



NEWS RELEASE

Regulations disproportionately hurt low-income workers trying to climb income ladder

August 31, 2021
For Immediate Release

TORONTO—The costs of government regulation, including labour regulations such as licencing and accreditation, represent a real barrier for Canadians—especially low-income Canadians—trying to move up the income ladder, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Government regulations impede the ability of Canadians to make themselves better off by slowing the upward mobility of workers,” said Vincent Geloso, an assistant professor of economics at George Mason University, senior fellow at the Fraser Institute and co-author of *Economic Freedom Promotes Upward Income Mobility*.

For example, government regulation of many industries requires workers to purchase occupational licences or train to acquire credentials before they can work. This takes time and money, which low-income people may not possess, creating a barrier that prevents them from more fully participating and advancing in the labour market.

Consequently, the study notes, general employment regulations across industries slow wage growth for low-income workers. And particularly, occupational licencing tends to hurt income growth among the poor more than among higher-income workers.

The same effect is also observed for would-be entrepreneurs who face barriers to entering certain industries because of regulatory costs and fees.

“If governments across Canada want to help low-income Canadians climb the income ladder during the COVID recovery and beyond, they should take a second look at regulations,” Geloso said.

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MEDIA CONTACT:

Vincent Geloso, Senior Fellow, Fraser Institute

To arrange media interviews or for more information, please contact:
Mark Hasiuk, Senior Media Relations Specialist, 604-688-0221 ext. 517,
mark.hasiuk@fraserinstitute.org

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