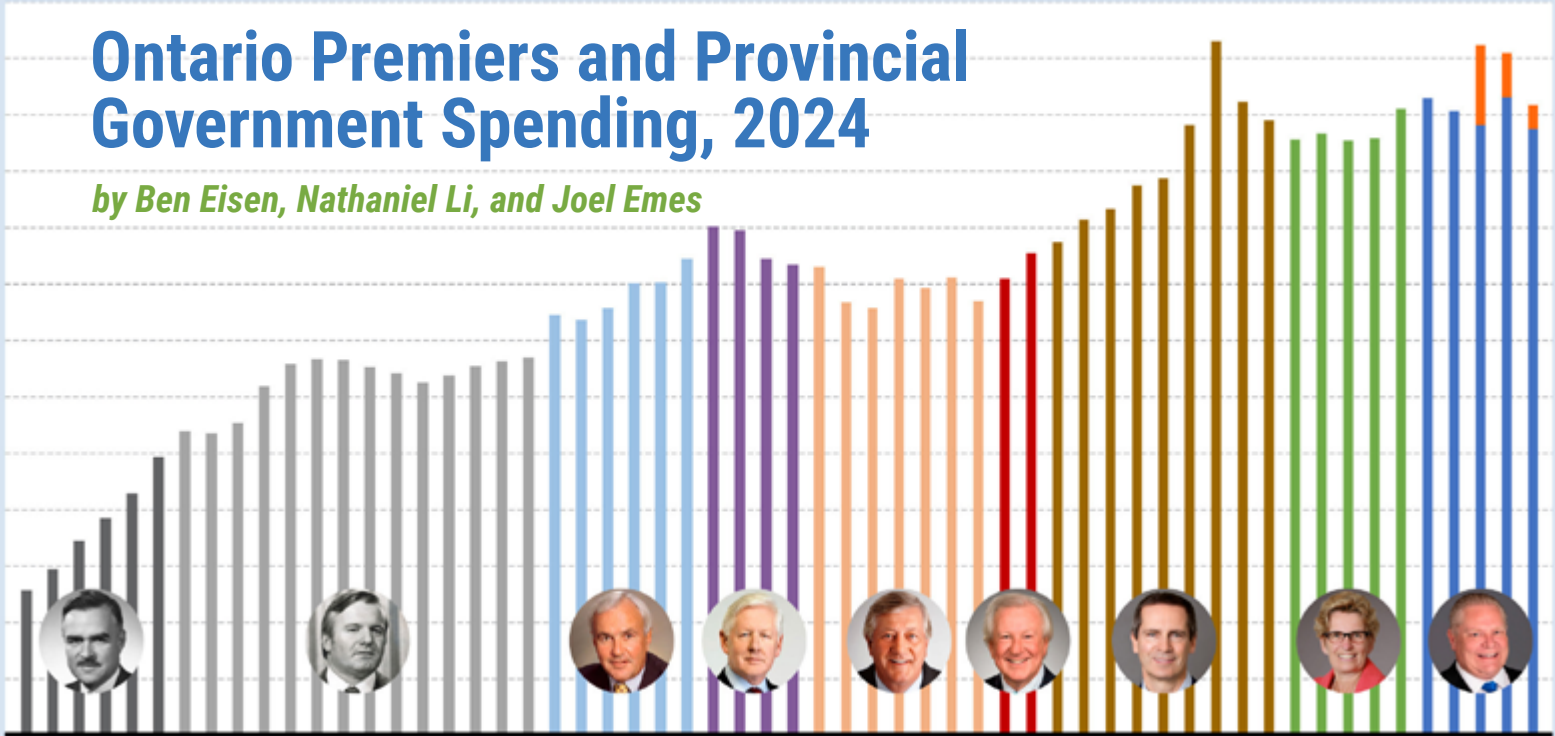


Ontario Premiers and Provincial Government Spending, 2024

by Ben Eisen, Nathaniel Li, and Joel Emes



Summary

- This bulletin reviews annual per-person program spending (inflation-adjusted) by Ontario premiers from 1965 to 2022.
- The highest single year of per-person spending between 1965 to 2022 was under Premier Dalton McGuinty in 2010, at \$12,305 (\$2022). The next two highest years were under Premier Doug Ford in 2020 at \$12,227 and \$12,081 in 2021. If we exclude one-time expenditures related to the COVID-19 pandemic, the Ford government still has the second and third-highest years of per-person provincial spending in Ontario's history.
- The Ford government's approach to spending growth has been nearly identical to that of predecessor Premier Kathleen Wynne. Both governments have increased spending over their time in office, at a slower rate than predecessors Dalton McGuinty and Ernie Eves.
- Premier Ernie Eves ranks as having the highest average annual increase in per-person spending during his brief time as Premier at 5.4 percent. However, Eves only served as premier for two fiscal years.
- The second fastest average spending growth was under Premier David Peterson at 4.0 percent. Dalton McGuinty was third highest at 2.9 percent.
- Per-person spending fell under Premier Bob Rae at an average annual rate of 0.2 percent. Under Premier Mike Harris, per person spending fell at an average annual rate of 1.0 percent.

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Introduction

This essay reviews the spending records of Ontario governments under each of the province's premiers from 1965–2022.¹ Specifically, it examines per-person (inflation-adjusted) program spending since 1965. This bulletin shows the real per-person spending level in each year, as well as the average annual change in program spending over each premier's time in office. The intention is to provide a historical analysis of this key measure of government fiscal policy.

Methodology

This bulletin focuses on program spending by premiers, which means interest costs on government debt are excluded. If interest costs were included, it would influence the results for each premier based on the accumulated debt prior to their tenure, and/or prevailing interest rates, both of which are out of the provincial government's immediate control.²

The study uses Finances of the Nation government revenue and expenditure data (REAL),³ which is built from three Statistics Canada publications: *Public Finance Historical Data* (PFHD) for 1965 through 1992; *Federal, Provincial and Territorial General Government Revenue and Expenditure* (FPRTE) for 1989 through 2009; and *Canadian*

Government Finance Statistics (CGFS) for 2009 to the most recent fiscal year. Data are available up to the fiscal year 2022–23. Accounting conventions are comparable through time within each period, but there are differences among the three periods. The creators of the REAL dataset adjust the data to make them more comparable.⁴

The study uses data based on provincial government fiscal years, which begin April 1st and end March 31st. Throughout the analysis we refer to government fiscal years by the first year only. Thus, fiscal year 2022–23, for instance, is simply referred to as 2022. We do this both for simplicity and because most of the government's fiscal year occurs in the first year of the two years referenced.

We use Statistics Canada's Table 17-10-0009-01 to adjust for population changes over time. We use the Consumer Price Index to adjust for inflation, with data drawn Statistics Canada's Table 18-10-0004-01. Provincial per-person program (inflation-adjusted) spending is simply referred to as "per-person spending" hereafter.

In years when there were changes in government, it is necessary to make decisions about which premier is designated responsible for spending in each year. We use two factors to decide which premier was allocated a specific budget year. The first and most important was the premier's length of

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- 1 The foundation for this analysis is based on *Prime Ministers and Government Spending: A Retrospective* (Clemens and Palacios, 2017). It updates the data presented in *Ontario Premiers and Provincial Government Spending* (Eisen, Eves, and Hill, 2023).
 - 2 Debt-servicing costs are influenced by both the level of debt accumulated from previous governments and prevailing interest rates. However, that is not to say that the policies of the current government do not influence debt-servicing costs. Deficits add to near-term debt accumulation, and deficit-financed spending can influence the risk premium on government debt, both of which can have an impact on interest costs.
 - 3 See <https://financesofthenation.ca/data/>
 - 4 Note that discrepancies are generally less than five percent (and are often much smaller) at the points where the datasets overlap. You can learn more about the adjustments made in the User Guide to the Finances of the Nation REAL data (<https://financesofthenation.ca/real-fedprov/>).

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Table 1: Ontario's Premiers and Budget Years over the Period of Analysis

PREMIER (BUDGET)	PARTY	BUDGET YEARS	NUMBER OF BUDGETS
John Robarts	Progressive Conservative	1965–1970	6
Bill Davis	Progressive Conservative	1971–1984	14
David Peterson	Liberal	1985–1990	6
Bob Rae	New Democratic	1991–1994	4
Michael Harris	Progressive Conservative	1995–2001	7
Ernie Eves	Progressive Conservative	2002–2003	2
Dalton McGuinty	Liberal	2004–2012	9
Kathleen Wynne	Liberal	2013–2017	5
Doug Ford	Progressive Conservative	2018–2022	5

Note: Although John Robarts served as premier for 11 years (1961 to 1971), there are six years of available data during his tenure (1965 to 1970). Details on the allocation of specific budgets:

Frank Miller served as premier for five months from February 1985 to June 1985. Given that he did not serve as Premier for the majority of either fiscal year (1984/85 or 1985/86) he is not included in this analysis.

The 1990 budget was allocated to David Peterson as he served as Premier for more than half the fiscal year and delivered the original budget. The 2003 budget was allocated to Ernie Eves as he served as Premier for more than half the fiscal year and delivered the original budget.

Source: Legislative Assembly of Ontario, 2024.

time in office during the fiscal year. When the fiscal year is fairly evenly split between two or more premiers, the situation is resolved by considering a second factor: which premier delivered the original budget that set the foundation for spending that year. Table 1 summarizes the allocation of budget years to premiers from 1965 to 2022. Note that Premier Robarts took office in 1961, however, due to data limitations prior to 1965 we do not include the earliest years of his premiership before 1965 in this analysis.

Of course, each premier faced a unique set of economic conditions. Certain premiers served during periods of recession and/or other significant events that may have impacted government

spending.⁵ However, the intention of this bulletin is not to provide context to specific years of spending or be a commentary on whether spending changes were either necessary or well-advised.⁶ Rather, it is specifically and narrowly focused on providing a measurement of per-person spending and spending growth over each premier's time in office.

Per-person spending in Ontario 1965 to 2022

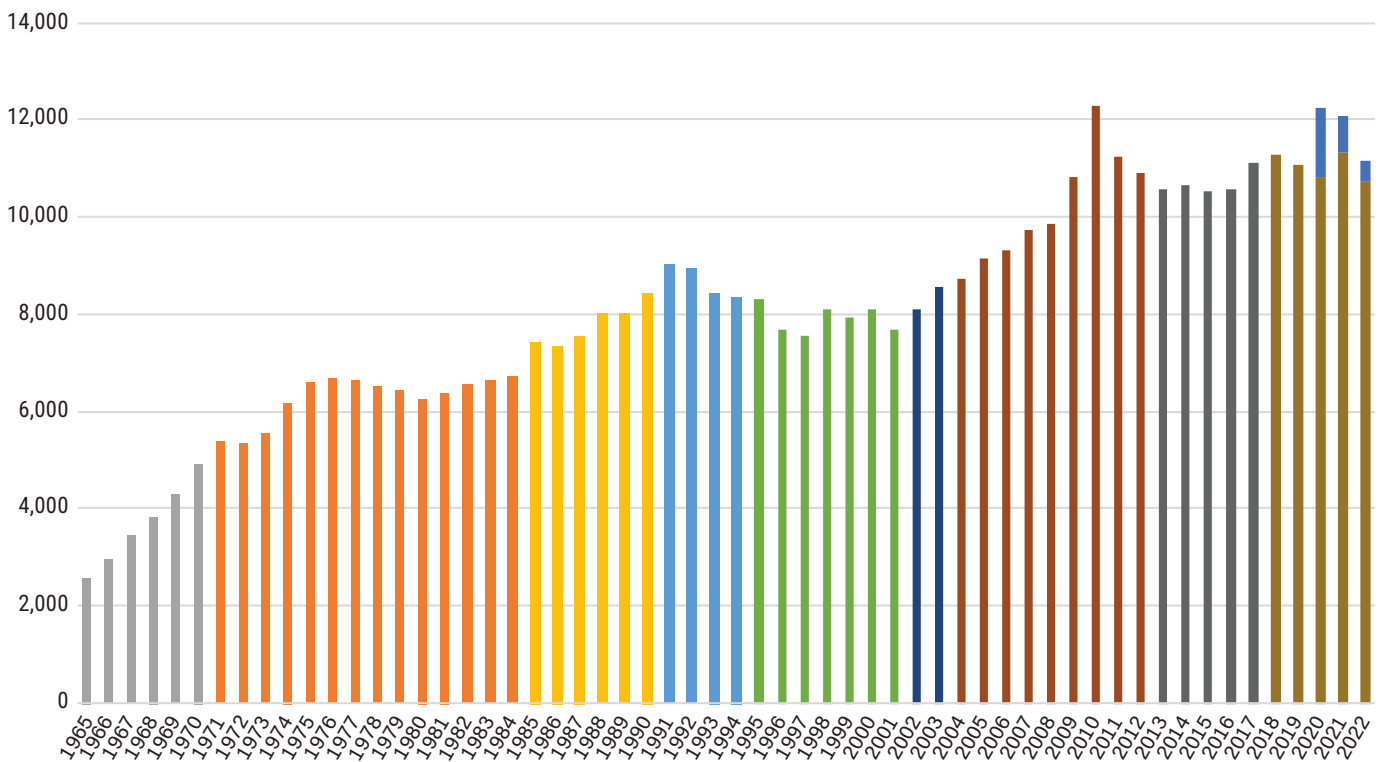
Figure 1 shows inflation-adjusted per-person spending beginning in 1965. It shows that from 1965 to 2022, per-person spending increased from \$2,571 (in 2022 inflation-adjusted dollars) to \$11,163 in the final year of the analysis.

5 For example, Ontario experienced sharp recessions in the 1990s and during the years surrounding the global financial crisis of 2008/09. Most recently, Premier Ford's government was in power during the COVID-19 pandemic and recession.

6 For discussions of these issues see, for example, Tanzi (2011) and Di Matteo (2013).

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Figure 1: Inflation-adjusted (\$2022) Per-Person Program Spending in Ontario, 1965–2022



Sources: Finances of the Nation, 2023; Statistics Canada, Table 17-10-0009-01; Statistics Canada, Table 18-10-0004-01.

The history of Ontario’s spending growth since 1965 can roughly be broken into six distinct periods which roughly (if imperfectly) align with the various premiers’ tenures. The first of these was a period of significant spending growth from 1965 until the middle of the 1970s when John Robarts and Bill Davis were in office. Per-person spending increased from \$2,571 per person in 1965 to \$6,661 in 1976.

The second period began in the mid-1970s under Premier Bill Davis, when Ontario’s provincial government introduced modest spending reductions. Per-person spending fell from \$6,661 in 1976 to \$6,242 in 1980 at which point it began to rebound. In 1984, the final year to which we assign Premier Davis responsibility, spending had

risen and slightly exceeded the precise level that it had been in 1976 (\$6,699). Overall, the 1976 to 1984 period, which included modest spending reductions followed by modest growth, can be seen as one of lengthy spending restraint.

The third period began in 1985. David Peterson’s government initiated another period of significant spending growth, which lasted throughout his time in office and through the first year of Premier Rae’s term. During this period per-person spending rose from \$6,699 in 1984 to \$8,455 in 1991. Premier Rae’s first year in office was 1991, during which Ontario faced a recession and saw a per-person spending increase of 6.5 percent. During the remaining years of Premier Rae’s time in office, his government gradually reduced

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per-person spending to pre-recession levels. During his final year of responsibility for Ontario's finances (1994), Premier Rae's government oversaw per-person spending of \$8,340, slightly below the \$8,455 spending level it inherited from Premier Peterson's final year in office (1990).

The fourth period began with the election of Premier Mike Harris in 1995 during which there was a period of significant policy reform and rapid reduction in spending, which was followed by an extended period when spending was maintained at that lower level. Specifically, spending fell from \$8,455 in Premier Rae's final year in office to a low of \$7,574 in 1997. During the final years of Premier Harris' time in office, spending rebounded slightly to \$7,701 in 2001—the final year for which we assign him responsibility.

The fifth period, which began with the election of Ernie Eves and was carried on through the premiership of Dalton McGuinty, saw an extended period of spending growth. Premier Eves inherited per-person spending at \$7,701. Over the next decade, spending climbed quickly, reaching a peak of \$12,305 in 2010—by far the highest on record. Spending growth was particularly rapid in 2009 and 2010 as Ontario's economy, specifically the manufacturing sector, was hit hard by the global financial crisis. Cumulatively, per-person spending increased by 24.8 percent over that two-year period. During Premier McGuinty's final two years in office, spending came down somewhat to \$10,901 in 2012, still substantially higher than the 2008 pre-recession level of \$9,863.

The sixth period, the beginning of which coincides approximately with Premier Kathleen Wynne taking office in 2013 and carries through Premier Doug Ford's government, can neither distinctly be defined as a period of rapid

spending growth or significant spending reductions. Instead, this period has been characterized by slight spending growth from what was inherited from the McGuinty government.

Under Premier Wynne, spending increased from \$10,901 to \$11,101. The Ford government has essentially carried on the approach of slight spending growth. Although spending spiked during the pandemic, it has subsequently gradually returned near pre-pandemic levels. Per-person spending increased from the \$11,101 in the final year of the Wynne government (2018) to \$11,163 in 2022, the final year measured in this report. Spending levels in 2020 and 2021 were significantly influenced by emergency COVID expenditures. In Figure 1, expenditures designated as one-time COVID expenditures are shown separately to help illustrate that context.

Measuring changes in inflation-adjusted per-person spending per premier

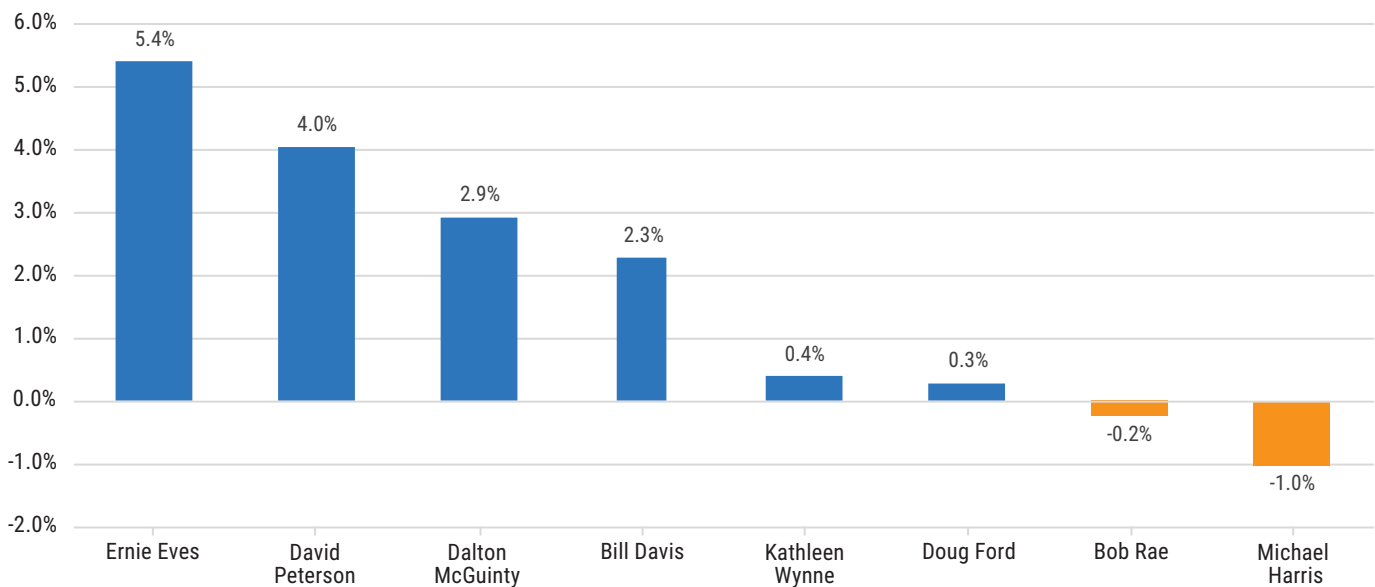
This section compares the rate of spending growth under the various premiers discussed above since 1965. Premier Robarts is excluded from this analysis due to the fact that only part of his time in office can be assessed using the available data.

Figure 2 shows the average annual change in per-person spending during the tenure of each premier. Specifically, it presents the rank for the premiers based on the average annual change in per-person spending from the year before they took office as premier to the last year they were allocated responsibility for spending.

Figure 2 shows that of the eight premiers analyzed here, Ernie Eves oversaw the fastest rate of

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Figure 2: Ranking of Premiers by Average Annual Change in Per-Person Spending, Inflation-adjusted (\$2022)



Note: We did not include John Robarts in the ranking as data was not available for his entire tenure.

Sources: Finances of the Nation, 2023; Statistics Canada, Table 17-10-0009-01; Statistics Canada, Table 18-10-0004-01.

annual per-person spending growth (5.4 percent) during his brief time in office. (Ernie Eves was premier for only two fiscal years.) David Peterson's government had the next highest annual rate of per-person spending growth at 4.0 percent followed by Dalton McGuinty's government which had the third-highest annual rate of per-person spending growth at 2.9 percent.

Bill Davis' government oversaw the fourth highest rate of annual per-person spending growth at 2.3 percent. Per-person spending growth was slower under Premier Wynne at 0.4 percent. This is nearly the exact same rate as Premier Ford, at 0.3 percent.

Per-person spending fell slightly under Premier Bob Rae, at an average annual rate of 0.2 percent. Spending fell significantly faster under Premier Michael Harris during the 1990s, at an average annual rate of 1.0 percent.

Conclusion

Per-person spending (adjusted for inflation and excluding interest costs) is an important measure of a government's approach to fiscal policy. This bulletin provides a historical analysis of per-person spending by Ontario premiers since 1965. In addition to providing an overview of the evolution of the rate of spending, we compare the average annual rate of per-person spending under the eight premiers whose full time in office is covered by the available data. We show that the rate of per-person spending growth was fastest during Ernie Eves' short term in office. Of the longer-serving premiers, spending growth was fastest under Premier David Peterson at an average annual rate of 4.0 percent. On the other end of the spectrum, spending decreased at an average annual rate of 1.0 percent under Premier Michael Harris.

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Acknowledgments

The authors would like to express appreciation to the anonymous reviewers of this bulletin. 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.

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ISSN 2291-8620

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