This essay updates the previous 2020 measure of per-person program spending by prime ministers, adjusting for inflation, since 1870. This essay focuses on the potential level of spending in 2020 based on the government’s response to the COVID-induced recession, up to April 24, 2020.

Per-person federal program spending will reach an estimated $13,226 in 2020, by far the highest level in the history of the country. This includes $3,920 in per-person spending related to responses to the recession and COVID-19 more generally.

Even the pre-recession planned spending for 2020—$9,306 per person—would have been the highest in Canada’s history, increasing 3.2% from 2019, which was itself then the highest level of per-person spending on record.

Indeed, Prime Minister Justin Trudeau has recorded the three highest levels of per-person spending (2018, 2019, and 2020) in Canadian history.

To put 2020’s expected per-person spending in context ($13,226), it is 50.7% higher than during the 2009 recession and 74.5% higher than the highest point of per-person spending during World War II.
Introduction

The 2020 edition of Prime Ministers and Government Spending was released in early January (Hill et al., 2020). Among other insights it showed that the highest level of per-person spending (program spending) by the federal government, adjusting for inflation, occurred in 2019 under Prime Minister Justin Trudeau. Much has changed since the release of that study in terms of both COVID-19 and the corresponding global recession, and the government’s response to it. This essay includes a forecast for 2020 per-person spending based on available information up to April 24, 2020.

Before delving into the spending analysis for 2020, it is first necessary to understand the varying tenures of the country’s 23 prime ministers. Table 1 lists the twenty-three prime ministers, their affiliated parties, and their terms as prime ministers. There are a number of unusual situations on the list, including several prime ministers who served non-consecutive terms.

Several prime ministers served in what could be categorized as transitional periods. For instance, the four prime ministers who followed Sir John A. Macdonald after his death in 1891 served a total of 5 years before Sir Wilfrid Laurier led the Liberals to government in 1896. In fact, Sir Charles Tupper was prime minister for just three months before losing the 1896 election.

A number of other prime ministers also served quite short terms. Prime Ministers John Turner (1984) and Kim Campbell (1993) both assumed power in the latter stages of a government’s term only to lose the ensuing election. Arthur Meighen’s second term as prime minister in 1926 lasted only three months before he lost to William Lyon Mackenzie King, the country’s longest serving prime minister. Joe Clark served as prime minister in a minority Tory government for less than a year in 1979 before the government fell on its budget bill. He lost the subsequent 1980 election to Pierre Trudeau.

Prime Ministers Sir John A. Macdonald, William Lyon Mackenzie King, and Pierre Trudeau all experienced interruptions, of varying lengths, in their governance. All three lost elections, but retained the leadership of their parties, and were later re-elected.

The tenures of Sir Robert Borden and William Lyon Mackenzie King were each heavily influenced by the two world wars. Prime Ministers Alexander Mackenzie, Sir John Thompson, Sir Robert Borden, Arthur Meighen, William Lyon prime minister from December 1892 to December 1894 when he died suddenly. Sir Mackenzie Bowell, who was then serving in the Senate, was appointed prime minister, a position he held from December 1894 to April 1896. He was forced to resign from office in what was considered a political crisis when seven ministers of his government resigned citing his incompetence. Sir Charles Tupper was recalled from the United Kingdom, where he served as the High Commissioner. He had been selected by those in Cabinet who moved against Bowell to be his successor. Tupper only served as prime minister for a few months before he was defeated by Sir Wilfrid Laurier in the July 1896 election.

1 Typically, a recession is defined as two consecutive quarters of negative economic growth. Economists are in broad agreement that there will be a global recession in 2020 as a result of the response to COVID-19. For more information, see the IMF’s World Economic Outlook, <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

2 Sir John Abbott, who immediately succeeded Sir John A. Macdonald, was forced to relinquish the prime ministership in 1892 due to failing health. Sir John Thompson, the first Roman Catholic prime minister, succeeded Abbott, but only served as
Table 1: Terms and Political Party of Canada's Prime Ministers

<table>
<thead>
<tr>
<th>Prime Minister (Budget)</th>
<th>Party</th>
<th>Tenure as PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir John A. Macdonald</td>
<td>Liberal Conservative Party</td>
<td>1867-1873, 1878-1891</td>
</tr>
<tr>
<td>Alexander Mackenzie</td>
<td>Liberal Party</td>
<td>1873-1878</td>
</tr>
<tr>
<td>Sir John Abbott</td>
<td>Liberal Conservative Party</td>
<td>1891-1892</td>
</tr>
<tr>
<td>Sir John Thompson</td>
<td>Liberal Conservative Party</td>
<td>1892-1894</td>
</tr>
<tr>
<td>Sir Mackenzie Bowell</td>
<td>Conservative Party</td>
<td>1894-1896</td>
</tr>
<tr>
<td>Sir Charles Tupper</td>
<td>Conservative Party</td>
<td>1896</td>
</tr>
<tr>
<td>Sir Wilfrid Laurier</td>
<td>Liberal Party</td>
<td>1896-1911</td>
</tr>
<tr>
<td>Sir Robert Borden</td>
<td>Conservative Party, Unionist Party*</td>
<td>1911-1917, 1917-1920</td>
</tr>
<tr>
<td>Arthur Meighen</td>
<td>National Liberal and Conservative Party**</td>
<td>1920-1921, 1926</td>
</tr>
<tr>
<td>R.B. Bennett</td>
<td>Conservative Party</td>
<td>1930-1935</td>
</tr>
<tr>
<td>Louis St. Laurent</td>
<td>Liberal Party</td>
<td>1948-1957</td>
</tr>
<tr>
<td>John Diefenbaker</td>
<td>Progressive Conservative Party</td>
<td>1957-1963</td>
</tr>
<tr>
<td>Lester B. Pearson</td>
<td>Liberal Party</td>
<td>1963-1968</td>
</tr>
<tr>
<td>Joe Clark</td>
<td>Progressive Conservative Party</td>
<td>1979</td>
</tr>
<tr>
<td>John Turner</td>
<td>Liberal Party</td>
<td>1984</td>
</tr>
<tr>
<td>Brian Mulroney</td>
<td>Progressive Conservative Party</td>
<td>1984-1993</td>
</tr>
<tr>
<td>Kim Campbell</td>
<td>Progressive Conservative Party</td>
<td>1993</td>
</tr>
<tr>
<td>Jean Chretien</td>
<td>Liberal Party</td>
<td>1994-2003</td>
</tr>
<tr>
<td>Paul Martin</td>
<td>Liberal Party</td>
<td>2003-2006</td>
</tr>
<tr>
<td>Justin Trudeau</td>
<td>Liberal Party</td>
<td>2015-Present</td>
</tr>
</tbody>
</table>

Notes:

* 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.

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

Mackenzie King, and R.B. Bennett all experienced prolonged recessions during their terms. These challenging situations are worth recalling in any assessment of the spending records of the various prime ministers.

**Spending analysis and methodology**

This essay focuses only on program spending by the prime ministers; it excludes interest costs on government debt. Were we to include interest costs, it would penalize or reward prime ministers on the level of accumulated debt prior to their tenure, or who faced higher or lower than normal interest rates, both of which are out of the government’s direct, immediate control.³

There are several breaks in the spending data that this report uses, which mean that the year-over-year comparisons in the change in per-person federal program spending in those years will, to some extent, be driven by the changes in the underlying data. For instance, there is a break in the spending data in 1983 based on a change in government accounting that makes year-over-year comparisons difficult for that year. Similarly, the fiscal year end was changed from June 30th to March 31st in 1907, which means the fiscal year in 1906 was only 9 months long.

The data used in this essay are based on government fiscal years, which, as noted, run from April 1st to March 31st.


The estimate for program spending for 2020-21 is comprised of two components. First, data from the Department of Finance’s *Economic and Fiscal Update 2019* to estimate the planned program spending for 2020-21 ($353.6 billion). And second, the direct spending measures announced by the federal government in response to COVID-19 up to April 24, 2020 ($148.9 billion).⁵

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³ While debt-servicing costs are influenced by both prevailing interest rates and the level of accumulated debt from previous governments, that is not to say that the policies of the current government do not influence either interest costs or debt. For instance, current policies regarding the use of deficits to finance current spending can and do influence bond ratings, which affect the risk premiums required by bond investors. Similarly, current deficit policies will influence near-term debt accumulation.

⁴ Program spending for the 2019-20 fiscal year may be slightly impacted by the spending in response to COVID-19, however, the expectation is it will be limited given that the COVID-related spending started in mid-to-late March, and the fiscal year end for 2019-20 is March 31th.

⁵ To estimate 2020-21 program spending, several assumptions were used. First, all loans and other liquidity supports will be returned and paid back in full. For this reason, the estimate for 2020-21 program spending does not include liquidity measures (tax payment deferrals, loans, credit and capital relief), which are valued at $671 billion as of April 24, 2020. Any loans not fully paid back will be an expense to the federal government. Second, in the estimate for 2020-21, the essay assumes that between the CEWS and CERB, additional spending on Employment Insurance (EI) will be minimal relative to the original expectations outlined in the fall economic and fiscal update.
The essay adjusted federal program spending by population to calculate per-person spending. This is an important adjustment since changes in population influence aggregate program spending. In other words, the same dollar amount of increased spending can look quite different depending on whether a jurisdiction is experiencing robust or modest population growth, or perhaps even a population decline.

The essay also adjusted program spending for inflation so that spending in 1900 is comparable with spending in 2020. Hereafter, per-person federal program spending adjusted for inflation is simply referred to as “per-person spending.”

Finally, a word about the adjustments needed to make with respect to which prime minister was designated responsible for various budgets, particularly in years when there were changes in government. Table 2 summarizes the allocation of budgets to prime ministers. At the bottom of the table is a list of decisions that were made for a number of budgets. Almost all of these decisions relate to budget years in which there was a transition within the governing party’s leadership such that the prime ministership changed or there was an election. For example, the 1873-74 budget was allocated to Alexander Mackenzie rather than Sir John A. Macdonald, even though the latter started the fiscal year as prime minister. We assigned Mackenzie responsibility for the year’s budget (fiscal year) because he won the November 1873 election, which meant that most of the fiscal year occurred within his tenure.

In deciding which prime minister was allocated responsibility for a specific budget year, two factors were used. The single most important consideration was the prime minister’s length of time in office during a budget year. However, a number of budget years were fairly evenly split between two different prime ministers. These situations were resolved by the second consideration: which prime minister delivered the original budget for the year, because he or she set the foundation for spending for the year.

In a few instances a new prime minister was elected late in a fiscal year but was nonetheless allocated responsibility for a budget because of material spending changes enacted after the election. For instance, there is legitimate debate about who properly bears responsibility for the spending enacted in the 2015 budget. The Conservatives led by then-Prime Minister Stephen Harper planned for $263.2 billion in program spending, which represents spending of $7,372 per person (or $7,868 in 2020 dollars). Once the Trudeau Liberals assumed power after the election in October 2015, they increased program spending to $273.6 billion, or $7,664 per person ($8,179 in 2020 dollars) in budget year 2015-16, some $10.4 billion more than the Harper Conservatives originally planned (Canada, Department of Finance, 2019a).

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6 Statistics Canada tables 17-10-0063-01 (from 1870 to 1970) and 17-10-0005-01 (from 1971 to 2019) provide population data. Statistics Canada table 17-10-0057-01 was used to estimate population data for 2020.

7 The price index used is a GDP deflator. For the period from 1870 to 1960, the data come from Urquhart (1988); for 1961 to 2018, the data are taken from Statistics Canada, CANSIM Table 36-10-0130-01. For 2019 to 2020, data are from the Canadian Economic Outlook (BMO Economics, 2020). (We chose the GDP deflator in part because the historical data go back to 1870, whereas the comparable CPI data are only available as of 1914.)

8 This was largely a deliberate decision by the Trudeau government. For details on the planned spending increase, see Budget 2016, Table A1.2, p.
### Table 2: Canadian Prime Ministers and Budgets, By Year

<table>
<thead>
<tr>
<th>Prime Minister (Budget)</th>
<th>Years</th>
<th>Number of Budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir John A. Macdonald</td>
<td>1867-1872, 1878-1890</td>
<td>16*</td>
</tr>
<tr>
<td>Alexander Mackenzie</td>
<td>1873-1877</td>
<td>5</td>
</tr>
<tr>
<td>Sir John Abbott</td>
<td>1891</td>
<td>1</td>
</tr>
<tr>
<td>Sir John Thompson</td>
<td>1892-1894</td>
<td>3</td>
</tr>
<tr>
<td>Sir Mackenzie Bowell</td>
<td>1895</td>
<td>1</td>
</tr>
<tr>
<td>Sir Wilfrid Laurier</td>
<td>1896-1911</td>
<td>16</td>
</tr>
<tr>
<td>Sir Robert Borden</td>
<td>1912-1919</td>
<td>8</td>
</tr>
<tr>
<td>Arthur Meighen</td>
<td>1920-1921</td>
<td>2</td>
</tr>
<tr>
<td>William Lyon Mackenzie King</td>
<td>1922-1930, 1936-1948</td>
<td>22</td>
</tr>
<tr>
<td>R.B. Bennett</td>
<td>1931-1935</td>
<td>5</td>
</tr>
<tr>
<td>Louis St. Laurent</td>
<td>1949-1956</td>
<td>8</td>
</tr>
<tr>
<td>John Diefenbaker</td>
<td>1957-1963</td>
<td>6</td>
</tr>
<tr>
<td>Lester B. Pearson</td>
<td>1963-1967</td>
<td>5</td>
</tr>
<tr>
<td>Joe Clark</td>
<td>1979</td>
<td>1</td>
</tr>
<tr>
<td>Brian Mulroney</td>
<td>1985-1993***</td>
<td>9</td>
</tr>
<tr>
<td>Jean Chretien</td>
<td>1994-2003</td>
<td>10</td>
</tr>
<tr>
<td>Paul Martin</td>
<td>2004-2005</td>
<td>2</td>
</tr>
<tr>
<td>Stephen Harper+</td>
<td>2006-2015</td>
<td>10</td>
</tr>
<tr>
<td>Justin Trudeau+</td>
<td>2016-Present</td>
<td>4</td>
</tr>
</tbody>
</table>

**Notes:**

The fiscal year-end for the federal government was changed from June 30th to March 31st in 1907.

The budgets for 1867 to 1869 are excluded from this analysis due to a lack of inflation data.

This analysis uses the Department of Finance’s Economic and Fiscal Update 2019 for 2019-20 data. We estimate 2020-21 program spending using data from the Department of Finance’s Economic and Fiscal Update 2019, plus direct spending measures announced by the federal government in response to COVID-19 up to April 2020.

* Does not include budgets for 1867–1869 due to a lack of inflation data for those years.

** 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.

*** 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.

+ There is some legitimate debate regarding the allocation of the 2015 budget. The Conservatives under Prime Minister Harper were on course to spend $263.2 billion in budget year 2015-16. The Liberals led by Prime Minister Trudeau initiated immediate spending increases after winning the election in October of 2015. The result was an increase in program spending in budget year 2015-16 from the planned $263.2 billion to $273.6 billion.

Details on the allocation of specific budgets:

1. The 1873 budget was allocated to Alexander Mackenzie who was elected in November 1873.
2. The 1878 budget was allocated to Sir John A. Macdonald as he was re-elected in October of 1878.
3. The 1891 budget was allocated to Sir John Abbott as he assumed leadership for Liberal-Conservative Party in June of 1891.
4. The 1894 budget was allocated to Sir John Thompson as he retained the leadership of the Liberal-Conservative Party until December of 1894, after which Sir Mackenzie Bowell assumed the leadership of the Conservative Party.
5. The 1896 budget was allocated to Sir Wilfrid Laurier rather than either Sir Mackenzie Bowell or Sir Charles Tupper since Laurier and the Liberal Party assumed power in July of 1896.
6. Note that no budget is allocated to Sir Charles Tupper who served as the Prime Minister from May 1896 to July 1896 before losing the general election to Sir Wilfrid Laurier.
7. The 1911 budget was allocated to Sir Wilfrid Laurier as he served as the Prime Minister until October of 1911. Though this represents the mid-point of the fiscal year, the Liberal Party would have delivered and implemented the budget for the year before the election.
8. The 1920 budget was allocated to Arthur Meighen as he was appointed Prime Minister in July of 1920.
9. Note that even though Arthur Meighen was appointed PM for 4 months in 1926, William Lyon Mackenzie King was allocated responsibility for the year’s budget, in large measure because he was the PM for 8 of the 12 months of the year and he delivered the annual budget.
10. The 1930 budget was allocated to William Lyon Mackenzie King even though he lost the election in August, which is close to the mid-point of the budget year. However, the King Liberals delivered the budget in 1930, which is the main reason they are allocated responsibility for it.
11. John Diefenbaker was allocated responsibility for the 1957 budget since he was elected in June of that year.
12. The 1963 budget was allocated to Lester B. Pearson as he was elected as Prime Minister in April of 1963.
13. Pierre Trudeau was allocated responsibility for 1968 budget as he was appointed the leader of the Liberal Party in April of 1968.
14. The 1984 budget was jointly allocated to Pierre Trudeau and John Turner chiefly because the Liberal Party delivered the year’s budget and did not lose the general election until September of 1984.
15. The 1993 budget was jointly allocated to Brian Mulroney and Kim Campbell chiefly because the Progressive Conservative Party delivered the year’s budget and did not lose the general election until November of 1993.
person spending increase is a 4.0% rise over that originally planned by Prime Minister Harper.

Figure 1 illustrates per-person spending beginning in 1870. (Data for 1867 to 1869 were not included because a lack of inflation data for those years prevented proper inflation adjustments). Table 2 identifies and lists the specific prime minister for each period.

A number of general aspects of figure 1 are worth noting before delving into the specifics of the projected per-person spending for 2020. First, per-person spending has increased from a little over $100 (in 2020 dollars) in 1870 to $13,226 in 2020. In each of the last three years, per-person spending has been at its highest point in Canadian history. Put simply, Canada has seen a massive increase in federal government per-person spending over its 153-year history, which is indicative of the federal government’s markedly expanded role in the economy.

The spikes in per-person spending during both world wars are unmistakable in figure 1. Per-person spending rose under Prime Minister Sir Robert Borden from $615 in 1913 to $1,343 by 1916. It remained above $1,000 per person in both 1918 and 1919 before being cut by almost 50% in 1920; per-person spending levels essentially returned to pre-World War I levels after the war ended.

World War II saw a more pronounced spike in per-person spending, which increased from $807 in 1938 to a wartime high of $7,581 per person in 1943. By 1948, William Lyon Mackenzie King’s last year as prime minister, per-person spending had declined to $1,765. Unlike the spending after World War I, per-person spending following World War II did not return to its pre-war level. Rather, per-person spending in 1948 ($1,765) was 119% higher than in 1938 before wartime spending began.

Figure 2 focuses specifically on per-person spending following World War II, starting with Prime Minister Louis St. Laurent in 1949. Figure 2 is based on the same data as figure 1. Per-person spending grew relatively slowly during the St. Laurent and Diefenbaker periods following World War II, though, as discussed, at a higher level than prior to the war.

Increases in per-person spending began in earnest in 1966 under Prime Minister Lester Pearson and continued with his successor, Prime Minister Pierre Trudeau. Per-person spending was $3,142 in 1962 when Pearson assumed office. Large increases were introduced in 1966 and continued thereafter as existing programs were expanded and new programs, such as Medicare, were introduced. Per-person spending reached $4,021 in 1967, Pearson’s last budget as prime minister.

When Prime Minister Pierre Trudeau assumed office in 1968, he continued the trend that Pearson had begun. At its peak in 1982, Pearson-Trudeau per-person spending reached $7,556, a 141% increase from the 1962 budget, Prime Minister John Diefenbaker’s last before losing the election to Lester B. Pearson.

Under Prime Minister Brian Mulroney, per-person spending became fairly stable, even de-
Figure 1: Per-Person Federal Program Spending, 1870-2020 (2020$)

Sources: Leacy, 1983; Canada, Department of Finance, 2019a, 2019b, 2019c, 2020; Statistics Canada 2019a, 2019b, 2019c; BMO Economics, 2020; calculations by authors.

Figure 2: Per-Person Federal Program Spending, Post WWII (2020$)

Source: See Figure 1.
creasing slightly (by 0.3% annually, on average) during his tenure from 1984 to 1993.

The Mulroney era was followed by a period that was critically important to fiscal reform. Led by Prime Minister Jean Chrétien, the federal government reduced per-person spending by 16.5% in the three budgets between 1994 and 1996.

The Chrétien era of reform was followed by increases in per-person spending under both Prime Minister Paul Martin and Prime Minister Stephen Harper. Per-person spending spiked 16.2% to $8,775 during the recession of 2009 under the Harper government (figure 2). However, per-person spending then dropped by a cumulative total of 12.8% between 2009 and 2014.

Assessing per-person spending for 2020

There are two aspects to the analysis for 2020. The first pertains to the level of per-person spending planned prior to the recession, and the second relates to the additional spending expected in response to the recession. The pre-recession per-person spending in 2020, which is based on the Economic and Fiscal Update 2019, is $9,306. This represents the highest level of per-person spending, adjusted for inflation, in the history of the country. It is 3.2% higher than the previous highest level of per-person spending, which was recorded in 2019. Indeed, 2018–2020 represent the three highest levels of per person spending in the history of the country. For reference, the pre-recession level of per-person spending was 6.0% higher than the 2009 recession level recorded by Prime Minister Harper.

The second aspect of the analysis includes the addition of recession-related spending announced up to April 24, 2020. In total, $148.9 billion has been announced in direct spending by the federal government in response to the recession. This translates into an additional $3,920 in per-person spending in 2020, bringing the total expected level of per-person spending in 2020 to $13,226.

Some context is needed to help understand the magnitude of the total expected increase in per-person spending in 2020. First, it is a 46.6% increase from per-person spending in 2019. Second, it is a 50.7% above the level of per-person spending in 2009, the last recession. And third, it is 74.5% higher than the level of per-person spending during the peak of World War II.

In sum, per-person spending in 2020 will reach the highest level in Canadian history and will significantly exceed levels previously experienced in times crisis, such as war and recession.

References


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10 For a discussion of the importance of the fiscal reforms enacted by the Chrétien government, see Crowley, Clemens, and Veldhuis (2010), and Veldhuis, Clemens, and Palacios (2011).

11 For a thorough discussion of the reforms enacted during the Chrétien era, see Clemens, Lau, Palacios, and Veldhuis (2017).


Prime Ministers and Government Spending, 2020 update


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