

# NEWS RELEASE

## Ontario's growth slows as levels of economic freedom decline; Alberta has highest level of economic freedom in Canada and third highest in North America

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For Immediate Release

**TORONTO, ON**—Ontario's declining economic freedom has hobbled the province's growth, which has been among the slowest in the nation in recent years, while strong increases in economic freedom have powered growth in British Columbia, says a new study from the Fraser Institute, Canada's leading public policy think-tank.

According to *Economic Freedom of North America 2010*, Ontario was one of only two provinces, along with Quebec, that saw no improvement in levels of economic freedom between 2000 and 2007. Over the same period, BC, Newfoundland and Labrador, and Saskatchewan all experienced increase in economic freedom.

As a result, B.C.'s economy experienced a 17 per cent growth compared to a mere seven per cent in Ontario, the lowest growth rate among all Canadian provinces.

Conversely, economic freedom in B.C. grew at a slower pace than Ontario between 1993 and 2000. During this time, B.C.'s growth was a mere 11 per cent, compared to Ontario's 23 per cent.

"B.C. now has a slight lead over Ontario in overall terms of economic freedom, but the rate of change is a critical factor when considering economic growth. If economic freedom in Ontario continues to show weak growth, it's likely Ontario's economy will also lag," said Fred McMahon, Fraser Institute vice-president of international research and co-author of *Economic Freedom of North America 2010*.

Economic freedom, the ability of individuals and families to make their own economic decisions, is a key building block for prosperity. Research shows that people living in jurisdictions with high levels of economic freedom enjoy higher standards of living, greater individual freedoms, and longer life spans

"The link between economic freedom and prosperity is clear: provinces with high levels of economic freedom see greater economic growth. When denied a reasonable level of economic freedom, people are left poorer than they need be, and this is happening in some parts of Canada," McMahon said.

"A common theme among provinces with high levels of economic freedom is a commitment to low taxes, small government, and flexible labour markets. These conditions foster job creation and greater opportunities for economic growth."

Overall, Alberta has the highest level of economic freedom in Canada and the third highest among all jurisdictions in North America, behind only Delaware and Texas.

Alberta performs well ahead of the other provinces, with Newfoundland and Labrador, the second highest-ranked Canadian province, placing 47<sup>th</sup> in North America, but trailing every American state except Montana, Maine, Mississippi, and West Virginia.

British Columbia (50<sup>th</sup>), Ontario (tied for 51<sup>st</sup>), and Saskatchewan (53<sup>rd</sup>) follow Newfoundland and Labrador, with New Brunswick (56<sup>th</sup>), Manitoba (57<sup>th</sup>), Nova Scotia (58<sup>th</sup>), Quebec (59<sup>th</sup>), and Prince Edward Island (60<sup>th</sup>) claiming the bottom five spots overall.

(more)

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Reinforcing the connection between economic freedom and prosperity, the report shows that the 12 Canadian and American jurisdictions with the highest levels of economic freedom had an average per-capita GDP of \$51,654 in 2007, compared to the 12 lowest-ranked jurisdictions in North America, where average per-capita GDP in 2007 was \$41,652.

The Institute's peer-reviewed study, *Economic Freedom of North America 2010*, measures the impact of economic freedom on the level and growth of economic activity in all 50 American states, including detailed overviews for different regions of the U.S., as well as 32 Mexican states and 10 Canadian provinces by examining 10 key indicators of economic freedom based on size of government, taxation, and labour market freedom. The complete report is available for download as a PDF, free of charge, from [www.fraserinstitute.org](http://www.fraserinstitute.org).

The *Economic Freedom of North America* index is an offshoot of the Fraser Institute's *Economic Freedom of the World* index, the result of two decades of work by more than 60 scholars, including three Nobel laureates.

The report also shows how it is more difficult for Canadian provinces to harness the benefits of economic freedom compared to American states because of Canada's fiscal federalism and the structure of the equalization system.

"The provinces that maintain low levels of economic freedom and reduced economic activity see additional federal transfers of money from wealthy parts of the country," McMahon said.

"Strong incentives exist for the political and business elites in the so-called 'have-not' provinces to limit economic freedom and growth in order to preserve the federal allowances they're accustomed to."

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