

## **Quebec's economic growth slowed down by the failure of its industrial policy**

Montréal, March 5, 2024 – On the eve of a budget that will be largely in deficit, the [Centre for Productivity and Prosperity – Walter J. Somers Foundation \(CPP\)](#) releases the fourteenth edition of *Productivité et prospérité au Québec – Bilan*. Its main finding is clear: Quebec's industrial policy is a failure and hinders the economic growth of the province.

"For 25 years, Quebec's approach to economic development has remained the same," explains Robert Gagné, Director of CPP and co-author of the study. "The government actively promotes the development of sectors it deems promising and passively seeks to preserve jobs in businesses that are not conducive to productivity, innovation, and investment. The result is an uninspiring economic environment that tends to limit economic growth instead of accelerating it, with the consequences we observe today."

### **Failure of an Outdated Industrial Policy**

Despite billions of dollars in public funds dedicated to economic development over the past 25 years, all economic indicators related to productivity and economic growth in Quebec remain in the red, and the business sector is reluctant to undertake activities necessary to increase the economy's productivity.

What becomes particularly concerning for the HEC Montréal researchers is that, in addition to being ineffective and costly, industrial policy now worsens the situation by interfering in the process of resource reallocation in the economy.

"It is no longer just a question of wasting public funds. By the choices it imposes, Quebec's industrial policy interferes in the process of reallocating resources in the economy, essentially because this policy responds to the needs of a long-gone era," explains Jonathan Deslauriers, Executive Director of CPP and co-author of the study.

In this context, researchers emphasize the urgency of a comprehensive reform of Quebec's industrial policy: "The government must urgently conduct a complete and uncompromising diagnosis of its approach to economic development, economic interventions for which there is currently no valid census, let alone rigorous evaluations of their effectiveness," explains Robert Gagné. "Otherwise, the only gap the province will manage to close is the one separating it from Ontario, an economy losing momentum on the international scale."

To learn more: [Productivité et prospérité au Québec – Bilan 2023 \(In French only\)](#)

**About the Centre for Productivity and Prosperity – Walter J. Somers Foundation**

The Centre for Productivity and Prosperity – Walter J. Somers Foundation has a twofold mission. First of all, it is devoted to research on productivity and prosperity, mainly in Quebec. The Centre then shares its research findings through knowledge transfer and educational activities.

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**About the Walter J. Somers Foundation**

The Somers family established the Walter J. Somers Foundation in tribute to the founder of the Walter Group. Through different donations, the Foundation pursues the family heritage of commitment to the community and contributes to the prosperity of Quebec society, firstly by helping to improve its productivity but also by supporting excellence in youth education.

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