

NEWS RELEASE

Governments in Canada can increase possibility of four-day workweek by reducing taxes, regulation

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For Immediate Release

VANCOUVER—If governments in Canada want to encourage innovation and entrepreneurship (and increase the possibility of a four-day work week), they should eliminate trade barriers, ease restrictions on foreign investment, lower taxes and reduce regulation, finds a new essay released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Rates of entrepreneurship have been declining in Canada, and given the close link between entrepreneurship and productivity growth, if policymakers across the country want to increase productivity, they should enact policies that better incentivize new business ventures,” said Russell S. Sobel, professor of economics and entrepreneurship at The Citadel and author of *Enhancing Productivity Growth by Encouraging Entrepreneurship*.

For example, because high tax rates lower the return on entrepreneurial activity, governments can help spur entrepreneurship, innovation and productivity by reducing tax rates.

Moreover, governments could reduce or eliminate regulatory hurdles (permit processes and costs, for example) that make it more costly and difficult for Canadians to start new businesses and/or compete with larger firms, which have the resources (including tax and legal departments) to better navigate the regulatory process.

Finally, Canadian governments—including the federal government—could help increase productivity by lowering domestic and international trade barriers so entrepreneurs can sell their products or services in larger markets.

A separate related essay examines how restrictions on competition discourage innovation, thereby slowing productivity growth and limiting the possibility of a four-day work week.

“When governments—intentionally or not—use tariffs, foreign ownership restrictions and high regulatory hurdles to suppress market competition, the overall economy, which relies heavily on entrepreneurship and innovation, suffers,” said Steven Globerman, professor emeritus at Western Washington University, Fraser Institute senior fellow and author of *Promoting Productivity Growth by Encouraging Innovation*.

And a third essay, *Entrepreneurial Finance and Productivity in Different Institutional Contexts: Lessons from Equity Crowdfunding*, by Douglas Cumming, professor of finance and entrepreneurship at Florida Atlantic University, notes how Canada regulates non-traditional capital markets more than other jurisdictions, which can also frustrate startup businesses.

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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