

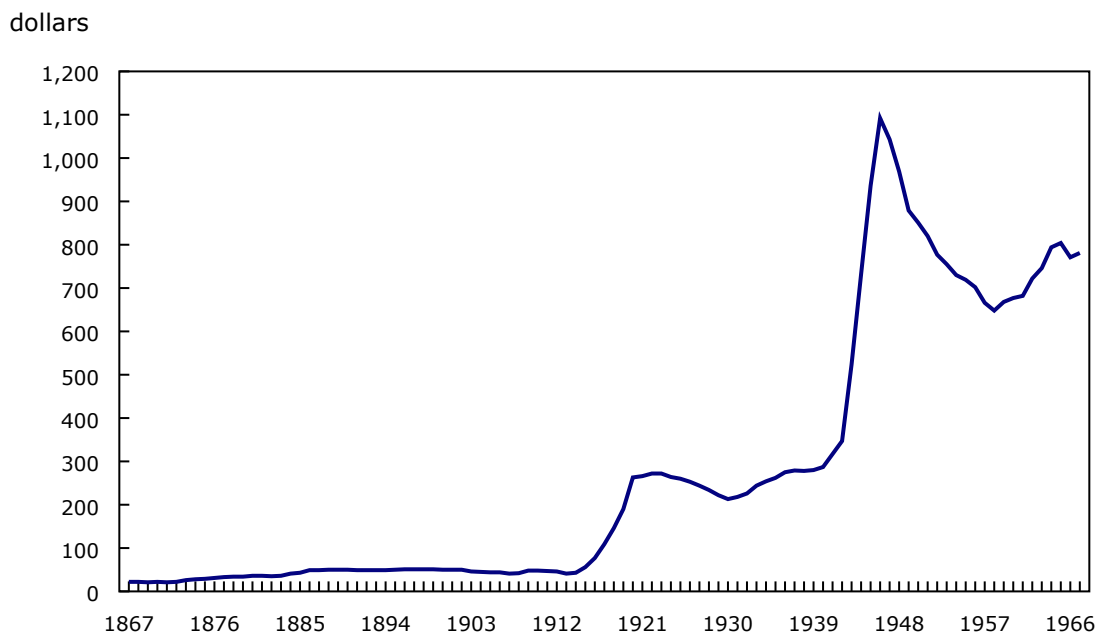
Federal net debt per capita since 1867

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The evolution of the federal government debt illustrates some of the major national and international political and socioeconomic events that have shaped Canada's 150-year history. Over this period, the nominal federal net debt per capita grew from \$22 in 1867 to a record high \$19,733 in 1997.

1867 to 1967

Chart 1
Federal net debt per capita, 1867 to 1967



Source(s): CANSIM tables [051-0005](#) and [385-0010](#).

Three relatively short periods of significant growth in the federal net debt can be identified in Canada's first 100 years. The first period began shortly after 1880 when the government of the day signed an agreement with the Canadian Pacific Railway to build the national rail line to the west coast of Canada. The other periods coincided with the two world wars (1914-1918, 1939-1945), during which net debt per capita soared by 516% for the First World War and 280% for the Second World War. To finance Canada's war effort, the government mainly borrowed from Canadians by issuing Victory Bonds and War Savings Certificates, precursors to today's Canada Saving Bonds.

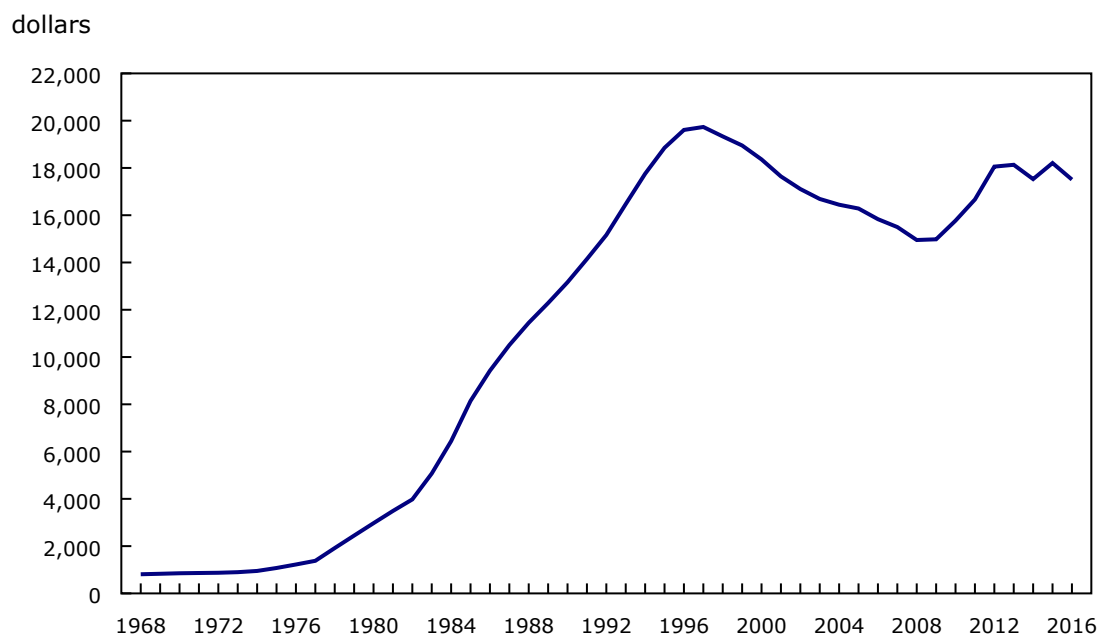
Two sharp declines in net debt per capita also characterized the first 100 years of Canada. The first occurred between the First World War and the Great Depression, in the early 1920s. The second episode coincided with the post-Second World War economic boom, an era of strong, sustained economic and population growth, low unemployment and interest rates, and relative financial stability. Between 1946 and 1958, the federal government net debt per capita declined by more than 40%, the longest sustained net debt decline in Canada's history.



1968 to 2016

The period of sustained economic growth between 1950 and 1970 ended with a number of events in the early 1970s, namely the collapse of the Bretton Woods monetary system, the 1973 oil crisis, the stock market crash and the ensuing stagflation. This period was also marked by the implementation of new important social programs in Canada, such as the *Medical Care Act* (1966), the Canada Pension Plan and the Quebec Pension Plan (1966), the Old Age Security Program (1967) and the *Unemployment Insurance Act* (1971). In their initial forms, these programs relied heavily on federal government financing.

Chart 2
Federal net debt per capita, 1968 to 2016



Source(s): CANSIM tables [051-0005](#), [385-0010](#) and [385-0033](#).

The federal net debt per capita increased steadily for 30 consecutive years from 1967 to 1997, fuelled by rising inflation, two major economic recessions in the early 1980s and 1990s and persistent large budgetary deficits. In the 1970s and 1980s, net debt per capita grew significantly, with average annual increases from 1975 to 1987 exceeding 20%.

A drastic shift in public finance occurred following the federal debt historical peak reached in 1997. The government of the day introduced spending controls and measures to increase revenue in order to generate balanced or surplus budgets. Net debt per capita declined for 11 consecutive years to reach \$14,951 in 2008, down 24% from the 1997 level. However, this downward trend was interrupted by the outbreak of the 2008 global financial crisis. Driven by large federal government deficits, the net debt per capita grew by 21% from 2009 to 2012. Since then, net debt per capita has declined slightly.

Note to readers

For this study, net debt is calculated as liabilities minus financial assets, as defined in the *Public Accounts of Canada* (as of June 30 from 1867 to 1907, and as of March 31 from 1908 to 2016), the main data source for the compilation of the federal government finance statistics over the reference period.

Data users should note however that the net debt calculation in macroeconomic statistics slightly differs, as it measures gross debt minus financial assets corresponding to debt instruments.

The federal net debt figures are based on the Financial Management System (FMS—net financial debt, CANSIM table [385-0010](#)) for the 1867-2007 period, and on the Canadian Government Finance Statistics basis (CGFS—net financial worth) onward. Despite several conceptual differences between the FMS and the CGFS, the net debt calculation difference is around 1% in 2008, an overlapping year between both systems.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).