

# NEWS RELEASE

## Political and policy uncertainty in B.C. threatens investment and economic prosperity

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For immediate release

**VANCOUVER**—The tenuous nature of the recent election in British Columbia has increased political and policy uncertainty to the highest levels since 2009, which could drive away business investment and slow the economy, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Heightened uncertainty surrounding who will govern, and what policies the government will implement, act as a drag on business and the economy,” said Lydia Miljan, an associate professor of political science at the University of Windsor, Fraser Institute senior fellow and author of *Measuring the Impact of the 2017 Election on Uncertainty in British Columbia*.

The study measures the volume of news stories about uncertainty to gauge changes in uncertainty levels over time.

It finds that B.C.’s 2017 provincial election prompted the highest number of newspaper stories that included the term “uncertain” (in the context of B.C. politics and policy), based on an analysis of national and provincial newspaper from 2009 to July 2017.

In April of this year, the term appeared in just eight newspaper stories, but that number jumped to 31 in the month of May when B.C.’s election occurred. In June, as the political wrangling continued over what party would form government, the term appeared in 26 stories. (The previous peak over the eight-year period was 26 stories in May 2013 during the previous election.)

But whereas spikes in stories about uncertainty receded quickly following the 2009 and 2013 elections—the number dropped down to just three stories in both July 2009 and July 2013—uncertainty levels remain high with 12 such stories appearing in July 2017.

In particular, the issues most associated with uncertainty—apart from the actual 2017 election results and who will form government, which accounted for 31 per cent of news stories—were energy and pipeline policies (24 per cent), taxation (17 per cent) and the economy generally (15 per cent).

Crucially, policy uncertainty stemming from the NDP and Green Party commitments to increase personal income, business and carbon tax rates, stop the Kinder Morgan pipeline, further review the Site C hydroelectric dam already under construction, and raising the minimum wage to \$15 per hour, could deter business investment and slow economic growth.

In fact, previous research has shown political and policy uncertainty—which is amplified under minority governments—can drive down business investment by between six and 10.5 per cent.

“In a global economy, where jurisdictions jostle for investment, heightened levels of policy uncertainty signal to investors that B.C. is not as attractive a place to do business as it once was,” Miljan said.

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