



# NEWS RELEASE

## Business investment in key sectors linked with higher living standards significantly weaker in Canada than in U.S. for decades

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**VANCOUVER**—Business investment in high-tech and innovative asset categories that are crucial to raise living standards has been significantly weaker in Canada than in the U.S. for the past 20 years, and the gap has grown larger since 2014, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Not all business investment is created equal, and investments in machinery, equipment, and research and development, which improve worker productivity are major contributors to higher living standards,” said Steven Globerman, Fraser Institute senior fellow and author of *The Weakness of Corporate Investment in Canada, 2001-2021: Identification and Assessment*.

“Worryingly, Canada has been trailing U.S. investing in those important assets for the past decade or more.”

The study finds that Canada lags significantly behind the U.S. in terms of the share of all business investment going towards the Information and Communications Technologies (ICT) and Intellectual Property Products (IPP) asset categories, the two categories that contribute most significantly to increased productivity and higher living standards.

For example, from 2001 to 2010, only 26 percent of total investment in Canada went to those crucial asset categories, compared to 44 percent in the U.S.

And the gap is growing.

From 2014 to 2021, an even smaller share (23 percent) of total investment in Canada went to these highly-productive asset categories, compared to 44 percent in the U.S.

Conversely, there was relatively much more investment in housing in Canada than in the U.S. from 2001 to 2021, but while Canada suffers from housing unaffordability, residential construction does not contribute significantly to productivity growth.

“The fact that a greater share of investment in the U.S. is concentrated in highly productive asset categories, while investment in Canada is disproportionately focused on housing is a major reason why U.S. productivity has increased faster than in Canada,” Globerman said.

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