

Prime Ministers and Government Spending: A Retrospective

by Jason Clemens and Milagros Palacios

Summary

- This essay measures the level of per-person program spending undertaken annually by each prime minister, adjusting for inflation, since 1870. 1867 to 1869 were excluded due to a lack of inflation data.
- Per-person spending spiked during World War I (under Prime Minister Sir Robert Borden) but essentially returned to pre-war levels once the war ended. The same is not true of World War II (William Lyon Mackenzie King). Per-person spending stabilized at a permanently higher level after the end of that war.
- The highest single year of per-person spending (\$8,375) between 1870 and 2017 was in the 2009 recession under Prime Minister Harper.
- Prime Minister Arthur Meighen (1920 – 1921) recorded the largest average annual decline in per-person spending (-23.1%). That decline,

however, is largely explained by the rapid drop in expenditures following World War I.

- Among post-World War II prime ministers, Louis St. Laurent oversaw the largest average annual increase in per-person spending (7.0%), though this spending was partly influenced by the Korean War.
- Our current prime minister, Justin Trudeau, has the third-highest average annual per-person spending increases (5.2%). This is almost a full percentage point higher than his father, Pierre E. Trudeau, who recorded average annual increases of 4.5%.
- Prime Minister Joe Clark holds the record for the largest average annual post-World War II decline in per-person spending (4.8%), though his tenure was less than a year.
- Both Prime Ministers Brian Mulroney and Jean Chretien recorded average annual per-person spending declines of 0.3%.

Prime Ministers and Government Spending

Introduction

As Canada celebrates its 150th birthday as a nation, it is informative to look back at the spending records of the country's prime ministers and consider how those records relate to the federal government's changing role, not just in the economy, but in society more broadly.

Before delving into the spending analysis, it's first useful to understand the varying tenures of the country's 23 prime ministers. Table 1 presents the twenty-three prime ministers, their affiliated parties, and their terms as prime ministers. There are a number of unique situations among them, including several non-consecutive terms.

Several prime ministers served in what can 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 1896.¹ Indeed, Sir Charles Tupper was prime minis-

¹ 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 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.

ter 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 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

Prime Ministers and Government Spending

Table 1: Terms and Political Party of Canada's Prime Ministers

Prime Minister (Budget)	Party	Tenure as PM
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:

* 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.

Source: Parliament of Canada, 2017.

Prime Ministers and Government Spending

which are out of the government's direct, immediate control.²

There are several breaks in the spending data used in this report, which mean that the year-over-year comparisons in the change in federal program spending per person 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 in 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 study are based on government fiscal years, which, as noted, run from April 1st to March 31st.

This bulletin uses several different sources for the spending data. Specifically, program spending data from 1870-71 to 1966-67 comes from the second edition of *Historical Statistics of Canada, Section H—Government Finance* (Leacy, ed., 1983). The data from 1966-67 to 2015-16 is from the Department of Finance's *Federal Fiscal Reference Tables 2016*. Finally, the data for 2016-17 to 2021-22 is based on the federal government's 2017 Budget (Department of Finance, 2017), which is comparable to the data from the fiscal reference tables.

² While debt-servicing costs are influenced by both prevailing interest rates and the level of previous governments' accumulated debt, 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.

Federal program spending is adjusted by population in order to calculate per-person spending.³ 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.

Program spending is also adjusted for inflation so that spending in 1900 is comparable with spending in 2017.⁴ Hereafter, per-person federal program spending adjusted for inflation is simply referred to as "per-person spending."

Finally, a word about the adjustments we 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

³ Two Statistics Canada CANSIM tables, 075-0001 (from 1870 to 1970) and 051-0001 (from 1971 to 2016) provide population data. Population projections from 2017 and onwards come from CANSIM table 052-0005.

⁴ The price index used is a GDP deflator. For the period from 1870 to 1985, the data come from Urquhart (1988); for 1981 to 2015, the data are taken from Statistics Canada, CANSIM Table 380-0102. Data for 2016 to 2021 come from the Budget 2017. Please note that the GDP deflator was chosen in part because the historical data go back to 1870, whereas the comparable CPI data are only available as of 1914.

Prime Ministers and Government Spending

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, we used two factors. The single most important consideration in determining which prime minister was responsible for a particular budget was his length of time in office during a budget year. However, a number of budget years were fairly evenly split between two prime ministers. These situations were resolved by the second consideration: which prime minister delivered the original budget for the year, because he set the foundation for spending for the year.

There were instances where 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 the responsibility for the spending enacted in *Budget 2015*. The Conservatives, led by then-Prime Minister Stephen Harper, planned for \$263.2 billion in program spending, which represents spending of \$7,342 per person (*Budget 2015*, table 5.2.4, p. 362). Once they assumed power after the election victory in October 2015, the Trudeau Liberals increased program spending to \$270.9 billion in budget year 2015-16, some \$7.7 billion more than the Harper Conservatives had originally planned (*Budget 2016*, table A1.2, p. 234). This \$7,557 per-person spending increase is a 2.9% rise over that originally planned by Prime Minister Harper.⁵

⁵ Per-person spending numbers presented in this paragraph for 2015 are stated in 2015 dollars and are

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.) The different colours in the bars in figure 1 represent different prime ministers. The specific prime minister for each period is identified and listed in table 2.

A number of aspects of figure 1 are worth noting. First, per-person spending has increased from a little over \$100 (in 2017 dollars) in 1870 to an expected \$8,337 in 2017.⁶ Put simply, the country has seen a massive increase in federal government per-person spending over its 150-year history that denotes a markedly expanded role for the federal government in the economy.⁷

The spikes in per-person spending during both World War I and II are unmistakable in figure 1. Per person spending rose under Prime Minister Sir Robert Borden from \$553 in 1913 to over \$1,200 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

not inflation adjusted to reflect 2017 dollars, and are thus not directly comparable with the data presented elsewhere in this essay.

⁶ Budget numbers included in the 2017 Budget were used to project per person spending from 2017 through to 2021. See <http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf> for details.

⁷ This essay is specifically and narrowly focused on measuring per-person spending by the federal government. It is not intended to be a commentary or analysis on whether such spending changes are positive or negative. For those interested in this normative issue, see Tanzi (2011) and Di Matteo (2013).

Prime Ministers and Government Spending

Table 2: Canadian Prime Ministers and Budgets, By Year

Prime Minister (Budget)	Years	Number of Budgets
Sir John A. Macdonald	1867-1872, 1878-1890	16*
Alexander Mackenzie	1873-1877	5
Sir John Abbott	1891	1
Sir John Thompson	1892-1894	3
Sir Mackenzie Bowell	1895	1
Sir Wilfrid Laurier	1896-1911	16
Sir Robert Borden	1912-1919	8
Arthur Meighen	1920-1921	2
William Lyon Mackenzie King	1922-1930, 1936-1948	22
R.B. Bennett	1931-1935	5
Louis St. Laurent	1949-1956	8
John Diefenbaker	1957-1963	6
Lester B. Pearson	1963-1967	5
Pierre E. Trudeau	1968-1978, 1980-1984**	16
Joe Clark	1979	1
Brian Mulroney	1985-1993***	9
Jean Chretien	1994-2003	10
Paul Martin	2004-2005	2
Stephen Harper+	2006-2015	10
Justin Trudeau+	2016-Present	3

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.

Budget numbers included in the 2017 Budget were used to project per person spending for 2017.

* 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 results was an increase in program spending in budget year 2015-16 from the planned \$263.2 billion to \$270.9 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.

Prime Ministers and Government Spending

\$942 in 1939 to a wartime high of \$6,826 per person in 1943. By 1948, William Lyon Mackenzie King's last year as prime minister, per-person spending had declined to \$1,590. Unlike the spending after World War I, post-World War II per-person spending did not return to its pre-war level. Rather, per-person spending in 1948 (\$1,590) was 68.7% higher than in 1939 before wartime spending began.

Figure 2 focuses specifically on per-person spending following World War II, starting with Prime Minister Louis St. Laurent. It 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 \$2,837 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 \$3,648 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 \$7,288, a 156.9% increase from the 1962 budget, which was Prime Minister John Diefenbaker's last budget before losing the election to Lester B. Pearson.

Under Prime Minister Brian Mulroney, per-person spending became fairly stable. In fact, during his tenure from 1984 to 1993, per-person spending decreased slightly, by 0.3% on average.

The Mulroney era was followed by a period that was critically important to fiscal reform. Led by Prime Minister Jean Chrétien,⁸ the government reduced per-person spending by 16.5% in the three budgets between 1994 and 1996.⁹

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 18.5% to its highest point in Canadian history (\$8,375) during the recession of 2009 under the Harper government (figure 2). However, per-person spending then declined by a cumulative total of 13.1% between 2009 and 2014.

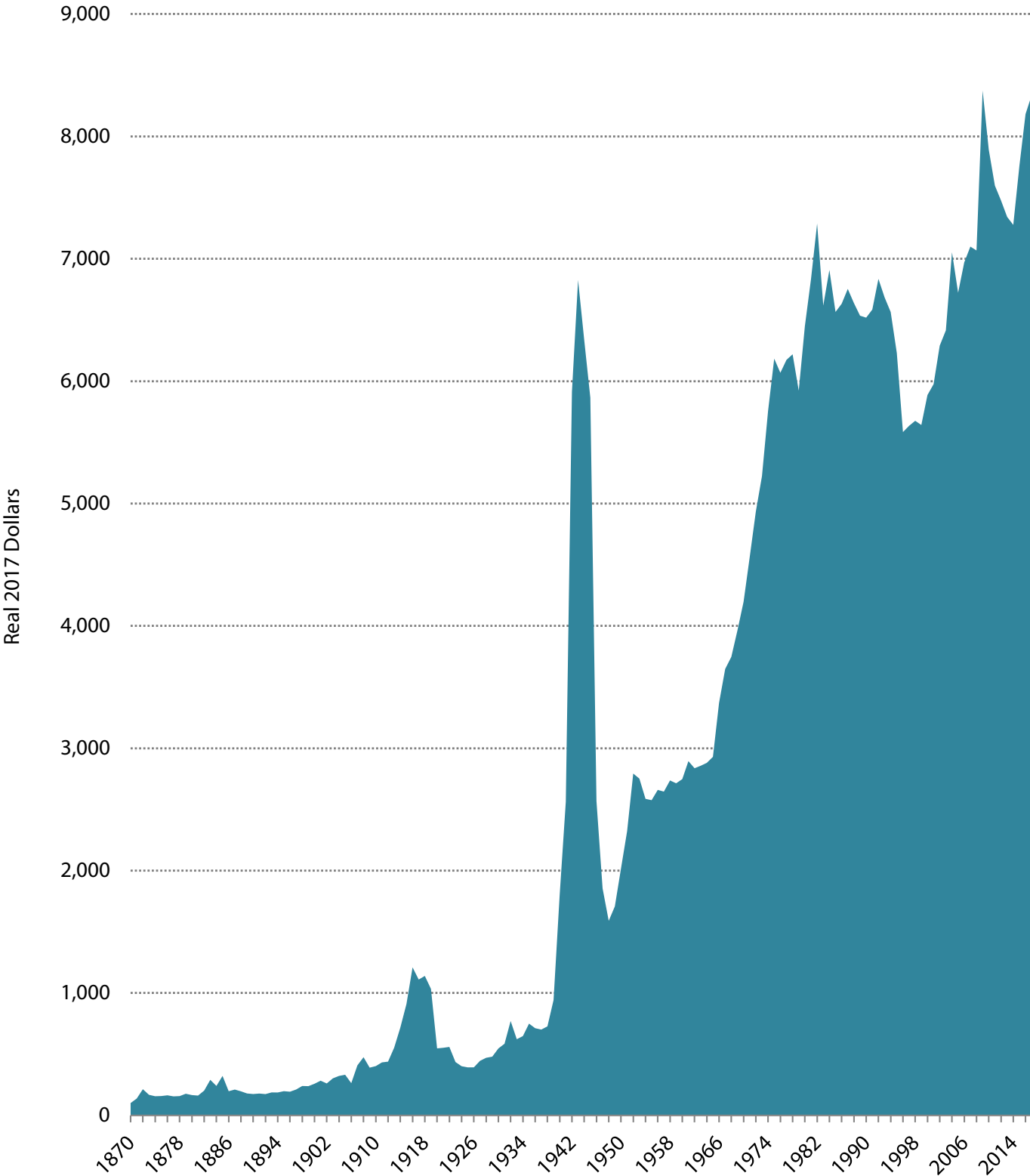
Finally, Prime Minister Justin Trudeau began to increase per-person spending immediately after his election in October 2015. The first increases were implemented aggressively at the end of 2015, which makes the allocation of that budget year more challenging. As noted previously, the Harper Conservatives planned for per-person spending to reach \$7,342 in 2015. However, it reached \$7,557 (or \$7,760 in 2017\$) after a series of spending initiatives were introduced directly after the election of the Trudeau Liberals. It is reasonable to allocate these incremental increases to the Trudeau government rather than the Harper government. Prime Minister Trudeau plans to further increase per-person spending to \$8,337 in 2017 (see *Budget 2017* for details).

⁸ 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).

⁹ For a thorough discussion of the reforms enacted during the Chrétien era, please see Clemens, Lau, Palacios, and Veldhuis (2017).

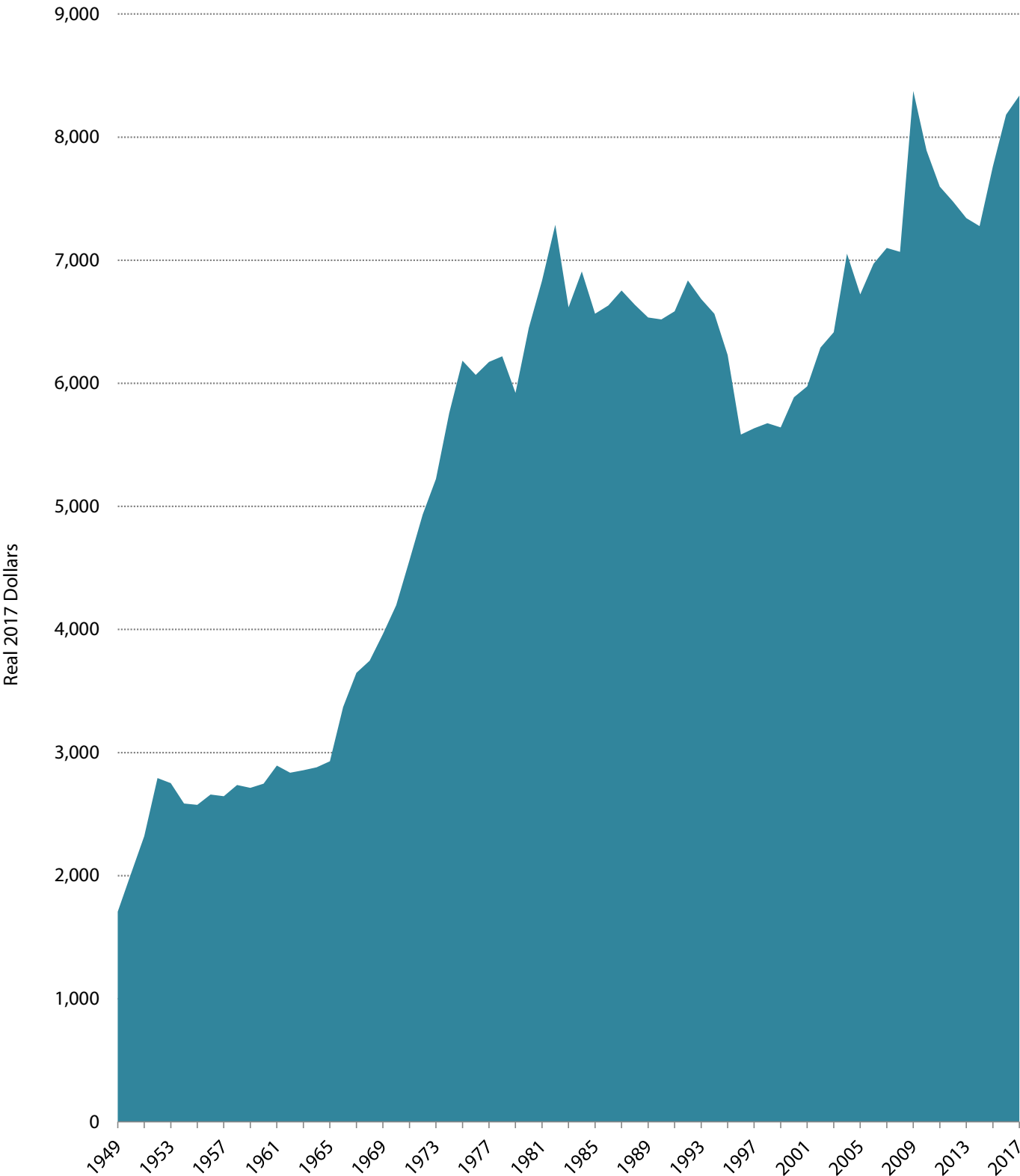
Prime Ministers and Government Spending

Figure 1: Per Person Federal Program Spending, 1870-2017 (2017\$)



Prime Ministers and Government Spending

Figure 2: Per Person Federal Program Spending, Post WWII (2017\$)



Prime Ministers and Government Spending

Table 3: Change in Per Person Spending

Prime Minister	Budgets	Average Annual Change
Sir John A. Macdonald*,**	1870-1872, 1878-1890	8.8%
Alexander Mackenzie	1874-1878	-5.8%
Sir John Abbott	1891	2.3%
Sir John Thompson	1892-1894	1.7%
Sir Mackenzie Bowell	1895	5.6%
Sir Wilfrid Laurier	1896-1911	6.2%
Sir Robert Borden	1912-1919	12.8%
Arthur Meighen	1920-1921	-23.1%
William Lyon Mackenzie King (Combined)	1931-1935, 1936-1948	9.0%
R.B. Bennett	1931-1935	7.9%
Louis St. Laurent	1949-1956	7.0%
John Diefenbaker	1957-1961	1.1%
Lester B. Pearson	1962-1967	5.3%
Pierre E. Trudeau	1968-1978, 1980-1984	4.5%
Joe Clark	1979	-4.8%
Brian Mulroney	1985-1993	-0.3%
Jean Chretien	1994-2003	-0.3%
Paul Martin	2004-2005	2.6%
Stephen Harper	2006-2015***	1.3%
Justin Trudeau	2015***-Present	5.2%

Notes:

See Table 2 for details relating to the assumptions used to allocate individual budgets, particularly in transition years between prime ministers.

Budget numbers included in the 2017 Budget were used to project per person spending for 2017.

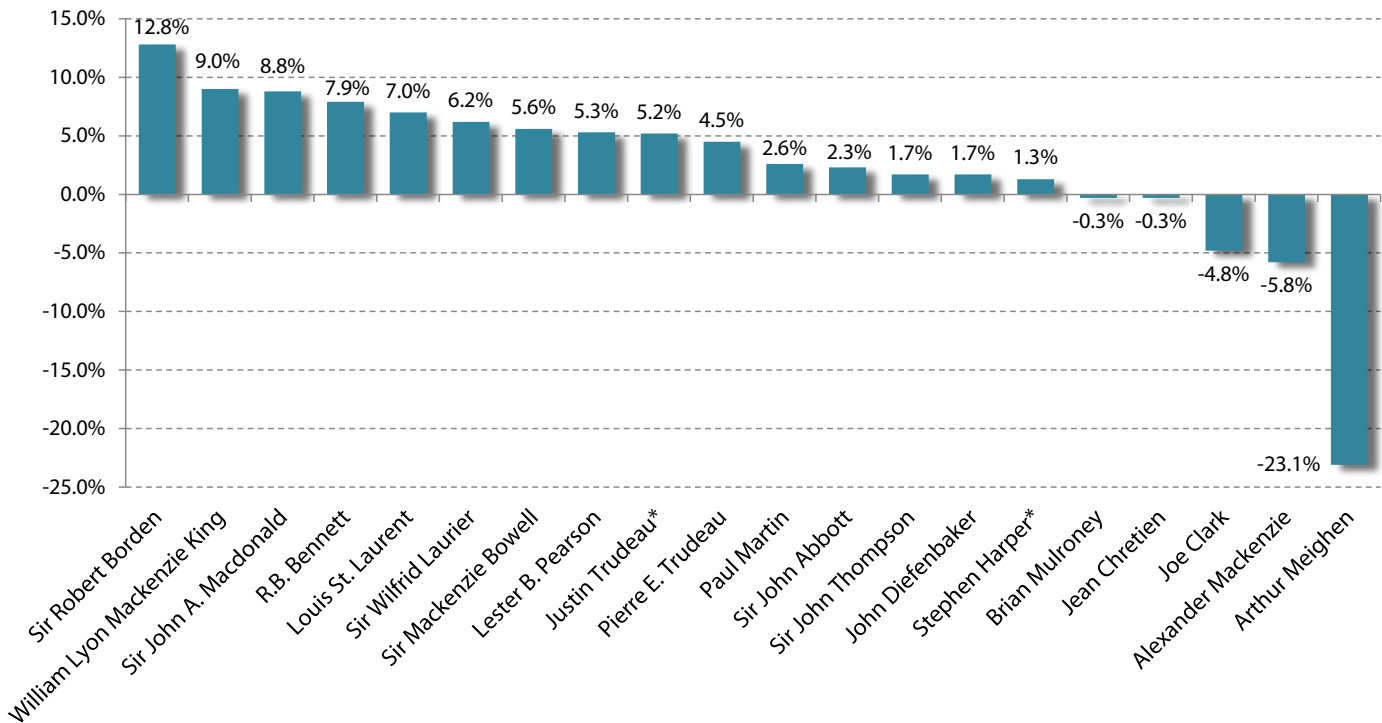
* Does not include budgets for 1867–1869 due to a lack of inflation data for those years.

** Note that 15 budget years are used to calculate the simple average annual percentage change in per person spending for Sir John A. Macdonald's first term. The reason for this is that there is no previous year of data since Sir John A. Macdonald was the first Canadian Prime Minister.

*** There is debate about the spending increases contained in the 2015 budget. The Liberals were elected late in the budget year (October) but nonetheless initiated substantial spending in the latter half of 2015-16 budget year. An adjustment is made to reflect 2015 budget year as being primarily responsible for by the Trudeau government rather than the Harper government to determine the effect of such a change.

Prime Ministers and Government Spending

Figure 3: Ranking of Prime Ministers by Average Annual Change in Per Person Spending



* Note that the 2015 Budget is adjusted to reflect the originally planned level of program spending for the Harper government and the increased level of program spending for the Trudeau government.

Sources: Canada, Department of Finance (2016b and 2017); Leacy, ed. (1983); Urquhart (1988); Statistics Canada, CANSIM Tables 075-0001, 051-0001 and 380-0102; and calculations by authors.

Ranking prime ministers on spending

Table 3 shows the average annual change in per-person spending during the tenure of each prime minister. The measures for Sir John A. Macdonald, William Lyon Mackenzie King, and Pierre Trudeau indicate the per-person changes in spending over the entirety of their two terms as prime minister.

In addition, we have made adjustments for both Prime Minister Stephen Harper and Prime Minister Justin Trudeau to account for the extra spending enacted in fiscal year 2015 after the

Trudeau Liberals won office. Specifically, the Harper government is allocated responsibility for changes in per-person spending up to the planned amount presented in their 2015 budget. The Trudeau government is allocated responsibility for the increase in per-person spending above that planned by the Harper Tories.

Figure 3 presents the ranking of the prime ministers based on the average annual change in per-person spending from the year before they took office as prime minister to their last budget. Based on the analysis employed, Sir Robert

Prime Ministers and Government Spending

Borden ranks as having the highest average annual increase in per-person spending (12.8%). This increase is obviously linked to the added spending undertaken to support Canada's role in World War I.

The prime minister with the second highest average annual change to per-person spending was William Lyon Mackenzie King. Mackenzie King's second term as prime minister (1935¹⁰ to 1948) was heavily affected by both the Great Depression and World War II. In fact, once the run-up linked to World War II is excluded from his tenure, the per-person spending increases during this period were quite modest.

Sir John A. Macdonald is the prime minister responsible for the third highest average annual increases in per-person spending (8.8%). However, while these increases were large, they applied to very small amounts of federal spending. For example, between 1870 and 1873, spending increased from \$100.50 to \$167.70 per person, a pronounced percentage increase, but a nominally small amount of money during the period in question. Moreover, Macdonald's tenure as prime minister occurred early in Canada's nation-building phase and included the early development of a functioning federal government, the westward expansion of the federal government, and the development of the transcontinental railroad.

R.B. Bennett, who served as prime minister between Mackenzie King's two terms (1930–1935), oversaw the fourth highest average annual change in per-person spending (7.9%). Bennett's performance was clearly influenced by the Great Depression, which saw the Canadian

economy contract for five straight years between 1929 and 1933.¹¹

Thus far, a common theme has emerged in the ranking of prime ministers. The large increases in per-person spending that have put these prime ministers at the top of the rankings occurred before or during World War II and were either heavily influenced by large military expenditures linked with wars, or took place at the beginning of the nation's birth. At that early stage, expenditures were relatively low, which meant that even with the large increases, expenditure levels were still very modest.

This same phenomenon can be observed at the other end of the rankings presented in figure 3. Prime Minister Arthur Meighen, who served as prime minister in 1920 and 1921, recorded the largest average annual decline in per-person spending (-23.1%). That decline is largely explained by the 47.0% drop in per-person spending in 1920 following the end of World War I as expenditures from the war effort were unwinding.

Prime ministerial spending post-World War II

The difficulty of comparing wartime expenditures and spending that were linked with the founding of the country at a time when government was quite limited with post-war conditions is addressed to some extent in figure 4. It ranks only post-World War II prime ministers on average annual changes in per person spending.

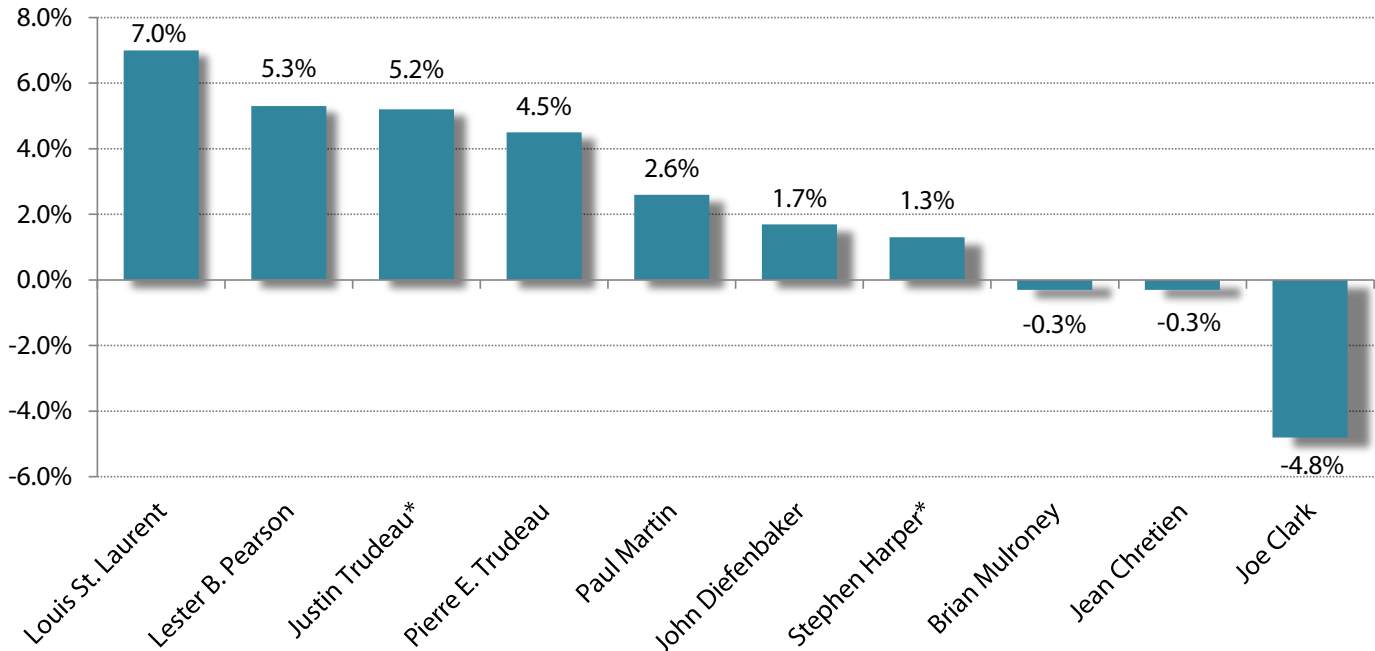
Within the shortened time period shown in figure 4, Prime Minister Louis St. Laurent recorded the highest average annual increase in per-person spending (7.0%). (In the ranking of

¹⁰ This study did not assign Mackenzie King responsibility for the 1935 budget. See table 2 for details.

¹¹ The deflation observed during this period also affected the value of per-person spending.

Prime Ministers and Government Spending

Figure 4: Ranking of Prime Ministers by Average Annual Change in Per Person Spending, Post-World War II



* Note that the 2015 Budget is adjusted to reflect the originally planned level of program spending for the Harper government and the increased level of program spending for the Trudeau government.

Sources: Canada, Department of Finance (2016b and 2017); Leacy, ed. (1983); Urquhart (1988); Statistics Canada, CANSIM Tables 075-0001, 051-0001 and 380-0102; and calculations by authors.

all prime ministers, St. Laurent is 5th overall). There is some argument to be made that St. Laurent's spending record was influenced by the Korean War, which ran from 1950 to 1953.

With average annual increases in per-person spending of 5.3%, Prime Minister Lester B. Pearson is Canada's second highest ranking post-World War II prime minister.

Pearson ranks only slightly higher than the current prime minister, Justin Trudeau, who received 3rd place for his average annual per-person spending increases of 5.2%. Prime Min-

ister Justin Trudeau's spending measure is adjusted for the 2015 Budget in order to allocate the higher than originally planned spending in that year to the Trudeau government. It is important to note, however, that Prime Minister Justin Trudeau's tenure as prime minister is the shortest among the prime ministers included in figure 4 and occurs during a period of stable economic growth (i.e., no war or recession).¹²

¹² The period of analysis does not include 2018-19 and beyond, even though *Budget 2017* provides estimates for this period. This essay has restricted

Prime Ministers and Government Spending

Prime Minister Justin Trudeau's adjusted per-person spending increase is close to that of his father, Prime Minister Pierre Trudeau. Indeed, Pierre Trudeau's per-person spending changes post-World War II give him a rank of fourth behind St. Laurent, Lester B. Pearson, and Justin Trudeau. Specifically, Prime Minister Pierre Trudeau increased per person spending by an average annual rate of 4.5%.

Of the post-war prime ministers, Joe Clark oversaw the largest average annual decline in per-person spending (-4.8%), but he served as prime minister for less than a full year.

Amongst the longer-serving post-war prime ministers, only Brian Mulroney and Jean Chrétien recorded average annual per-person spending declines (-0.3% for each). However, while Prime Minister Brian Mulroney's tenure was characterized by small increases or decreases over most of the nine budget years, Prime Minister Jean Chrétien oversaw a pronounced period of spending reductions. Specifically, the Chrétien government reduced per-person spending by 16.5% between 1993 and 1996.

References

- Canada, Department of Finance (2015). *Budget 2015: Strong Leadership*. Department of Finance. <<http://www.budget.gc.ca/2015/docs/plan/budget2015-eng.pdf>>, as of April 11, 2017.
- Canada, Department of Finance (2016a). *Budget 2016: Growing the Middle Class*. Department of Finance. <<http://www.budget.gc.ca/2016/docs/plan/budget2016-en.pdf>>, as of April 11, 2017.
- Canada, Department of Finance (2016b). *Fiscal Reference Tables*. <<https://www.fin.gc.ca/frt-trf/2016/frt-trf-16-eng.pdf>>, as of April 11, 2017.
- Canada, Department of Finance (2017). *Budget 2017: Building a Strong Middle Class*. Department of Finance. <<http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf>>, as of April 11, 2017.
- Clemens, Jason, Matthew Lau, Milagros Palacios, and Niels Veldhuis (2017). *End of the Chrétien Consensus? The Fraser Institute*. <<https://www.fraserinstitute.org/studies/end-of-the-chretien-consensus>>, as of April 11, 2017.
- Crowley, Brian Lee, Jason Clemens, and Niels Veldhuis (2010). *The Canadian Century: Moving Out of America's Shadows*. Key Porter.
- Leacy, F.H., ed. (1983). *Historical Statistics of Canada*, Second Edition. Statistics Canada. <<http://www.statcan.gc.ca/pub/11-516-x/11-516-x1983001-eng.htm>>, as of April 11, 2017.
- Di Matteo, Livio (2013). *Measuring Government in the 21st Century: An International Overview of the Size and Efficiency of Public Spending*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/measuring-government-in-the-21st-century.pdf>>, as of April 11, 2017.
- Di Matteo, Livio (2017). *A Federal Fiscal History: Canada, 1967-2017*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/federal-fiscal-history-canada-1867-2017.pdf>>, as of April 11, 2017.
- Parliament of Canada (2017). *Prime Ministers of Canada—Gallery*. Web page. Government of Canada. <<http://www.lop.parl.gc.ca/ParInfo/Compilations/FederalGovernment/PrimeMinisters/Gallery.aspx>>, as of February 7, 2017.

spending data to historical data except for the current fiscal year, 2017-18. No other forecasted data are used in this analysis.

Prime Ministers and Government Spending

Tanzi, Vito (2011). *Government versus Markets: The Changing Economic Role of the State*. Cambridge University Press.

Veldhuis, Niels, Jason Clemens, and Milagros Palacios (2011). *Learning from the Past: How Canadian Fiscal Policies of the 1990s Can be Applied Today*. The Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/learning-from-the-past.pdf>>, as of April 11, 2017.

Urquhart M.C. (1988). *Canadian Economic Growth 1870–1980*. Discussion Paper No. 734. Queen's University, Economics Department.



Jason Clemens is the Executive Vice President of the Fraser Institute. He has an Honors Bachelors Degree of Commerce and a Master's Degree in Business Administration from the University of Windsor as well as a Post Baccalaureate Degree in Economics from Simon Fraser University. He has published over 70 major studies on a wide range of topics, including taxation and entrepreneurship. He has published over 300 shorter articles in US, Canadian, and international newspapers.



Milagros Palacios is a Senior Research Economist at the Fraser Institute. She holds a BA in Industrial Engineering from the Pontifical Catholic University of Peru and a M.Sc. in Economics from the University of Concepción, Chile. Since joining the Institute, she has published or co-published over 100 research studies and over 80 commentaries on a wide range of public policy issues.

Acknowledgments

This essay 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*). The authors would like to thank to Sazid Hasan for his research assistance on this project. The authors would also like to express their appreciation to four anonymous reviewers who provided invaluable feedback and suggestions, which improved the 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.

Copyright © 2017 by the Fraser Institute. All rights reserved. Without written permission, only brief passages may be quoted in critical articles and reviews.

Photo credits: Louis St. Laurent, John Diefenbaker, Lester B. Pearson, Pierre E. Trudeau, Brian Mulroney, *National Archives of Canada*; Joe Clark, Mia Matthes, Jean Chrétien, Paul Martin, Stephen Harper, Justin Trudeau, *Office of the Prime Minister*.

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