

# NEWS RELEASE

## Canada second highest debt accumulator (as a share of the economy) out of 33 countries from 2019-21

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**VANCOUVER**— Canada experienced the second highest increase in its total debt relative to the size of the economy (GDP) from 2019 to 2021 compared to 33 industrialized countries, behind only Japan, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Despite Canada’s comparatively high debt accumulation during the pandemic, which many argued would result in strong economic performance, we actually underperformed most of our peers,” said Tegan Hill, economist at the Fraser Institute and co-author of *The Accumulated Debt and Economic Performance of Industrialized Countries during COVID*.

Based on data from the International Monetary Fund (IMF), the study finds that from 2019 to 2021, Canada had the second-highest increase in its gross debt as a share of the economy out of 33 countries. The gross debt-to-GDP ratio increased from 87.2 per cent in 2019 to 112.1 per cent in 2021—an increase of 24.9 percentage points.

Despite leading our peers in debt accumulation, Canada underperformed when it came to economic growth, ranking 23rd of 33 countries in 2020 with -5.2 per cent growth in the economy (inflation-adjusted) and 22nd in 2021.

“It’s interesting to note that despite the borrowing by Canadian governments, particularly Ottawa, our recession in 2020 was deeper and our recovery in 2021 weaker than most other industrialized countries,” commented Hill.

Canada’s performance for unemployment was even worse, in 2020 Canada had the third-highest unemployment rate (9.6 per cent) out of 33 industrialized countries, and the eighth-highest unemployment rate (7.4 per cent) in 2021.

Other countries with a marked increase in gross debt relative to the size of their economy, such as the United States, outperformed Canada on both measures. Moreover, Ireland actually reduced its gross debt (as a share of the economy) from 2019-2021 and outperformed Canada on both measures in 2020 and 2021—in fact, Ireland led the group of 33 industrialized countries in inflation-adjusted economic growth in 2020 and 2021.

“Clearly, Canada’s significant debt-financed spending didn’t translate into a comparatively strong economy during the pandemic,” Hill said.

### **MEDIA CONTACT:**

Tegan Hill, Economist  
Fraser Institute

*To arrange media interviews or for more information, please contact:*

Drue MacPherson, Fraser Institute  
Tel: (604) 688-0221 Ext. 721  
E-mail: [drue.macpherson@fraserinstitute.org](mailto:drue.macpherson@fraserinstitute.org)

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