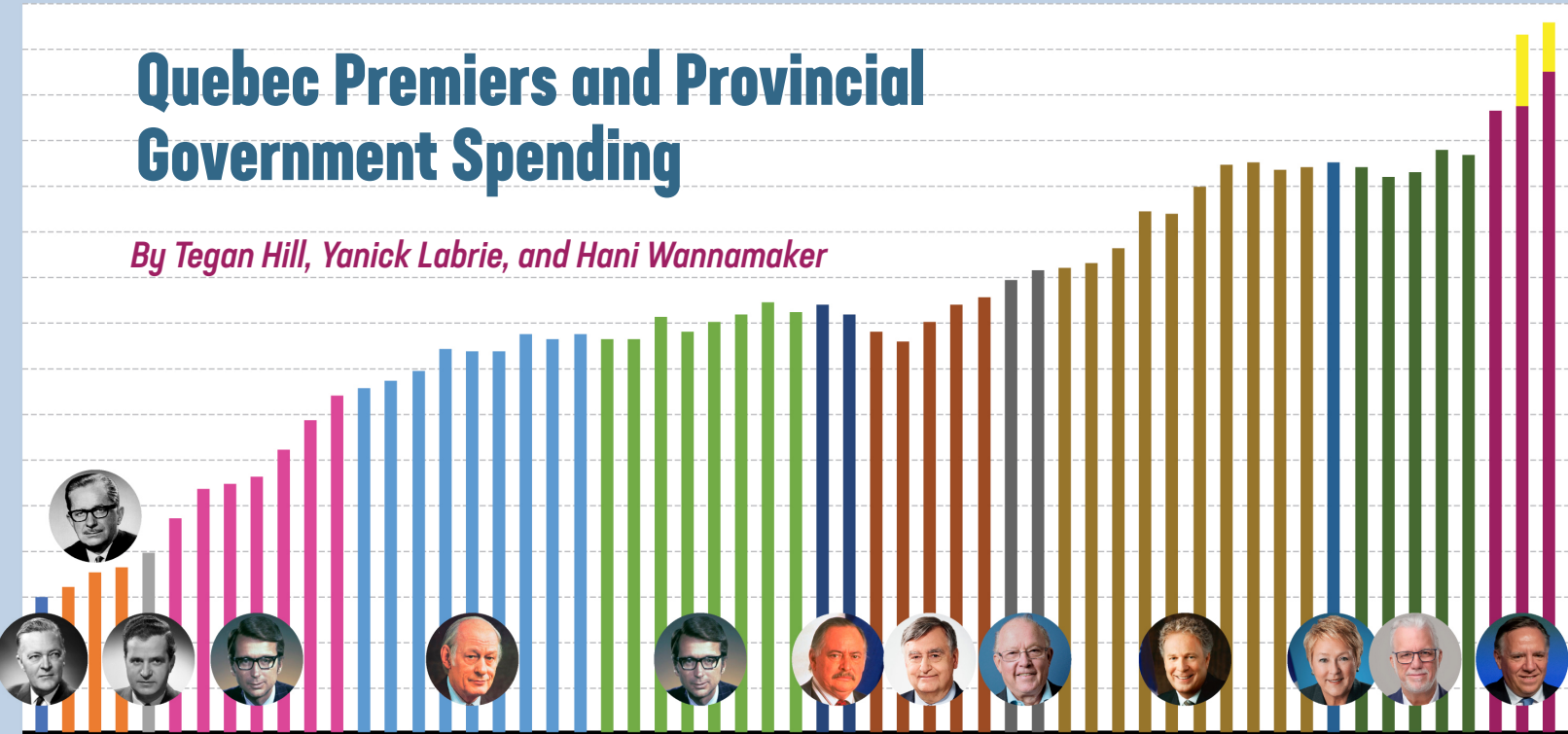


Quebec Premiers and Provincial Government Spending

By Tegan Hill, Yanick Labrie, and Hani Wannamaker



Summary

- This bulletin reviews annual per-person program spending (inflation-adjusted) by Quebec premiers from 1965 to 2021.
- Real per-person program spending increased significantly from \$2,942 in 1965 to \$15,562 in 2021.
- The year of highest overall per-person program spending was under Premier François Legault in 2021 at \$15,562. Legault also had the second-highest year of per-person spending (2020) at \$15,260. Even excluding COVID-related spending, Premier Legault holds the record for the highest per-person spending levels in Quebec at \$14,487 (2021) and \$13,705 (2020).
- Premier Jean Lesage is excluded from this analysis because there is only one year of data available for his six-year term. Lesage aside, Premier Jean-Jacques Bertrand recorded the highest average annual increase in per-person spending during his time in office (10.0 percent), however, this was over a relatively short term of just one year (1969). At 9.4 percent, Premier Bourassa recorded the second highest average annual growth in per-person spending over his first term (1970-1976). François Legault recorded the third highest average increase at 7.3 percent, and Premier Daniel Johnson Jr. recorded the fourth highest at 6.9 percent.
- During the terms of all other premiers, the average annual increase in per-person spending was below 3.0 percent.
- Premier Jacques Parizeau stands out as the only premier to cut the average annual change in per-person spending (-0.4 percent).

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Introduction

This bulletin reviews the spending records of Quebec governments segregated by premier.¹ Specifically, it examines the Quebec provincial government's per-person (inflation-adjusted) program spending since 1965, divided into periods based on the different premiers.² 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 and excludes interest costs on government debt. If interest costs were included, it would penalize or reward premiers based on the debt accumulated prior to their term, and/or prevailing interest rates, both of which are out of the provincial government's immediate control.³

Data covering Quebec's provincial program spending are drawn from Finances of the Nation government revenue and expenditure data (REAL),⁴ which in turn draws on three Statistics Canada sources: Public Finance and Historical Data (PFHD) for 1965 to 1992, Federal, Provincial and Territorial General Government Revenue and Expenditure (FPRTE) for 1989 through 2009, and Canadian Government Finance Statistics (CGFS) covering the years from 2009 until the present. Our analysis includes data up to the 2021-22 fiscal year. Accounting conventions are comparable through time within each period, but there are differences among the three

periods. The REAL dataset's creator has adjusted the data for compatibility and continuity.⁵

The study uses data based on provincial government fiscal years, which begin on April 1st and end on March 31st. Throughout the analysis we refer to government fiscal years by the first year only. Thus, fiscal year 2021-22, for instance, is simply referred to as 2021. We do this both for simplicity and because the majority of the government's fiscal year occurs in the first year referred to.

To control for inflation the data are converted into 2021 dollars using the annual average national consumer price index taken from Statistics Canada's Table 18-10-0004-01. This ensures that spending in the 1960s can be compared to spending in 2021. For the remainder of this bulletin, all spending can be assumed to be inflation adjusted.

It's also important to adjust for population as it can influence aggregate program spending. Indeed, the same amount of increased spending can look different depending on whether a province has experienced strong or modest population growth or a decline in population. This study adjusts provincial program spending by population to calculate per-person spending using Statistics Canada's Table 17-10-0009-01 for population data.

As a first step, it is necessary to understand that Quebec's premiers served terms of varying lengths.⁶ Table 1 summarizes the allocation of budget years to premiers from 1965 to 2021.

1 The foundation for this analysis is based on Prime Ministers and Government Spending: A Retrospective (Clemens and Palacios, 2017) and Alberta Premiers and Government Spending (Hill, Fuss, and Emes, 2022).

2 1965 is the earliest year of comparable data.

3 Both the level of debt accumulated from previous governments and prevailing interest rates influence debt-servicing costs. However, that is not to say that the policies of the current government do not influence those 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.

4 See Finances of the Nation (2023a) at <https://financesofthenation.ca/data/>.

5 Note that discrepancies are generally less than five percent (and are often much smaller) at the points where the datasets overlap. For more details, see the User Guide to the Finances of the Nation REAL Data (Smart and Mahoney, 2020).

6 For an overview of Quebec's premiers and their terms, see <https://www.quebec.ca/en/premier/premier/historic>.

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Table 1: Quebec's Premiers and Budget Years, 1965-2021

PREMIER	PARTY	BUDGET YEARS	NUMBER OF BUDGETS
Jean Lesage	Liberal	1965	1
Daniel Johnson Jr.	Union National	1966-1968	3
Jean-Jacques Bertrand	Union National	1969	1
Robert Bourassa	Liberal	1970-1976	7
René Lévesque	Parti Québécois	1977-1985	9
Robert Bourassa	Liberal	1986-1993	8
Jacques Parizeau	Parti Québécois	1994-1995	2
Lucien Bouchard	Parti Québécois	1996-2000	5
Bernard Landry	Parti Québécois	2001-2002	2
Jean Charest	Liberal	2003-2012	10
Pauline Marois	Parti Québécois	2013	1
Philippe Couillard	Liberal	2014-2018	5
François Legault	Coalition avenir Québec	2019-2021	3

Sources: Quebec (2023a).

Note: Although Jean Lesage served as premier for six years (1960-1966), there are only one year of available data during his tenure (1965). (The 1966 budget was allocated to his successor, Daniel Johnson, as he served as Premier for majority of the fiscal year).

Details on the allocation of specific budgets:

The 1966 budget was allocated to Johnson as he served as Premier for majority of the fiscal year.

The 1968 budget was allocated to Johnson as he served as premier for half the fiscal year and delivered the original budget.

The 1985 budget was allocated to Lévesque as he served as premier for more than half the fiscal year and delivered the original budget.

Pierre Marc Johnson was not included in the budget years as he served for only 3 months from October 3, 1985 - December 12, 1985.

Daniel Johnson Jr. was not included in the budget years as he served for only 8 months from January 11, 1994 - September 26, 1994.

The 1994 budget was allocated to Parizeau as he served as Premier for more than half of the fiscal year.

The 2003 budget was allocated to Charest as he served as Premier for majority of the fiscal year.

The 2012 budget was allocated to Jean Charest as he served for nearly half the fiscal year (Pauline Marois was elected on September 19, 2012) and delivered the original budget.

The 2018 budget was allocated to Couillard as he served as Premier for more than half of the fiscal year.

François Legault has presented 5 budgets, however, the period of analysis used in this study ends in fiscal year 2021-22.

This bulletin used two factors in deciding which premier was allocated a specific budget year. First, we considered the portion of the fiscal year in which that premier served. Second, if the fiscal year was fairly evenly split between two or more premiers, that year's spending was attributed to the premier who introduced the original budget that set the foundation for spending that year. For example, Philippe Couillard was premier for more than half of the 2018 fiscal year before François Legault was elected as premier on October 18, 2018. For that

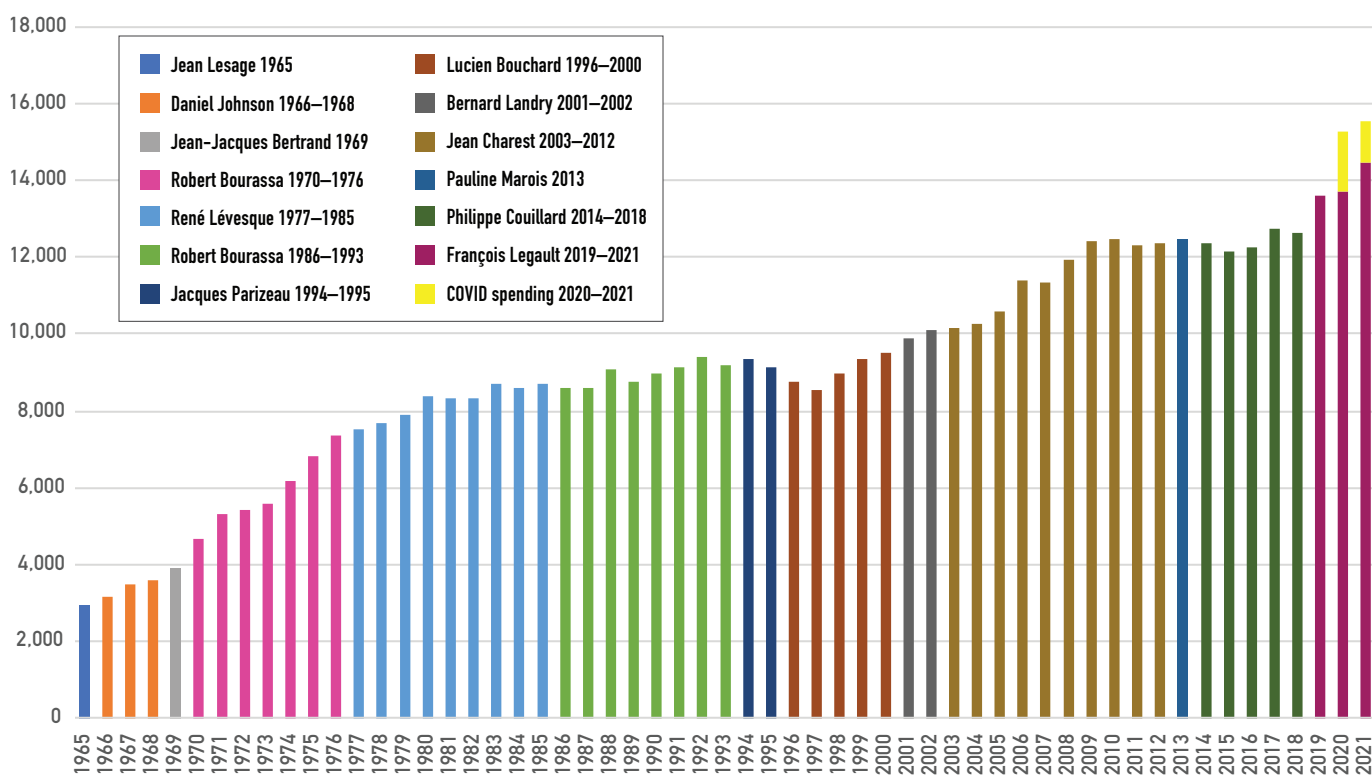
reason, and because Philippe Couillard delivered the original budget, that year's spending was assigned to Premier Couillard.

Finally, it is important to note that the business cycle plays a role in provincial spending. However, the focus of this bulletin is not to provide context to individual years of spending or to ascertain whether spending changes are negative or positive. Rather, it specifically and narrowly focuses on providing an overview of per-person spending over time by premier.⁷

⁷ For those interested in this normative issue, see Tanzi (2011) and Di Matteo (2013).

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Figure 1: Inflation-adjusted (\$2021) per person program spending in Quebec, 1965–2021



Note: COVID-related spending is indicated in yellow for 2020 and 2021

Sources: Finances of the Nation (2023b); Statistics Canada (2023a), Table 18-10-0004-01; Statistics Canada (2023b), Table 17-10-0009-01; Quebec (2021): A.6; Quebec 2022: A.6; and calculations by authors.

Per person spending in Quebec: 1965 to 2021

Figure 1 illustrates the inflation-adjusted per-person program spending data beginning in 1965.⁸ Several points are worth noting. Overall, from 1965 to 2021, per-person program spending increased considerably in Quebec—from \$2,942 to \$15,562.

From 1965 to 1976, Daniel Johnson (1966–1968), Jean-Jacques Bertrand (1969), and Robert Bourassa (1970–1976) oversaw a period of prolonged increases in per-person program spending.⁹

Over Johnson’s term, per-person program spending increased 22.0 percent from \$2,942 in Jean Lesage’s last year to \$3,589 in 1968. During Premier Jean-Jacques Bertrand’s one-year term in 1969 per-person program spending increased 10.0 percent to \$3,946. Finally, the first time Robert Bourassa was premier, per-person program spending increased to \$7,349 by the time he left office in 1976, equivalent to an 86.2 percent total increase over his first term. Between 1965 and 2021, the first Bourassa period had the highest increase in

8 It’s worth noting that according to the Finances of the Nation (FON) User Guide, “other efforts exist to provide data on government finances over time, e.g., Kneebone and Wilkins (2016), Milligan (2017), and Department of Finance (2019). Compared to these efforts, the FON REAL data project strives to be more comparable over time and across jurisdictions by relying on standardized fiscal data released by Statistics Canada rather than the national accounts or public accounts sources used in other studies.” In other words, the data cited in this bulletin may not perfectly align with other efforts to compile government spending over time.

9 Though Jean Lesage is included in 1965, there is only year of data available during his six-year tenure.

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per-person program spending of any Quebec premier's term.

Per-person program spending fluctuated somewhat under Premiers René Lévesque (1977-1985) and Robert Bourassa in his second stint as premier (1986-1993). Overall, however, per-person spending increased from 1977 to 1993. During Lévesque's term, despite the fluctuations, per-person program spending increased 18.7 percent from \$7,349 in 1976 to \$8,726 in 1985. In the course of Robert Bourassa's second term, per-person spending also fluctuated; in his initial two years, for instance, per-person program spending declined a total of 1.6 percent from \$8,726 in 1985 to \$8,586 in 1987. However, by 1993, per-person spending more than rebounded, reaching \$9,189 and marking an overall rise of 5.3 percent during Bourassa's second term.

During his brief two-year term (1994-1995), Premier Parizeau saw an overall decline of 0.8 percent in per-person program spending. As figure 1 shows, the decline in per-person spending continued into the first two years of Premier Lucien Bouchard's term, by 3.8 percent in 1996 and 2.6 percent in 1997. It stood at \$8,541 in 1997 before beginning a second period of prolonged increase from 1998 to 2010. First, in the three remaining years of Bouchard's term, per-person spending increased to reach \$9,535 in 2000 (in total, per-person program spending increased by 4.6 percent under Bouchard's leadership). During Landry's two-year term, per-person program spending increased by 5.9 percent, reaching \$10,100 in 2002. The upward trend persisted throughout Jean Charest's term during which per-person program spending increasing to \$12,467 in 2010. (Despite a decrease in 2011 of 1.3 percent, overall per-person program spending increased by 22.2 percent during the Charest period (2003 to 2012)).

Under Pauline Marois (2013) and Philippe Couillard (2014 to 2018) per-person program spending grew modestly. Under Pauline Marois' leadership, per-person program spending increased 1.1 percent from \$12,347 in 2012 to \$12,479 in 2013. Similarly, under Premier Philippe Couillard's leadership, per-person spending increased by 1.2 percent overall, reaching \$12,627 in 2018.

Relatively slow per-person program spending growth ended during François Legault's tenure from 2019 to 2021.¹⁰ When he took office, per-person spending immediately increased: from \$12,627 in 2018 to \$13,586 in 2019—the highest-spending year on record at the time. Legault then went on to set new records for the highest year of per-person program spending: \$15,260 in 2020 and \$15,562 in 2021. It's important to recognize that these years were affected by the COVID pandemic, however, even excluding COVID-related spending, these are the two highest years of per-person program spending over the period of analysis at \$13,705 in 2020 and \$14,487 in 2021.

Ranking premiers on changes in inflation-adjusted per-person spending

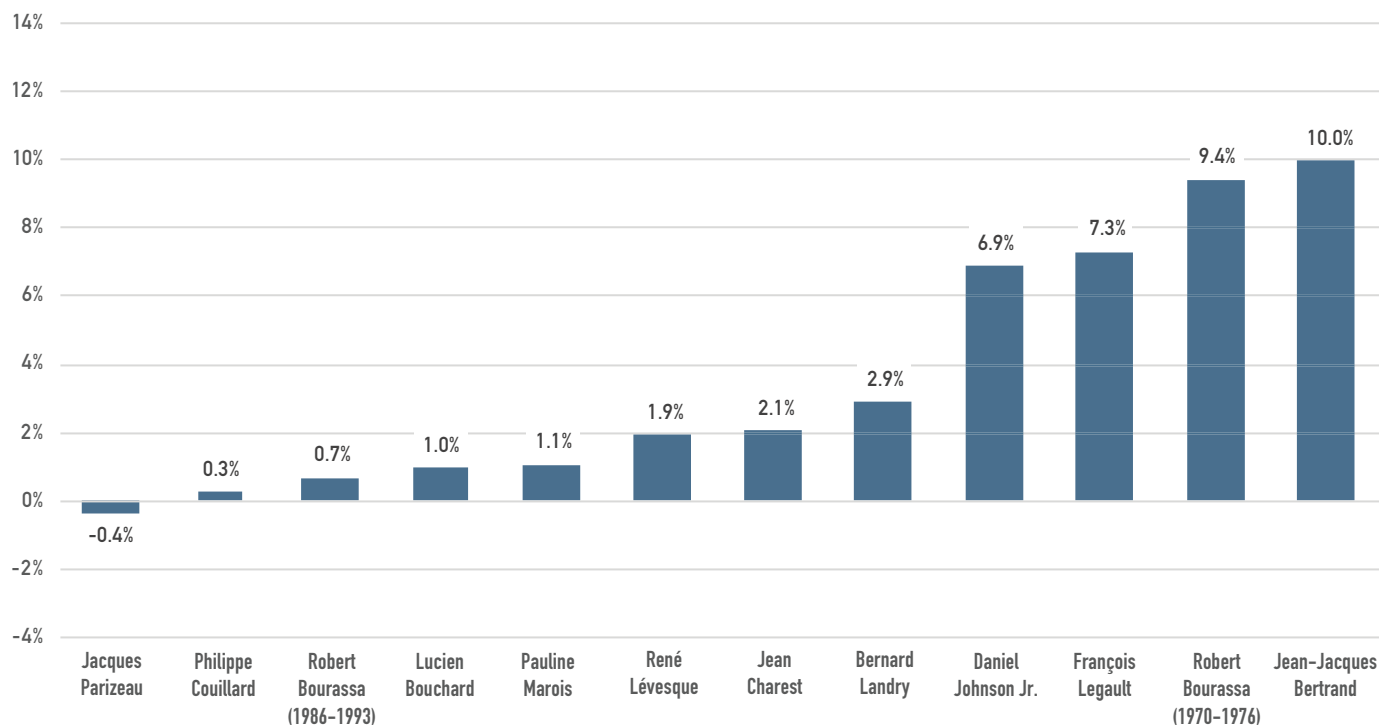
This section ranks premiers by their average annual change in per-person spending during their time in office. Premier Jean Lesage is excluded from the analysis because there is only one year of data (1965) available for his six-year term.

Figure 2 shows the average annual change in per-person spending during each premier's term. Specifically, it ranks each premier based on the average annual change in per-person spending that occurred under their leadership; from the last budget of the premier that preceded them until their last budget year.

¹⁰ François Legault has presented 5 budgets, however, the period of analysis used in this study ends in fiscal year 2021-22.

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Figure 2: Ranking of Premiers by Average Annual Change in Per Person Spending, Inflation-adjusted (\$2021)



Notes: Jean Lesage is not included because there is only one year of data available in the analysis period, not his entire tenure. The average annual change in per-person spending for Premier François Legault includes COVID-related spending. Excluding COVID-related spending, Premier François Legault (on average) recorded a 4.7 percent increase in per-person program spending annually.

Sources: Finances of the Nation (2023b); Statistics Canada (2023a), Table 18-10-0004-01; Statistics Canada (2023b), Table 17-10-0009-01; Quebec (2021): A.6; Quebec 2022: A.6; and calculations by authors.

As figure 2 shows, the highest average annual rate of growth in per-person spending (10.0 percent) occurred during the Jean-Jacques Bertrand period. However, this was over a relatively short period of just one year (1969). Excluding Bertrand, Robert Bourassa recorded the highest average growth in per-person program spending at 9.4 percent during his first term (1970 to 1976). François Legault followed with an average annual change in per-person spending of 7.3 percent over his term.¹¹ Legault was followed by Daniel Johnson, who recorded the fourth highest average annual change in per-person spending at 6.9 percent.

All other premiers recorded average annual increases of less than 3 percent. Premier Bernard Landry had the fifth highest average annual change in per-person spending at 2.9 percent during his leadership. This was followed closely by Jean Charest at 2.1 percent. Premier René Lévesque's government increased per-person spending (on average) by 1.9 percent. In Pauline Marois's one-year, per-person spending increased by 1.1 percent. Premier Lucien Bouchard followed closely at 1.0 percent. During Robert Bourassa's second term (1986 to 1993), per-person spending increased at 0.7 percent while Philippe Couillard recorded a 0.3

¹¹ Excluding COVID-related spending, Premier François Legault has recorded a 4.7 percent annual increase (on average) in per-person program spending.

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percent average increase. Finally, the only premier who recorded a decrease in average annual per-person spending growth was Jacques Parizeau (a drop of 0.4 percent).

Conclusion

Per-person spending adjusted for inflation and excluding interest costs is an important measure of a government's fiscal policies, both within a specific

year and over time. Combined with overall spending as a share of the economy (GDP), these are two key measures by which to assess and understand government fiscal policy. Unfortunately, per-person inflation-adjusted spending is often neglected because it is not as easily accessible as the alternative measure, government spending as a share of GDP. This bulletin corrects that deficiency for Quebec and provides a historical analysis of per-person spending by premier since 1965.

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