



NEWS RELEASE

Canada's debt ranking falls from best in G7 to 7th worst of 32 advanced countries when total debt is measured

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VANCOUVER—Canada's relative debt position is much worse than the federal government suggests when a larger group of advanced countries are included and total debt—not just net debt—is measured, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“The federal government is very quick to point out that the country's net debt relative to the size of the economy (GDP) is lowest in the G7, but Canada's true debt position is much worse than Ottawa lets on,” said Jake Fuss, director of fiscal studies at the Fraser Institute and co-author of *Caution Required When Comparing Canada's Debt to that of Other Countries, 2024*.

The study finds that Canada's relative debt position, instead of being the best of the G7, falls significantly when total debt is measured instead of measuring debt after adjusting for financial assets. Net debt, which is the measure used by the federal government, offsets a part of the country's total debt by including financial assets.

Specifically, Canada ranks 26th of 32 developed countries for its total (gross) debt as a share of the economy. In other words, Canada's total debt relative to GDP is the 5th highest in the G7 and 7th highest amongst the industrialized world (32 advanced countries).

The reason Canada's debt position declines so dramatically when total debt—and not net debt—is measured is because net debt includes the assets of the Canada Pension Plan and the Quebec Pension Plan, which unlike the public pension programs of other developed countries invests in non-government assets such as stocks and bonds.

As of December 2023, the combined assets of the CPP and QPP, some \$716.7 billion, represented more than one-quarter of the difference between Canada's total debt and net debt.

“The government cannot use the assets of the CPP and the QPP to repay its debt, so it is disingenuous to include those assets in Canada's debt calculations,” Fuss said.

“Canada is not the low-debt jurisdiction that Ottawa suggests, and Canadians should be aware of the true state of the country's indebtedness.”

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