

NEWS RELEASE

Growth rate of capital investment in Canada hits 40-year low

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For immediate release

VANCOUVER—The growth rate of capital investment in Canada—particularly in the important areas of equipment, machinery and intellectual property—has slowed to a 40-year low, negatively affecting living standards for workers and overall economic growth, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The evidence is clear—the investment climate in Canada is deteriorating, particularly for the corporate sector, which has implications for worker prosperity and living standards,” said Steven Globerman, Fraser Institute senior fellow and co-author of *Capital Investment in Canada: Recent Behaviour and Implications*.

The study finds that the growth rate of overall investments in Canada between 2015 and 2017 was the lowest since 1970. Overall, gross fixed capital formation—a common measure of investment—grew by only 2.5 per cent from 2015 to 2017, compared to 19.3 per cent growth from 2010 to 2015, and 25 per cent growth between 2005 and 2010.

Investment growth in recent years has been especially weak for the business sector, particularly for the asset categories of machinery, equipment and intellectual property—areas of investment that lead directly to improvements in productivity that benefit workers and consumers.

Machinery and equipment—as a share of total gross fixed capital formation—fell from 15.7 per cent in 2000 to 8.9 per cent in 2015, the most recent year of available data.

Likewise, investments in intellectual property (patents, ideas, innovations, etc.) also dropped from a recent high of around 15 per cent in 2000 to 11.5 per cent last year.

“Policymakers across Canada should consider a more favourable tax treatment of business income and capital gains, which would encourage more investment, spur prosperity and benefit working Canadians,” Globerman said.

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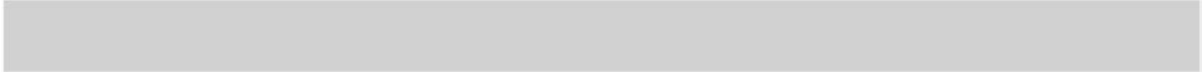
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