

NEWS RELEASE

Per-worker business investment down 20% since 2014 and falling further behind U.S.

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For Immediate Release

CALGARY—Business investment per worker—a key driver of income gains and living standards—has declined in Canada since 2014, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The prosperity of Canadians depends in large part on the strength of business investment, so poor investment performance is bad news for workers,” said Tegan Hill, senior economist at the Fraser Institute and coauthor of *Comparing Business Investment per Worker in Canada and the United States, 2002–2021*.

According to the study, from 2014 to 2021 (the latest year of available data), business investment per worker in Canada (adjusted for inflation) declined by 20 per cent, from \$18,363 to \$14,687. Business investment—which includes spending on equipment, machinery, factories and new technologies (but excludes residential homebuilding)—is vital to helping make Canadian workers more productive.

Compared to the United States, Canada performed even worse.

During that same time period (2014 to 2021), business investment per worker (adjusted for inflation, in Canadian dollars) increased from \$23,333 to \$26,751 in the U.S. Consequently, business investment per worker in Canada equaled 78.7 per cent of the rate in the U.S. in 2014 compared to only 54.9 per cent in 2021.

Among the provinces during that same time period (2014 to 2021), business investment per worker declined in five provinces including Alberta (\$52,533 to \$23,839) and Saskatchewan (\$44,699 to \$24,666), increased slightly in the other five provinces including Ontario (\$10,938 to \$12,756), but remained below the U.S. level in all 10 provinces.

“The waning ability to attract business investment in Canada should sound alarm bells and prompt policymakers to enact immediate policy reforms to make Canada a more attractive and hospitable destination for investment,” Hill said.

Business investment per worker (inflation-adjusted C\$2012)

| | 2014 | 2021 |
|---------------------------|-----------------|-----------------|
| British Columbia | \$14,548 | \$16,631 |
| Alberta | \$52,533 | \$23,839 |
| Saskatchewan | \$44,699 | \$24,666 |
| Manitoba | \$16,474 | \$11,970 |
| Ontario | \$10,938 | \$12,756 |
| Quebec | \$10,036 | \$11,242 |
| New Brunswick | \$8,903 | \$9,654 |
| Nova Scotia | \$9,195 | \$7,611 |
| Prince Edward Island | \$7,616 | \$7,733 |
| Newfoundland and Labrador | \$48,867 | \$23,489 |
| <i>United States</i> | <i>\$23,333</i> | <i>\$26,751</i> |
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