

Examining Federal Debt in Canada by Prime Ministers Since Confederation, 2022

by Jake Fuss and Evin Ryan

Summary

■ Canada's 23 prime ministers have each left a legacy, and each of those legacies has an effect on all Canadians. One element critical to an analysis of each prime minister is whether he or she left the federal government more or less indebted than when first taking office.

■ This bulletin measures the debt legacies of all prime ministers from 1870 to 2022. We examine the percentage change in inflation-adjusted gross debt per person during the tenures of various prime ministers. By accounting for population growth and inflation, the level of debt accumulated by each prime minister can be compared through Canada's history.

■ Historical context is vital to understanding the debt legacies of each prime minister. For instance, global conflicts such as World War I and World War II and multiple economic downturns contributed significantly to the substan-

tial growth in debt per person that occurred during the tenures of Sir Robert Borden (188.1 percent) and William Lyon Mackenzie King (145.2 percent).

■ During economic downturns, the federal government collects less revenue and spends more as incomes decline and Canadians draw more on services such as Employment Insurance. These downturns contribute significantly to federal debt accumulation, but are out of the direct control of prime ministers.

■ In 2022, federal per-person debt is projected to be \$47,070, which is the third highest amount in Canadian history (behind only 2020 and 2021). This is more than 25 per cent higher than per-person debt before COVID in 2019. During Prime Minister Justin Trudeau's tenure, federal per-person debt increased by 35.3 per cent between 2015 and 2022.

Prime Ministers and Federal Debt, 2022

Introduction

Over the last century and a half, Canada's 23 prime ministers have helped shape the country in countless ways, leaving legacies that affect all Canadians. Each prime minister's legacy is ultimately influenced by whether he or she left the federal government more or less indebted than when taking office. Understanding the trajectory of debt is important because as the debt burden grows, tax dollars must be diverted from public programs to service the federal government's annual interest payments. High amounts of federal debt may also cause the government to raise taxes in future, which burdens future generations with the cost of past spending.

This bulletin examines the history of federal debt in Canada since Confederation and analyzes the impact that various prime ministers have had on debt accumulation throughout their tenures.¹ The bulletin has two main sections. The first describes the method used to measure the change in federal debt. The second provides a comprehensive overview of the changes in federal debt under each prime minister.

Measuring the change in federal debt

Debt legacies for the prime ministers are measured by calculating the change in debt during their respective tenures. The first step in the analysis is to allot the period(s) of tenure for each prime minister as listed in table 1.

We allocated years of tenure for every prime minister using the methodology of Fuss et al. (2019), who analyzed spending levels by prime minister since 1870. Transitional years—years of overlap in which prime ministers shifted pow-

¹ This bulletin is based on and draws partly from work by Di Matteo (2017), Lammam and MacIntyre (2017), and Fuss et al. (2019).

er—are allocated to whichever prime minister was in office for the majority of the year. If a year was nearly evenly divided between two prime ministers, we assigned responsibility for that year to whichever prime minister delivered the year's federal budget, and we list the allocated tenures in table 2.²

There were three instances where prime ministers had non-continuous tenures. For example, William Lyon Mackenzie King served as Canada's prime minister from 1922 to 1930 but was defeated by R.B. Bennett, and then reassumed office in 1935 for his second tenure. Sir John A. Macdonald also served twice (1867-1872 and 1878-1890), as did Pierre Trudeau (1968-1978 and 1980-1984). We chose to divide the time in office for these prime ministers into separate tenures to ensure the change in federal debt that happened under another prime minister was not allocated to these three prime ministers when they were out of office. This approach ensures, for instance, that R.B. Bennett's debt between 1931 and 1935 is not allocated to William Lyon Mackenzie King.

There are 20 prime ministers included in this analysis, as opposed to 23, because the tenures of three prime ministers were too short for us to allocate a budget year to them. Sir Charles Tupper was prime minister for two months, and Kim Campbell and John Turner each held office for three months. Notwithstanding the exclusion of these three prime ministers, table 2 lists

² Prime ministerial tenures range from a single year to 15 years, which means that some prime ministers were in office longer than others to either accumulate or reduce federal debt. However, longer tenures do not necessarily translate into larger total increases or decreases in debt. In fact, the correlation between length of tenure and the total increase in debt per person over that tenure (the measure used in this bulletin) is relatively weak ($p = 0.27$).

Prime Ministers and Federal Debt, 2022

Table 1: Canada's 23 Prime Ministers, Their Political Party, and Time in Office

Prime Minister	Party	Time in Office
Sir John A. Macdonald	Liberal Conservative Party	1867-1873, 1878-1891
Alexander Mackenzie	Liberal Party	1873-1878
Sir John Abbott	Liberal Conservative Party	1891-1892
Sir John Thompson	Liberal Conservative Party	1892-1894
Sir Mackenzie Bowell	Conservative Party	1894-1896
Sir Charles Tupper	Conservative Party	1896
Sir Wilfrid Laurier	Liberal Party	1896-1911
Sir Robert Borden	Conservative Party, Unionist Party	1911-1917, 1917-1920
Arthur Meighen	National Liberal and Conservative Party, Conservative Party	1920-1921, 1926
William Lyon Mackenzie King	Liberal Party	1921-1926, 1926-1930, 1935-1948
R.B. Bennett	Conservative Party	1930-1935
Louis St. Laurent	Liberal Party	1948-1957
John Diefenbaker	Progressive Conservative Party	1957-1963
Lester B. Pearson	Liberal Party	1963-1968
Pierre E. Trudeau	Liberal Party	1968-1979, 1980-1984
Joe Clark	Progressive Conservative Party	1979
John Turner	Liberal Party	1984
Brian Mulroney	Progressive Conservative Party	1984-1993
Kim Campbell	Progressive Conservative Party	1993
Jean Chretien	Liberal Party	1994-2003
Paul Martin	Liberal Party	2003-2006
Stephen Harper	Conservative Party	2006-2015
Justin Trudeau	Liberal Party	2015-Present

Notes

1) Sir Robert Borden led the Conservative Party from October 10, 1911 to October 11, 1917, and then the Unionist Party from October 12, 1917 to July 10, 1920. The Unionist Party was a centre-right party primarily consisting of members of the Conservative Party along with some former members of the Liberal Party.

2) The National Liberal and Conservative Party is the name adopted by the Conservative Party in 1920 after the end of the Unionist Party.

Source: Parliament of Canada (2022); Fuss et al. (2019).

Prime Ministers and Federal Debt, 2022

Table 2: Prime Ministers Assessed and Their Allotted Tenures

Prime Minister	Allotted Tenure
Sir John A. Macdonald	Tenure 1: 1867-1872 Tenure 2: 1878-1890
Alexander Mackenzie	1873-1877
Sir John Abbott	1891
Sir John Thompson	1892-1894
Sir Mackenzie Bowell	1895
Sir Wilfrid Laurier	1896-1911
Sir Robert Borden	1912-1919
Arthur Meighen	1920-1921
William Lyon Mackenzie King	Tenure 1: 1922-1930 Tenure 2: 1936-1948
R.B. Bennett	1931-1935
Louis St. Laurent	1949-1956
John Diefenbaker	1957-1963
Lester B. Pearson	1963-1967
Pierre E. Trudeau	Tenure 1: 1968-1978 Tenure 2: 1980-1984
Joe Clark	1979
Brian Mulroney	1985-1993
Jean Chretien	1994-2003
Paul Martin	2004-2005
Stephen Harper	2006-2015
Justin Trudeau	2015-2022

Notes

- 1) The fiscal year-end for the federal government was changed from June 30th to March 31st in 1907.
- 2) Does not include budgets for 1867–1869 due to a lack of inflation data for those years.
- 3) The 1984 budget was allocated to the tenure of Pierre Trudeau even though John Turner served as PM during the year before losing the general election to Brian Mulroney and the Progressive Conservative Party.
- 4) The 1993 budget was allocated to the tenure of Brian Mulroney even though Kim Campbell served as PM during the year before losing the general election to Jean Chretien and the Liberal Party.
- 5) For details on the specific allocation of budgets, see Fuss et al. (2019).

Source: Fuss et al. (2019).

Prime Ministers and Federal Debt, 2022

23 tenures because each of Macdonald, Mackenzie King, and Pierre Trudeau had multiple tenures.

For the 2015/16 fiscal year, Fuss et al. (2019) made an adjustment for the transition from Stephen Harper to Justin Trudeau. We have made a similar adjustment because Justin Trudeau increased government spending immediately upon taking office in 2015. The original 2015 budget, under Stephen Harper, planned for a surplus (\$1.4 billion), while the immediate spending increases introduced by Justin Trudeau ultimately led to a budget deficit (\$2.9 billion). These spending changes meant that more debt was amassed by Trudeau than was planned for under Harper (Canada, Department of Finance, 2015 and 2021).³ As a result, the cut-off period for debt accumulation under Harper was adjusted to reflect the debt projected in the original 2015 budget (\$1.2 trillion in 2022 dollars). The beginning point for the change in debt during Justin Trudeau's tenure is also the 2015 budget number.

Measuring federal debt

Collecting comparable data on federal debt is an important step in measuring the debt legacies of the prime ministers. Gross debt directly measures the degree to which the various prime ministers increased or decreased Canada's financial liabilities. It is defined as the federal government's total amount of financial liabilities including employee benefits (pensions), interest-bearing debt, and accounts payable.

Net debt is gross debt less financial assets, the latter of which governments may sell when needed to meet liabilities. Hence, net debt

³ Notably, program spending was ultimately \$10.4 billion or 4.0 percent higher in 2015/16 than what was planned in the 2015 budget.

might serve as a measure of a government's potential financial capacity. However, in this bulletin, we focus on gross debt as a measure of federal debt for two primary reasons. First, it might be difficult for the federal government to sell some financial assets, such as employee or public pension assets, in part due to liquidity issues; further, there may be valuation questions surrounding outstanding loans, equity investments, and advances, among instruments on the asset side of the balance sheet. Second, the interest that governments pay on liabilities is determined by gross debt rather than net debt. Significant research has found that high gross debt levels may harm economic performance through, for example, the potential for higher future taxes (see Reinhart and Rogoff, 2010; Chudik et al., 2015; and Lammam et al., 2017 for a review of this research).⁴

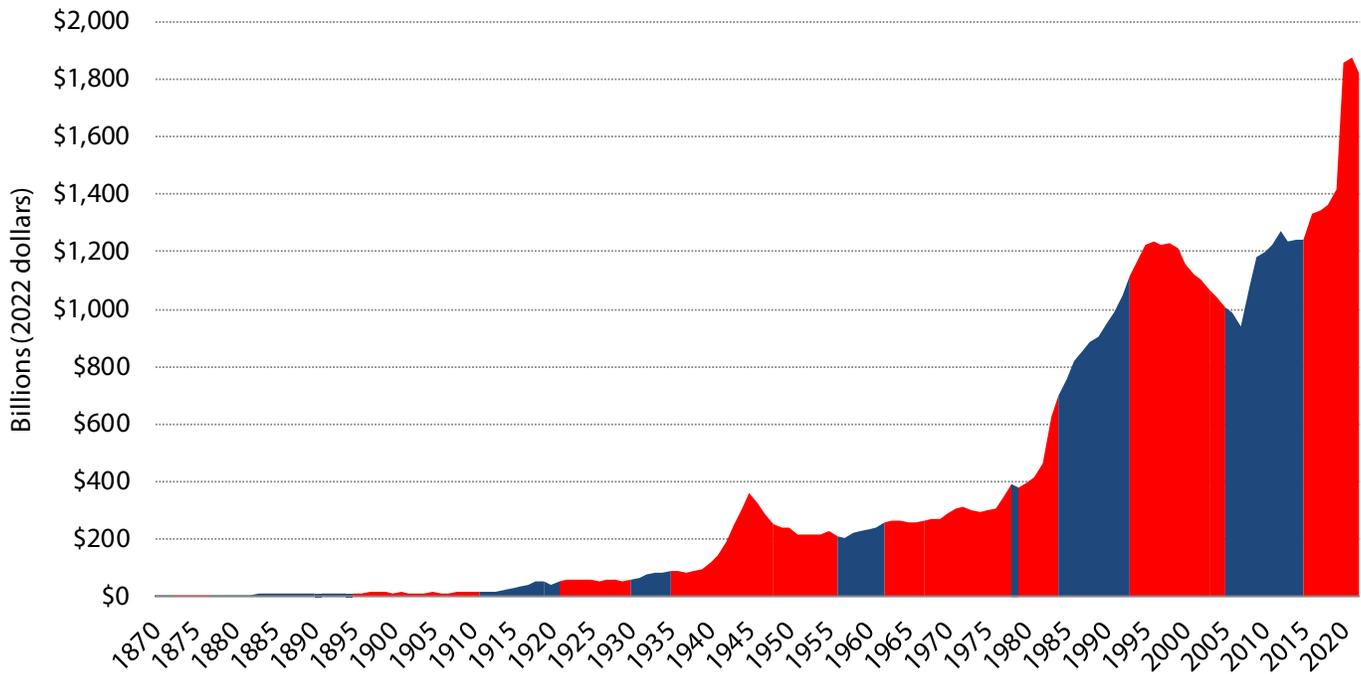
Data on federal gross debt come from different sources. The Canada Year Books for 1940, 1950, 1960, and 1967 were used to collect federal debt data from 1867 through 1966. Debt figures from 1967 to 2020 are drawn from the Fiscal References Tables published by the Department of Finance, and federal debt for 2021 and 2022 is based on Budget 2022 (Canada, Department of Finance, 2022).

Two adjustments were made to enable us to more easily compare changes in federal debt over a long time. As in Fuss et al., 2019, we ac-

⁴ A previous version of this paper also used gross debt data as its measure. Converting gross debt to net debt was considered for the methodology in this paper, and ultimately rejected for viability and consistency concerns. In recent years, the definitions and dollar amounts assigned to federal financial assets have changed substantially (e.g., equity investments and loans, etc.). Concerns about asset valuations and liquidity are reiterated here. For further details, see Lammam et al. (2017).

Prime Ministers and Federal Debt, 2022

Figure 1: Federal Gross Debt, 1870-2022 (in 2022 \$)



Sources: Canada, Department of Finance (2015, 2022a, 2022b, 2022c); Statistics Canada (2009a, 2009b, 2009c, 2009d, 2022a); Altman (1992); Urquhart (1988); calculations by authors.

count for changes in the general price level (inflation) using a GDP deflator. The starting year for the analysis of federal debt is 1870 since that is the first year for which the GDP deflator price index is available.⁵

Figure 1 exhibits federal gross debt (inflation adjusted) from 1870 to 2022. The colours in the area graph are either red or blue, repre-

senting each prime minister's affiliated political party during their tenure. Areas in red indicate debt levels for Liberal prime ministers, while Conservative prime ministers are displayed in blue.

Figure 1 shows a clear pattern of increasing gross debt since 1870, though the dollar values were low through to 1940. However, during World War II, inflation-adjusted federal gross debt increased almost 300 percent, as it grew from \$89.9 billion in 1938, the year before the war, to \$358.4 billion in 1945. Notwithstanding the immediate fall in gross debt following the end of the war, post-war debt levels did not return to pre-war levels. Beginning in the 1950s, federal gross debt steadily increased until 1997.

⁵ Data coverage is more complete for a gross domestic product price deflator as opposed to a consumer price index, which guided our choice. We use a GDP deflator with sources as follows: for 1870 through 1930, Altman (1992), a GNP deflator; for 1931 through 1960, Urquhart (1988); for 1961 through 2021, Statistics Canada (2022a); and for 2021-2022, Canada, Department of Finance (2022).

Prime Ministers and Federal Debt, 2022

In the mid-1990s, Prime Minister Jean Chrétien introduced important fiscal reforms, and gross debt began to decrease until the 2008 recession, when it again began to climb upward. In 2021, federal gross debt hit its highest point in Canadian history at \$1.87 trillion (inflation-adjusted). While gross debt is on track to fall slightly to \$1.82 trillion in inflation-adjusted terms this year, it remains significantly above pre-pandemic levels, which were already at historic highs.

Although federal gross debt has mostly increased throughout Canadian history, the country's population has also grown. Canada's population has grown from 3.5 million people in 1867 to a projected 38.7 million people in 2022 (Statistics Canada, 2022b; Urquhart, 1988). As the population grows, the debt burden is shared by more people, so we report inflation-adjusted gross debt per person.

Another way of measuring debt accumulation by prime minister would be to examine changes in the debt-to-GDP ratio, rather than debt per person. The debt-to-GDP ratio summarizes the ability of the government to sustain a given amount of debt based on the size of the economy, but it would produce misleading results for changes in debt levels by prime minister for several reasons. For instance, the GDP growth rate is more variable, year-to-year, than is population, and is subject to factors outside the direct control of prime ministers, such as recessions or booms.

To focus on changes in the debt-to-GDP ratio would therefore penalize prime ministers who served during recessions and would benefit, by happenstance, prime ministers who served during periods of economic expansions. When recessions occur, the debt-to-GDP ratio tends to rise due to automatic increases in government spending (e.g., employment insurance),

any stimulus spending, and the decrease in economic output. Conversely, prime ministers who preside over strongly positive economic growth may be more likely to record falling debt-to-GDP ratios.

As an example of how variations in economic growth can dominate results, consider the 8.1 percent growth in real GDP during R.B. Bennett's 1935 tenure. While debt as a share of GDP decreased by 1.1 percentage points that year, debt increased by 6.5 percent or \$5.4 billion in 2022 dollars; the decrease in debt-to-GDP was due to economic growth. Conversely, following the debt-per-person measure, debt increased by 5.5 percent in 1935. Moreover, because population growth is less variable over time than economic growth, as mentioned above, we believe population-adjusted debt is better than the debt-to-GDP ratio as a measure of debt accumulation by prime minister.⁶

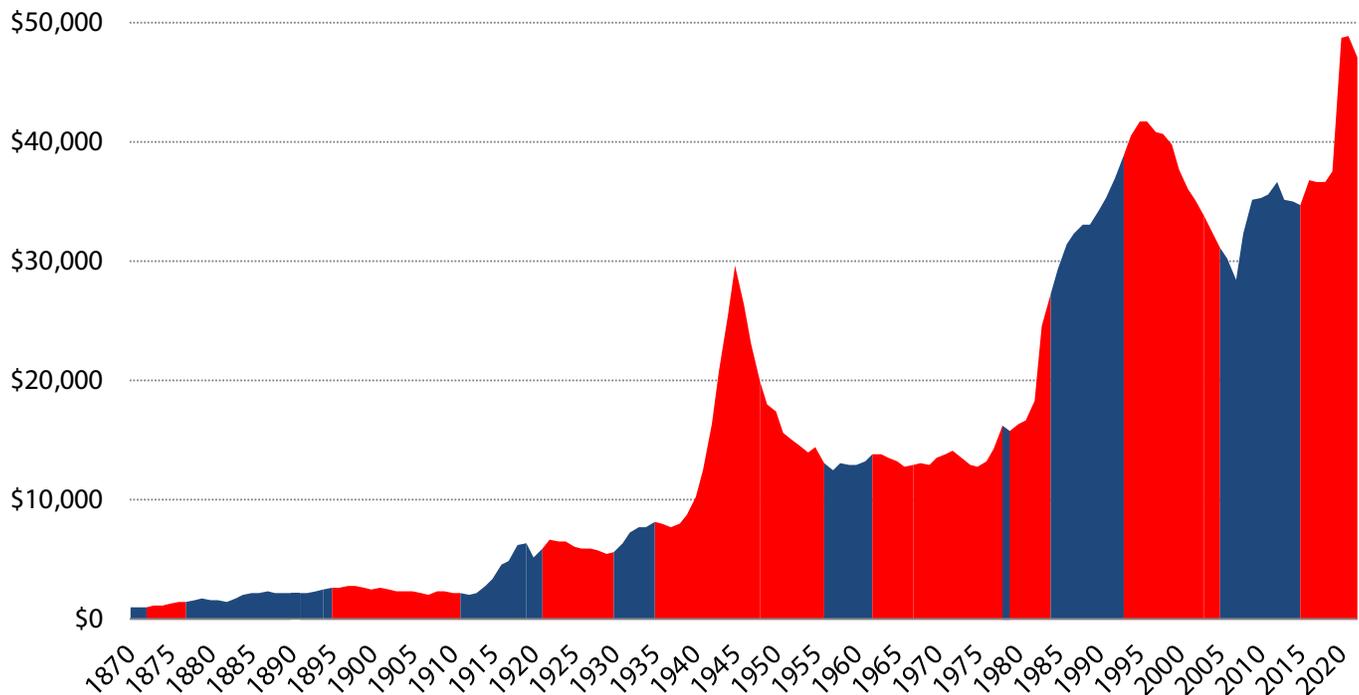
Debt per person from 1870 to 2022

To provide historical context, figure 2 shows federal debt per person (in 2022 dollars) from 1870 to 2022: since Confederation, per-person federal debt levels have generally been rising. However, some periods are noteworthy for their sharp increases and declines. For example, federal debt per person rapidly increased during both World War I and World War II. Prior to World War I, in 1913, federal per-person debt amounted to \$2,198, but had grown to \$6,180 by war's end (1918). Similarly, around World War II, debt per person rose from \$8,058 per person in 1938 to \$29,691 in 1945 (all figures in 2022 dollars). Following each world war, fed-

⁶ The population in Canada grew at an average annual rate of 1.6 percent from 1867 to 2022. The average annual change in inflation-adjusted GDP is 3.7 percent from 1871 to 2021. The standard deviation for both is 0.8 percentage points.

Prime Ministers and Federal Debt, 2022

Figure 2: Federal Gross Debt per Person, 1870-2022 (in 2022 \$)



Sources: Canada, Department of Finance (2015, 2022a, 2022b, 2022c); Statistics Canada (2009a, 2009b, 2009c, 2009d, 2022a, 2022b); Altman (1992); Urquhart (1988); calculations by authors.

eral debt per person in Canada declined, but did not in either case fall to pre-war levels.

There was another general increase in federal debt per person from the mid-1960s until 1995. Federal debt per person grew 225 per cent from 1966 (\$12,836) until its historic peak in 1995 (\$41,768). After the mid-1990s, debt reduction continued to be a focus for Jean Chrétien, Paul Martin, and Stephen Harper (for the first two years of his tenure).⁷ Federal per-person debt fell to \$28,482 in 2007, the

⁷ For a discussion on fiscal reforms under Jean Chrétien, see Clemens et al. (2017).

lowest value since 1984. However, the 2008 financial crisis in the United States prompted a recession in Canada and federal debt began to sharply increase once again. Federal debt per person increased from \$32,404 in 2008 to \$37,585 in 2019.

During the COVID-19 global pandemic, the Trudeau government increased federal debt per person to \$48,955 by 2021, an increase of 30.3 percent from the level in 2019. While federal debt per person is expected to decrease marginally in 2022 to \$47,070, this is 25.2 percent higher than the level of debt per person prior to the pandemic.

Prime Ministers and Federal Debt, 2022

Changes in federal debt per person by prime minister

When evaluating debt accumulation under the various prime ministers, historical context is an important consideration. Federal debt per person increased dramatically during each world war, as shown in figure 2. Sir Robert Borden and William Lyon Mackenzie King were the prime ministers during those wars, and each of them increased federal debt to finance Canada's war efforts, which plays a role in how we might understand their debt legacies.

Economic downturns also contribute to the accumulation of debt by prime minister. During periods of recession and declining market incomes, the federal government receives less tax revenue and automatically increases spending owing to programs like Employment Insurance and the presence of income-tested benefits.⁸ As a consequence, governments are likely to face declining budgetary balances during recessions; while the debt accumulated by prime ministers during downturns is not entirely out of their control, we also consider the state of the economy in evaluating debt legacies.⁹

⁸ During a downturn, spending on Employment Insurance tends to go up as the newly jobless make claims and unemployment spells lengthen; if household incomes decline, the value of refundable credits and income-tested benefits are likely to increase. Such automatic stabilizers are distinct from the discretionary choices governments may make in response to a downturn.

⁹ Major government undertakings such as the construction of national railways under Sir John A. Macdonald and Alexander Mackenzie and the expansion of social programs under Pierre Trudeau might provide economic context for increases in federal debt while remaining discretionary policy choices.

Table 3: Years and Amounts that (Real) Inflation-Adjusted GDP Declined, 1870-2022

Year	Percent decrease	Sitting Prime Minister
1875	4.2%	Alexander Mackenzie
1876	1.7%	Alexander Mackenzie
1878	3.0%	Sir John A. Macdonald
1893	0.5%	Sir John Thompson
1894	0.4%	Sir John Thompson
1908	4.6%	Sir Wilfrid Laurier
1914	6.8%	Sir Robert Borden
1917	1.1%	Sir Robert Borden
1918	6.1%	Sir Robert Borden
1919	4.6%	Sir Robert Borden
1920	0.5%	Arthur Meighen
1921	3.5%	Arthur Meighen
1929	0.2%	William Lyon Mackenzie King
1930	3.8%	William Lyon Mackenzie King
1931	13.5%	R.B. Bennett
1932	9.2%	R.B. Bennett
1933	7.1%	R.B. Bennett
1945	3.1%	William Lyon Mackenzie King
1946	1.0%	William Lyon Mackenzie King
1954	0.7%	Louis St. Laurent
1982	3.2%	Pierre E. Trudeau
1991	2.1%	Brian Mulroney
2009	2.9%	Stephen Harper
2020	5.2%	Justin Trudeau

Sources: Statistics Canada (2022c); Altman (1992); Urquhart (1988); calculations by authors.

Prime Ministers and Federal Debt, 2022

There are different aspects to measuring economic downturns. One involves assessing the years in which economic output shrank in real terms. In Canadian history, there have been 24 years in which there was a year-over-year real decline in GDP (table 3). The largest reductions in GDP occurred in 1931, 1932, and 1933, depression years during R.B. Bennett's tenure. The recession during 2020 due to COVID also represents a significant drop (5.2 percent) in economic output.

However, there are years where the overall growth rate was positive but the economy nonetheless showed a downturn; such circumstances may have adverse effects on federal debt accumulation and we seek to account for this. We take account of this in table 4, which lists the years Cross and Bergevin (2012) recognized as recessions and the prime minister who held office during those years. While tables 3 and 4 mostly overlap, Cross and Bergevin (2012) include additional years of recession that are not reflected in table 3. For example, Canada experienced downturns, or recessions, during John Diefenbaker's tenure in 1957-58 and in 1960-61, and during Pierre Trudeau's first tenure.

Percent change in federal debt per person by prime minister

How has inflation-adjusted federal debt per person grown over the tenures of the Canadian prime ministers? We divide the tenures of the prime ministers and show growth patterns in Figure 3a for those in office when a world war or economic downturn was not taking place, and in Figure 3b the tenures during which there was a world war or economic downturn. Economic downturns are identified as either of or both a year-over-year drop in GDP or a recession as defined by Cross and Bergevin (2012). As mentioned above, there are a total of 23 prime

Table 4: Canadian Recessions Since 1926

Years of recession	Sitting Prime Minister(s)
1929-1933	William Lyon Mackenzie King/ R.B. Bennett
1937-1938	William Lyon Mackenzie King
1947-1948	William Lyon Mackenzie King
1951	Louis St. Laurent
1953-1954	Louis St. Laurent
1957-1958	John Diefenbaker
1960-1961	John Diefenbaker
1974-1975	Pierre E. Trudeau
1980	Pierre E. Trudeau
1981-1982	Pierre E. Trudeau
1990-1992	Brian Mulroney
2008-2009	Stephen Harper
2020	Justin Trudeau

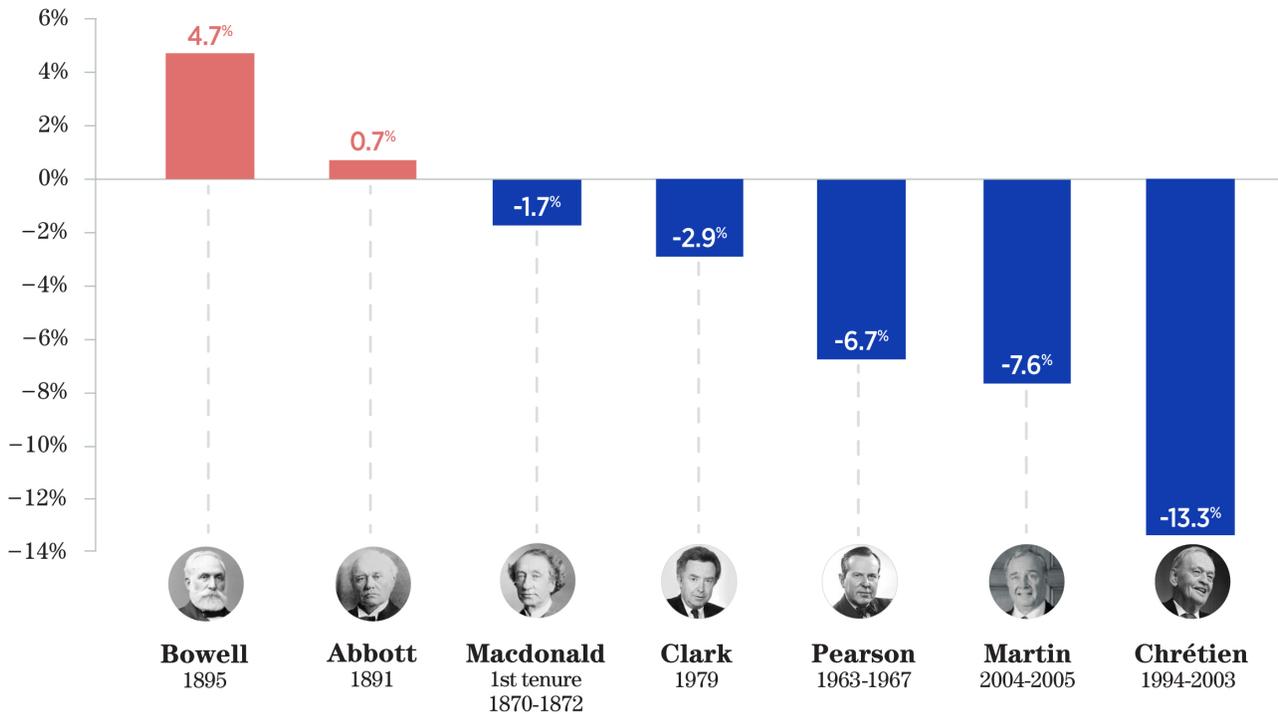
Source: Cross and Bergevin (2012); Statistics Canada (2022c).

ministerial tenures shown, because three prime ministers had multiple tenures in office.

Federal debt per person increased during 14 out of the 23 tenures that we examined; increases in federal debt per person coincided with a world war and/or an economic downturn in 12 out of the 14 cases. And as indicated in figure 3a, Sir Mackenzie Bowell emerges as the largest debt accumulator (4.7 percent) of any prime minister who did not experience a world war or an economic downturn during his tenure, and John Abbott (0.7 percent) came in second place on this measure. In contrast, five out of the seven prime ministers who did not experience a world war or economic downturn during their tenures successfully reduced federal debt per

Prime Ministers and Federal Debt, 2022

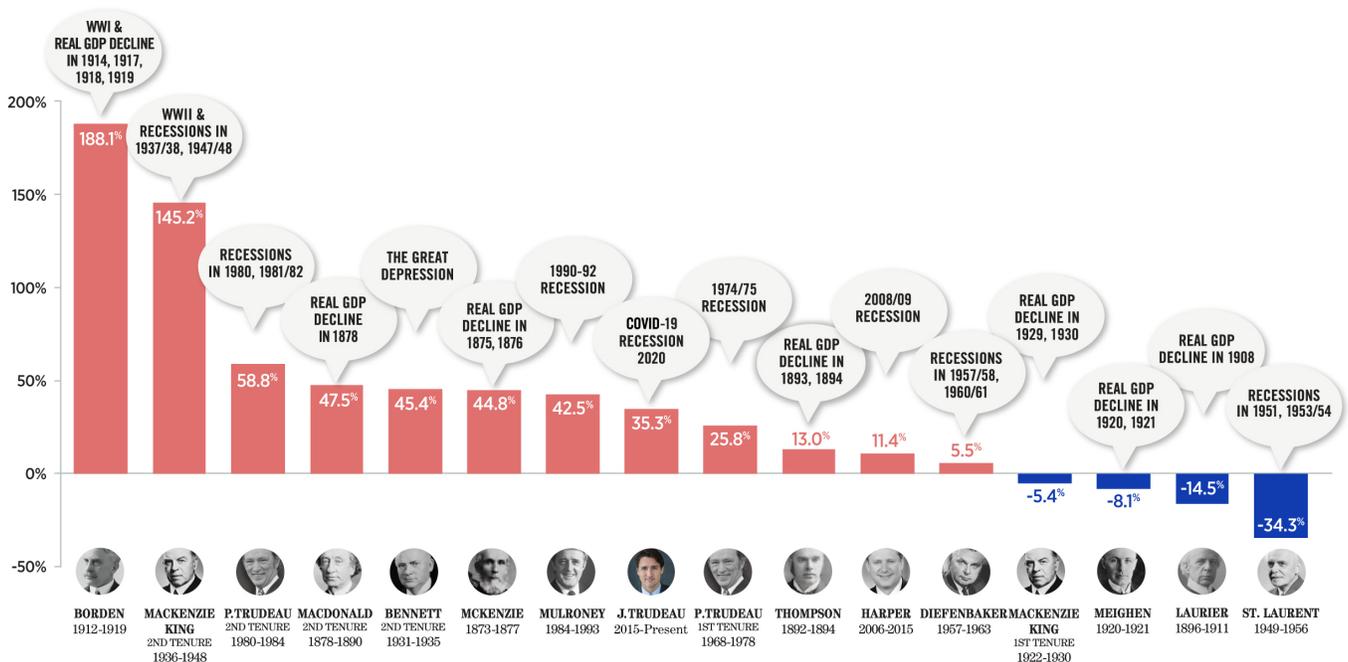
Figure 3a: Percent Change (Inflation-Adjusted) Debt per Person over Prime Ministerial Tenures Without a World War or Economic Downturn



Sources: See figure 1; table 2; table 3; table 4.

Images: National Archives of Canada, Office of the Prime Minister and Wikipedia.

Figure 3b: Percent Change in (Inflation-Adjusted) Debt per Person over Prime Ministerial Tenures With a World War or Economic Downturn



Sources: See figure 1; table 2; table 3; table 4.

Prime Ministers and Federal Debt, 2022

person. The list includes prime ministers Jean Chrétien (-13.3 percent), Paul Martin (-7.6 percent), and Lester Pearson (-6.7 percent).

Changes in debt per person throughout the tenure of prime ministers during a world war or economic downturn appear in Figure 3b. The prime minister during World War I, Sir Robert Borden, oversaw by a wide margin the largest percentage increase in debt per person. Borden served from 1912 to 1919 and federal debt per person increased by 188.1 percent in that time. However, Borden's tenure coincided with a decline in economic growth in four out of the eight years that he was in office (1914, 1917, 1918, and 1919) in addition to fighting World War I.

William Lyon Mackenzie King oversaw the second largest percentage increase in debt per person (145.2 percent) during his second tenure. That tenure was between 1936 and 1948, which covered the period of World War II and four different economic downturns—two recessions (1937–38 and 1947–48) and two years of declining economic growth (1945 and 1946). In contrast, Mackenzie King attained a 5.4 percent reduction in federal debt per person during his first tenure when there was no global conflict.

Pierre Trudeau recorded the next highest per-person debt increase during his second tenure. He increased debt by 58.8 percent,¹⁰ which is less than half the increase during Mackenzie

King's second tenure.¹¹ However, Trudeau experienced multiple economic downturns during his second tenure as prime minister, as Cross and Bergevin (2012) identified 1980 and 1981–1982 as recessionary periods. To illustrate, growth in economic output decreased by 1.5 percentage points in 1980 and by 3.2 percent in 1982.

Prime Minister Justin Trudeau has overseen a 35.3 percent increase in per-person debt since taking office in 2015. His tenure between 2015 and 2022 involves one recession due to the COVID pandemic in which federal debt spiked considerably. The increase in debt per person during Justin Trudeau's tenure is higher than Pierre Trudeau's first term in office and represents the eighth-highest per-person debt increase among prime ministers who served during a world war or economic downturn.

The remaining prime ministers who oversaw per-person debt increases (as shown in Figure 3b) had increases ranging from 5.5 percent (John Diefenbaker) to 47.5 percent (Sir John A. Macdonald's second tenure). Similar to Mackenzie King, Sir John A. Macdonald managed to decrease per-person debt levels during his first tenure (-1.7 percent), but registered a significant increase in his second tenure. However, Macdonald encountered a declining GDP during 1878.

Four prime ministers reduced levels of per-person debt even though they faced economic

¹⁰ During Pierre Trudeau's second tenure (1980–1984), a change in accounting practices meant that debt from federally-owned crown corporations was added to federal government debt. This is reflected in the Fiscal Reference Tables, which itemized an increase in the category of debt referred to as “other liabilities” from \$3.5 billion in 1982 to \$29.5 billion in 1983. To ensure a consistent time series for Pierre Trudeau's second tenure, the calculation for this tenure in figure 3 excludes “other liabilities.”

¹¹ Pierre Trudeau's two tenures in office were interrupted by a single year with the victory and subsequent defeat of Joe Clark in 1979. Pierre Trudeau's tenures are separated to be consistent with the method used with Sir John A. Macdonald and William Lyon Mackenzie King. If Pierre Trudeau's two tenures are combined, debt per person increased by 112 percent under him. (This total growth includes the 3 percent reduction under Joe Clark.)

Prime Ministers and Federal Debt, 2022

downturns during their tenures. Louis St. Laurent recorded the largest debt reduction of any prime minister during his tenure. He succeeded in reducing per-person debt by 34.3 percent from 1949 to 1956 and accomplished this notwithstanding recessions in both 1951 and 1953–54. Similarly, Sir Wilfrid Laurier, Canada's seventh prime minister, oversaw a reduction in federal debt per person of 14.5 percent. Interestingly, the percent reductions during both St. Laurent's and Laurier's tenures are higher than the reduction during Jean Chrétien's tenure (-13.3 percent), which did not involve an economic recession. The final two prime ministers who oversaw reductions in per-person debt levels during global conflicts or economic downturns are Arthur Meighen (-8.1 percent) and William Lyon Mackenzie King in his first tenure (-5.4 percent).

Conclusion

Federal debt per person has changed remarkably and in different ways during the tenures of each Canadian prime minister from 1870 to 2022. Sir John Abbott and Sir Mackenzie Bowell, Canada's third and fifth prime ministers respectively, are the only prime ministers other than Justin Trudeau to have increased federal per-person debt without experiencing a global conflict or an economic downturn. In 2022, federal per-person debt is projected to be \$47,070, the third highest amount in Canadian history. This is more than 25 percent higher than per-person debt before COVID in 2019. During Justin Trudeau's tenure, federal per-person debt increased by 35.3 percent between 2015 and 2022.

References

Altman, Morris (1992). Revised Real Canadian GNP Estimates and Canadian Econom-

ic Growth, 1870–1926. *Review of Income and Wealth Series* 38, 4 (December): 455–474.

Canada, Department of Finance (2015). *Budget 2015*. Government of Canada. <<http://www.budget.gc.ca/2015/docs/plan/toc-tdm-eng.html>>, as of June 7, 2022.

Canada, Department of Finance (2021). *Fiscal Reference Tables December 2021*. Government of Canada. <<https://www.canada.ca/content/dam/fin/publications/frt-trf/2021/frt-trf-21-eng.pdf>>, as of June 7, 2022.

Canada, Department of Finance (2022). *Budget 2022*. Government of Canada. <<https://budget.gc.ca/2022/home-accueil-en.html>>, as of June 7, 2022.

Chudik, Alexander, Kamiar Mohaddes, M. Hashem Pesaran, and Mehdi Raissi (2015). *Is there a Debt-threshold Effect on Output Growth?* IMF Working Paper WP/15/197. International Monetary Fund. <<https://www.imf.org/external/pubs/ft/wp/2015/wp15197.pdf>>, as of June 7, 2022.

Clemens, Jason, and Milagros Palacios (2017). *Prime Ministers and Government Spending: A Retrospective*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/prime-ministers-and-government-spending-retrospective.pdf>>, as of June 7, 2022.

Clemens, Jason, Milagros Palacios, Mathew Lau, and Niels Veldhuis (2017). *End of the Chretien Consensus?* Fraser Institute. <<https://www.fraserinstitute.org/studies/end-of-the-chretien-consensus>>, as of June 7, 2022.

Cross, Philip, and Philippe Bergevin (2012). *Turning Points: Business Cycles in Canada since 1926*. CD Howe Institute. <<https://www.cdhowe.org/turning-points-business-cycles-in-canada-since-1926/19364>>, as of June 7, 2022.

Di Matteo, Livio (2017). *A Federal Fiscal History: Canada, 1867–2017*. The Fraser Insti-

Prime Ministers and Federal Debt, 2022

- tute. <<https://www.fraserinstitute.org/sites/default/files/federal-fiscal-history-canada-1867-2017.pdf>>, as of June 7, 2022.
- Fuss, Jake, Milagros Palacios, and Jason Clemens (2019). *Prime Ministers and Government Spending: 2019 Edition*. The Fraser Institute. <<https://www.fraserinstitute.org/studies/prime-ministers-and-government-spending-2019-edition>>, as of June 7, 2022.
- Lammam, Charles, and Hugh MacIntyre (2017). *An Analysis of Federal Debt in Canada by Prime Ministers since Confederation*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/analysis-of-federal-debt-in-canada-by-prime-ministers-since-confederation.pdf>>, as of June 7, 2022.
- Lammam, Charles, Hugh MacIntyre, Feixue Ren, and Sazid Hasan (2017). *The Cost of Government Debt in Canada, 2017*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/cost-of-government-debt-in-canada-2017.pdf>>, as of June 7, 2022.
- Parliament of Canada (2022). *Prime Ministers of Canada*. Web page. Parliament of Canada. <https://lop.parl.ca/sites/ParlInfo/default/en_CA/People/primeMinisters>, as of June 7, 2022.
- Reinhart, Carmen, and Kenneth Rogoff (2010). Growth in a Time of Debt. *American Economic Review* 100, 2 (May): 573–78.
- Statistics Canada (2009a). *Canada Year Book 1940*. Government of Canada. <https://www66.statcan.gc.ca/eng/acyb_c1940-eng.aspx>, as of June 7, 2022.
- Statistics Canada (2009b). *Canada Year Book 1950*. Government of Canada. <https://www66.statcan.gc.ca/eng/acyb_c1950-eng.aspx>, as of June 7, 2022.
- Statistics Canada (2009c). *Canada Year Book 1960*. Government of Canada. <https://www66.statcan.gc.ca/eng/acyb_c1960-eng.aspx>, as of June 7, 2022.
- Statistics Canada (2009d). *Canada Year Book 1967*. Government of Canada. <https://www66.statcan.gc.ca/eng/acyb_c1967-eng.aspx>, as of June 7, 2022.
- Statistics Canada (2022a). Table 36-10-0130-01: Gross Domestic Product Indexes, Annual. Government of Canada. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610013001>>, as of June 7, 2022.
- Statistics Canada (2022b). Table 17-10-0005-01: Population Estimates on July 1st, by Age and Sex. Government of Canada. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000501>>, as of June 7, 2022.
- Statistics Canada (2022c). Table 36-10-0221-01: Gross Domestic Product, Income Based, Provincial and Territorial, Annual (x 1,000,000). Government of Canada. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022101>>, as of June 7, 2022.
- Urquhart M.C. (1988). *Canadian Economic Growth 1870–1980*. Discussion Paper No. 734. Queen’s University, Economics Department.

Copyright © 2022 by the Fraser Institute. All rights reserved. Without written permission, only brief passages may be quoted in critical articles and reviews.

ISSN 2291-8620

Media queries: For media enquiries, please contact our communications department via e-mail: communications@fraserinstitute.org; telephone: 604.714.4582.

Support the Institute: call 1.800.665.3558, ext. 574 or e-mail: development@fraserinstitute.org

Visit our **website:** www.fraserinstitute.org

Prime Ministers and Federal Debt, 2022



Jake Fuss is the Associate Director of Fiscal Studies at the Fraser Institute. He holds a Bachelor of Commerce and a Master's Degree in Public Policy from the University of Calgary.



Evin Ryan is a Research Intern at the Fraser Institute. He is currently completing his B.A. in Economics at the University of Windsor.

Acknowledgments

This bulletin was inspired by the 2017 work of Professor Livio Di Matteo and his analysis of the finances of Canada over its history (*A Federal Fiscal History: Canada, 1967-2017*) and related work by Jason Clemens and Milagros Palacios (*Prime Ministers and Government Spending: A Retrospective*). The authors would like to thank Charles Lammam and Hugh MacIntyre, who contributed to an earlier version of this study. They also thank Finn Poschmann for his review and invaluable feedback. The authors would also like to express their appreciation to the anonymous reviewers of earlier versions of this paper. Any remaining errors or omissions are the sole responsibility of the authors. As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.