

NEWS RELEASE

One percentage point increase in economic growth would increase Canada's per person income by more than \$19,000

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VANCOUVER—An annual economic growth rate of 3 per cent would spur an approximately \$45,000 increase in Canada's per-person income after 20 years, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Increased economic growth means improved living standards for Canadians, so economic growth remains an issue worthy of serious attention,” said Steven Globerman, Fraser Institute senior fellow and editor of [*The Costs of Slow Economic Growth*](#), the first study in a series on economic growth in Canada.

The study notes that from 2011 to 2018, Canada's real Gross Domestic Product (GDP), the total value of domestically-produced goods and services, grew at an average annual rate of 2.17 per cent compared to approximately 3 per cent from 2001 to 2010.

The study finds that (holding population constant) if Canada maintained an annual economic growth rate of 2 per cent, the average per-person income (\$59,879, in 2018 dollars) would increase by approximately \$25,630 in 20 years, to \$85,509.

Over the same 20-year period, a 3 per cent annual economic growth rate would increase the average per-person income (again, \$59,879) by approximately \$45,150, to \$105,029.

In other words, increasing Canada's economic growth from 2 per cent to 3 per cent per year would add \$19,520 to the average Canadian income by 2039.

“Given the importance of economic growth to household income in Canada, and to reducing social and political conflict, policymakers should prioritize faster economic growth,” Globerman said.

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