



NEWS RELEASE

7-in-10 provinces had combined government debt burdens that exceeded the size of their entire economies in 2022, curbing economic growth

November 7, 2024
For Immediate Release

VANCOUVER — Combined federal and provincial government debt in seven provinces exceeded the value of all goods and services produced in those provinces as recently as 2022, impairing economic growth and living standards, according to a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think tank.

“When government debt grows so high that it is larger than the entire value of the economy, not only does additional debt offer no benefit to economic growth, it actually hinders it and living standards stagnate,” said Jason Childs, a senior fellow at the Fraser Institute and author of *The Effect of Government Debt on Economic Growth in the Canadian Provinces*.

The study finds that once government debt surpasses 100 per cent of GDP, further debt does not help to grow the economy.

In fact, high levels of government debt can crowd out private investment, raise interest rates and drive inflation, which reduces rates of economic growth.

Nationwide, only British Columbia (79.2 per cent), Saskatchewan (77.5) and Alberta (63.8) had a combined federal and provincial government debt level below 100 per cent of GDP in 2022, though concerns were raised about the path of BC’s debt accumulation. Manitoba had the highest combined debt-to-GDP level at 141.4 per cent, followed closely by Quebec at 141.3 per cent.

“When our economies grow, Canadians benefit with higher living standards, but clearly large government debt burdens across the country are hampering those gains,” said Jake Fuss, director of fiscal studies at the Fraser Institute.

“Policymakers should prioritize balancing their budgets and paying down debt to help spur greater economic growth for the benefit of all Canadians.”

(30)

MEDIA CONTACT:

Jake Fuss, Director of Fiscal Studies, Fraser Institute
Fraser Institute

Drue MacPherson
(604) 688-0221 ext. 721
drue.macpherson@fraserinstitute.org

[Follow the Fraser Institute on Twitter](#) | [Like us on Facebook](#)

The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, Halifax and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org