



NEWS RELEASE

Canada's record of underperforming international peers pre-dates COVID

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VANCOUVER—Over the last business cycle (2007 to 2019), and long before the COVID-19 pandemic struck, Canada was already underperforming other advanced countries on important investment, employment and productivity measures that are key to higher living standards, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“It may be tempting for policymakers to blame Canada’s poor economic performance on the COVID pandemic and all the disruptions it caused, but the truth is Canada has been underperforming its international peers in important ways for many years,” said Jason Clemens, executive vice president of the Fraser Institute.

The study, *A Comparative Analysis of the Economic Performance of Canada and Its OECD Competitors, 2007-2019*, finds that Canada performed poorly on a number of important investment, employment and productivity indicators when compared to other high-income developed countries in the Organization for Economic Cooperation and Development (OECD). For example:

- Canada ranked 20th out of 31 for growth in GDP per person at 7.2 per cent. For context, the OECD average was 11.5 per cent, and countries as varied as Poland (54.1 per cent), Ireland (43.3 per cent), Czech Republic (21.0 per cent), the United States (12.7 per cent) and Australia (10.8 per cent) all outperformed Canada.
- Canada had the second lowest level of business investment (excluding residential construction) as a share of the economy among the OECD countries. Canada’s 11.0 per cent of GDP in 2019 was only slightly more than half the amount of Switzerland (20.3 per cent), which ranked first.
- Canada’s growth in private non-residential business investment as a share of the economy was the third worst among the OECD countries, and whereas investment (as a share of the economy) declined in Canada by 11.1 per cent, it increased by 19.7 per cent in the U.S.
- Employment in Canada’s government sector increased by 17.3 per cent, the fourth highest among the OECD countries. By comparison, employment in the private sector—necessary to finance the government sector—only grew by 13.3 per cent.
- Labour productivity, measured as GDP per hour worked, increased by 10.3 per cent, which is lower than the OECD average of 11.2 per cent.


“Canada’s relative underperformance, whether measured as growth in living standards, attracting investment, or the performance of the labour market, started more than a decade ago and is actually worsening,” Clemens said.

(30)

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