



NEWS RELEASE

Ottawa spending 50% more per Canadian in 2020 than during the 2009 recession: \$13,226 vs. \$8,775

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VANCOUVER—Federal government spending this year, which was already on track to be a new record high before the recession, is now expected to be 50.7 per cent more per Canadian than what Ottawa spent during the 2009 recession, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Prior to the economic shutdown in response to COVID-19, the federal government was planning to spend \$9,306 per Canadian, the highest level ever in Canadian history,” said Jason Clemens, executive vice-president of the Fraser Institute.

The study, *Prime Ministers and Government Spending, Updated 2020 Edition*, tracks annual per person program spending (adjusted for inflation) by prime ministers since Confederation. It concludes that total per person spending in 2020 will reach \$13,226, including \$3,920 per Canadian in COVID-related spending (as of April 24, 2020). This represents a 46.6 per cent increase over the previous highest spending level reached in 2019 of \$9,041.

Again, to put 2020’s per-person spending of \$13,226 in context, after adjusting for inflation, it is 50.7 per cent higher than per-person spending during the 2009 recession, and 74.5 per cent higher than the highest point of per-person spending during the Second World War.

Crucially, along with the record levels of spending, the federal government is also running large deficits and increasing debt.

Another new study released today, *Deferring Federal Taxes: Illustrating the Deficit Using the GST*, uses the goods and services tax to highlight how much tax the federal government was deferring in taxes before the recession.

To contextualize the size of the pre-recession deficit, consider that the federal GST (currently five per cent) would have to have been nine per cent to balance the budget.

“Because of the federal government’s lack of fiscal prudence recently, Ottawa’s finances were much worse than they should have been going into this recession,” Clemens said.

“The additional spending the government has announced in response to the recession and COVID will exacerbate that problem and means that Canadian taxpayers will be on the hook for today’s spending for decades to come.”

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