

NEWS RELEASE

Size of government on the rise across Canada

March 17, 2022

For Immediate Release

VANCOUVER—The combined size of the federal, provincial, and municipal governments increased in all but two provinces over the 2007 to 2019 period relative to the sizes of their economies, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The size of government increased in eight of ten provinces and the country as a whole going into the pandemic,” said Alex Whalen, policy analyst at the Fraser Institute and co-author of *The Size of Government in Canada in 2019*.

The study measures federal, provincial, and local government spending in each province as a share of the economy (GDP) from 2007 to 2019, the most recent year of comparable data. Both 2007 and 2019 preceded a recession and thus provide an opportunity to compare like-years.

It finds that government size grew in every province except Saskatchewan and Prince Edward Island during that period. In 2019, the size of government relative to the economy as a whole across Canada ranged from a low of 29.7 per cent in Alberta to a high of 60.2 per cent in Nova Scotia, and was 40.4 per cent for Canada as a whole.

Previous research has shown that the size of government (as a share of the economy) to maximize economic growth and social progress is between 26 and 30 per cent of the economy (GDP). When governments exceed that size, it imposes negative effects on the economy, such as crowding out private sector investment, but without providing proportionate benefits such as greater social progress. Crucially, the data used in the analysis is prior to COVID-19 and recession-related spending, meaning the size of government already exceeded the optimal size prior to the current spike in spending.

“It’s important to understand just how much governments across Canada have grown in recent years, and what impact that might have on our economic recovery moving forward,” said Whalen.

Total Consolidated Government Spending as a Percentage of GDP

Province	2007	2019
Newfoundland and Labrador	38.7%	44.1%
Prince Edward Island	61.6%	58.5%
Nova Scotia	56.9%	60.2%
New Brunswick	52.7%	57.4%
Quebec	47.4%	47.8%

Ontario	35.8%	38.8%
Manitoba	45.0%	47.7%
Saskatchewan	37.7%	37.2%
Alberta	22.4%	29.7%
British Columbia	34.8%	35.7%

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