etc.) in Canada in 2016 was 11.9 per cent of GFCF compared to 26.2 per cent in the U.S.

“Canada is falling behind other developed countries in business capital investment—a vital ingredient for increasing living standards and prosperity,” Globerman said.

“Encouraging greater levels of investment with more favourable tax treatment of business income and capital gains should be a priority for policymakers across Canada.”


(30)

**MEDIA CONTACTS:**

Steven Globerman, Senior Fellow  
Fraser Institute

*To arrange media interviews or for more information, please contact:*

Bryn Weese, Media Relations Specialist  
(604) 688-0221 ext. 589  
[bryn.weese@fraserinstitute.org](mailto:bryn.weese@fraserinstitute.org)



The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit [www.fraserinstitute.org](http://www.fraserinstitute.org)