

# NEWS RELEASE

## Quebec second to last among provinces for economic freedom, ahead of only Prince Edward Island

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For Immediate Release

**MONTREAL, QC**—Quebec has the second-lowest level of economic freedom among all Canadian provinces and American states, ranking ahead of only Prince Edward Island, according to a new study from the Fraser Institute, Canada's leading public policy think-tank.

Economic freedom 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

Alberta maintains the highest level of economic freedom in Canada, ranking third overall in North America, behind only Delaware and Texas. Newfoundland and Labrador, the second highest-ranked Canadian jurisdiction, places 47<sup>th</sup> in North America, 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.

“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,” said Filip Palda, Fraser Institute senior fellow and professor at the École nationale d'administration publique.

“In Quebec, factors like big government, high levels of taxation, powerful trade unions, and extensive social programs and entitlements have drastically reduced economic freedom, to the detriment of Quebecers.”

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 \$36,866.

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.institutfraser.org](http://www.institutfraser.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.

Quebec is one of just three provinces, along with Nova Scotia and Ontario, where economic freedom declined between 2000 and 2007. Newfoundland and Labrador experienced the greatest increase, followed by British Columbia and Saskatchewan.

(more)

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“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,” Palda said.

“In order to build a more prosperous Quebec and raise the standard of living for residents, it is critical to re-evaluate the extensive role of government in the province.”

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

“Provinces such as Quebec that maintain low levels of economic freedom and reduced economic activity see additional federal transfers of money from wealthy parts of the country,” said Fred McMahon, Fraser Institute vice-president of international research and co-author of *Economic Freedom of North America 2010*.

“Strong incentives exist for the political and business elites in Quebec to limit economic freedom and growth in order to preserve the federal allowances they’re accustomed to.”

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