

NEWS RELEASE

Canada’s economic performance heading into COVID recession was weakest of last five pre-recession periods

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For immediate release

VANCOUVER—Canada’s economy was the weakest entering the COVID-recession compared to the last five pre-recession or economic slowdown periods, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“Canada’s economy, whether measured by growth in income or business investment, or the strength of our labour markets, was the weakest in the four years (2016-19) leading up to the COVID-recession relative to the four previous comparative periods,” said Jason Clemens, executive vice president of the Fraser Institute and co-author of *Comparing Economic Performance in Five Pre-recession Periods*.

The study compares numerous economic indicators relating to income growth, labour markets and business investment for the last five pre-recessionary periods: 1986-1989, 1997-2000, 2005-2008, 2011-2014, and 2016-2019.

On almost all of the measures included in the analysis, the economic performance from 2016 to 2019 (the years preceding the COVID-19 recession) was the weakest.

From 2016 to 2019, per person GDP (after adjusting for inflation) only grew by an average of 0.8 per cent, compared to an average of 3.7 per cent per year from 1997 to 2000 (highest of the five periods) and more recently 1.5 per cent, on average, from 2011 to 2014.

Private sector job growth was highest from 1986 to 1989, averaging 3.3 per cent a year. It grew by an average of 2.9 per cent from 1997 to 2000, before dropping to an average of 1.5 per cent for both 2011-14 and 2016-19.

Critically, business investment (excluding residential construction) actually declined by 0.9 per cent annually, on average, from 2016 to 2019, compared to growing, on average annually, from between 6.8 per cent and 9.2 per cent in the four previous periods.

“The evidence is clear—Canada’s economy was weaker heading into the COVID-19 recession than it was during the years preceding the last four recessions or economic slowdowns,” Clemens said.

“Canadians and policymakers need to consider the comparatively weak shape of the economy prior to the COVID-recession given the major changes in fiscal and regulatory policy enacted federally beginning in 2016.”

| Pre-recessionary Period | Prime Minister during period | Per Person GDP Growth | Private Sector Job Growth | Business Investment annual growth |
|-------------------------|------------------------------|-----------------------|---------------------------|-----------------------------------|
| 2016-2019 | Trudeau | 0.8% | 1.5% | -0.9% |
| 2011-2014 | Harper | 1.5% | 1.5% | 6.8% |
| 2005-2008 | Martin-Harper | 1.2% | 1.3% | 7.0% |
| 1997-2000 | Chrétien | 3.7% | 2.9% | 9.2% |
| 1986-1989 | Mulroney | 1.9% | 3.3% | 8.0% |

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