

NEWS RELEASE

Ontario recorded the third-lowest growth in business investment over the past two decades

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For immediate release

TORONTO—Ontario has experienced weak business investment over the past two decades with one of the lowest growth rates in the country, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The decline of Ontario’s manufacturing sector in the 2000s, the 2008/09 recession, and a tepid recovery have combined to create an extended period of economic weakness for the province,” said Ben Eisen, senior fellow at the Fraser Institute and co-author of *An Assessment of Recent Economic Performance and Business Investment Growth in Ontario*.

“Business investment lies at the heart of improving our standard of living and job creation, and the province’s weak performance should be of great concern,” commented Eisen.

The study finds that Ontario’s average rate of per person business investment (adjusted for inflation) from 2000 to 2019 (excluding 2020 due to the COVID-19 pandemic) was weaker than it was in the other large Canadian provinces. Specifically, Ontario’s per person business investment grew, on average, by just 0.3 per cent between 2000 and 2019 compared to 2.7 per cent in British Columbia, 1.5 per cent in Alberta, and 0.9 per cent in neighbouring Quebec.

In fact, the province’s rate of average business investment growth (population and inflation adjusted) from 2000 to 2019 was the third lowest in Canada, just ahead of New Brunswick and Nova Scotia.

Not surprisingly, the dismal growth in business investment has had effects on the larger economy. Economic growth in the province was substantially higher in the 1980s and 1990s than in the 2000s and 2010s.

“Business investment contributes to economic growth, job creation, and wage increases,” Eisen said.

“Ontario’s position near the bottom of the Canadian provinces doesn’t bode well for the province’s future prospects.”

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