
The Economic and Financial Record of the Past Decade

**Diplomatic Forum
Toronto, December 5, 2003**

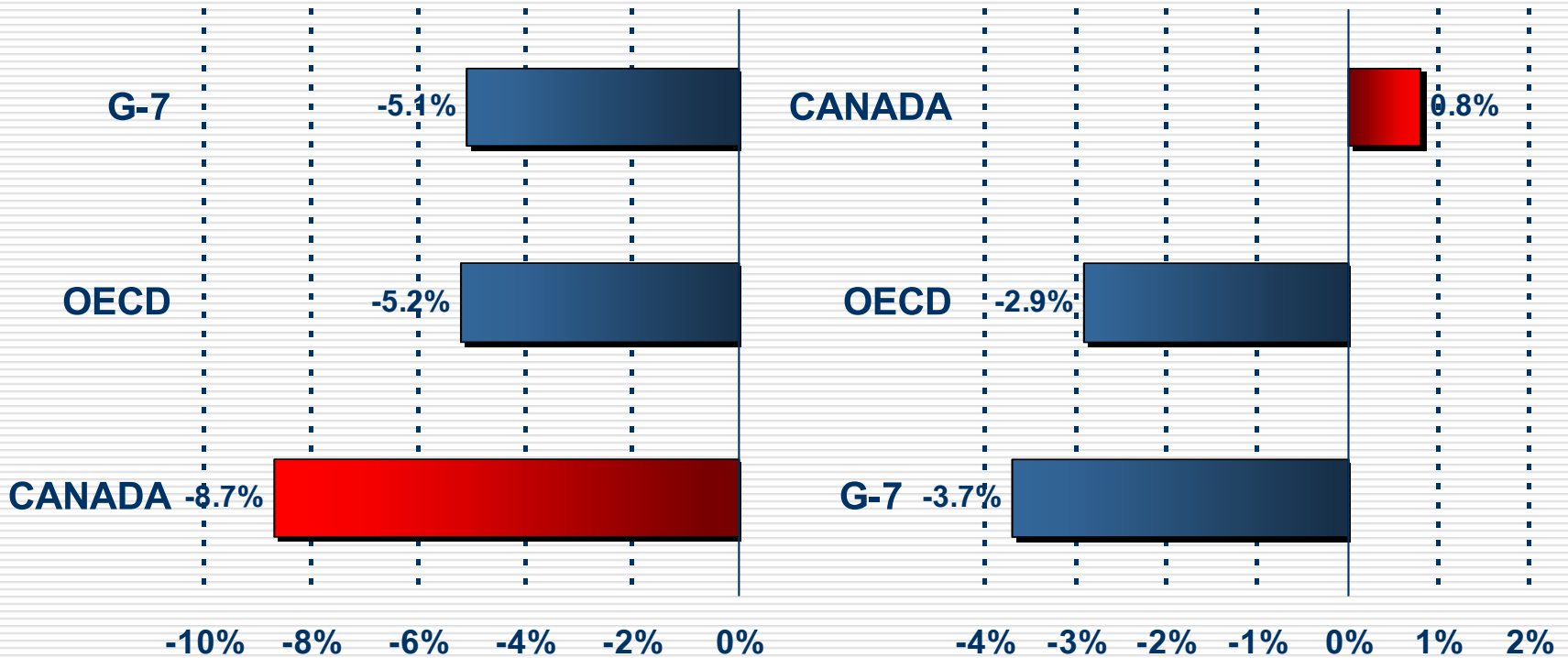
1.

Canadians have turned their public finances around

Government budget balance (% of GDP)

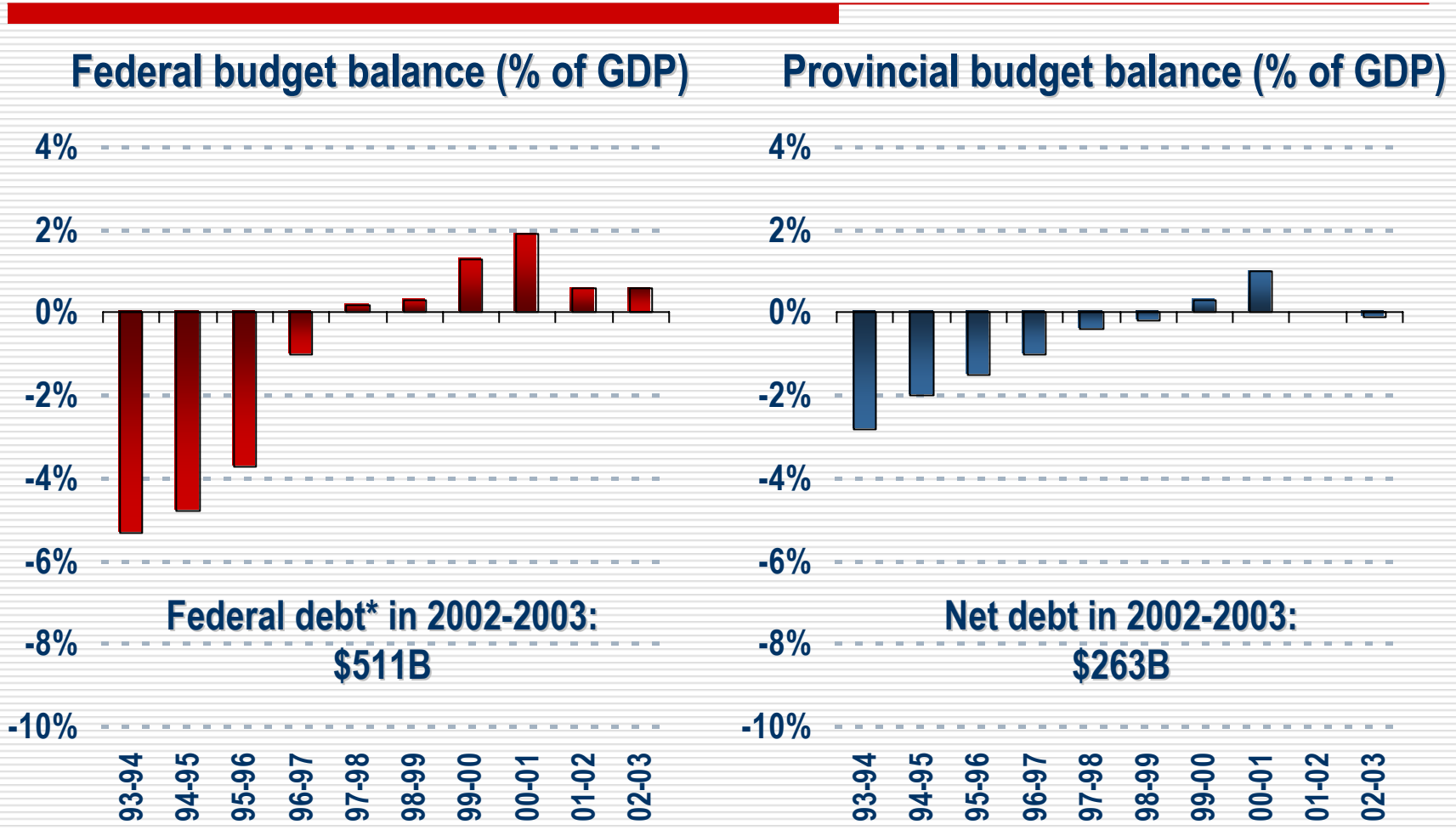
1993

2002



2.

Both orders of government have turned their budgets around



* The federal debt corresponds to accumulated annual deficits and surpluses. This is the main debt measure used by the federal government in accordance with the new full accrual accounting method. This definition of the federal debt takes into account total liabilities less financial and non-financial assets. This measure differs from the net debt, which does not include non-financial assets.

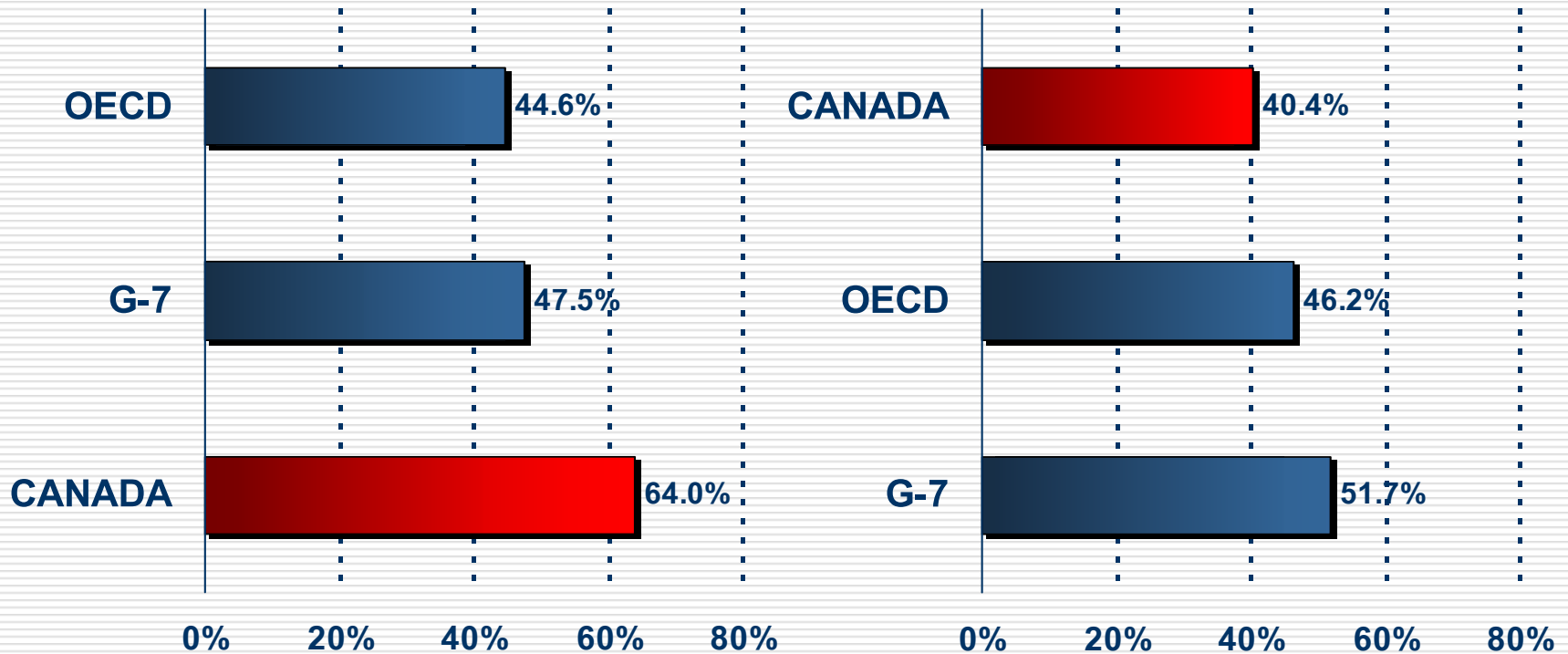
3.

Canada has considerably reduced its debt burden

Net debt for all governments (% of GDP)

1993

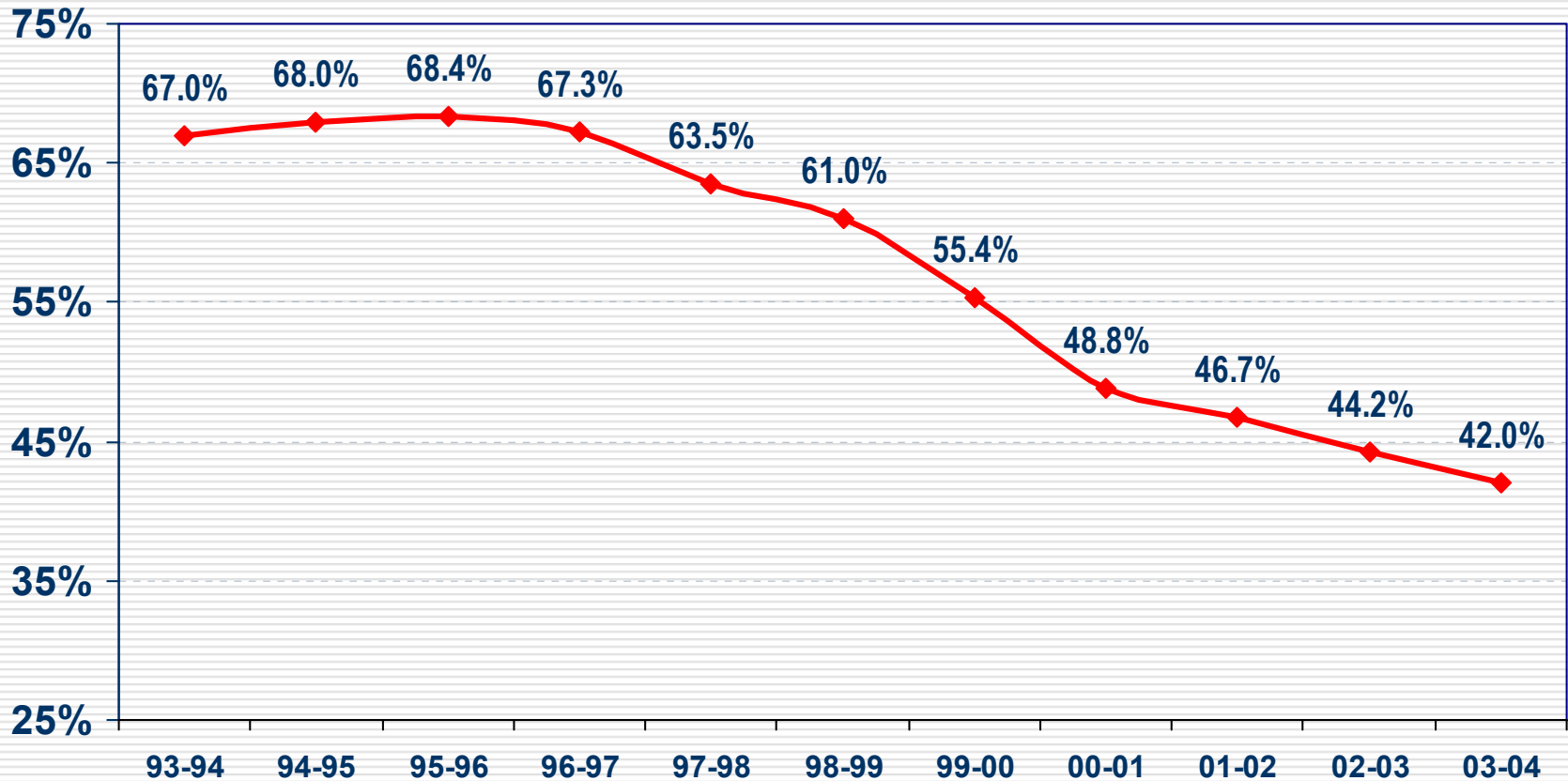
2002



4.

The federal debt has decreased very significantly as a proportion of GDP

Federal debt* as a proportion of GDP



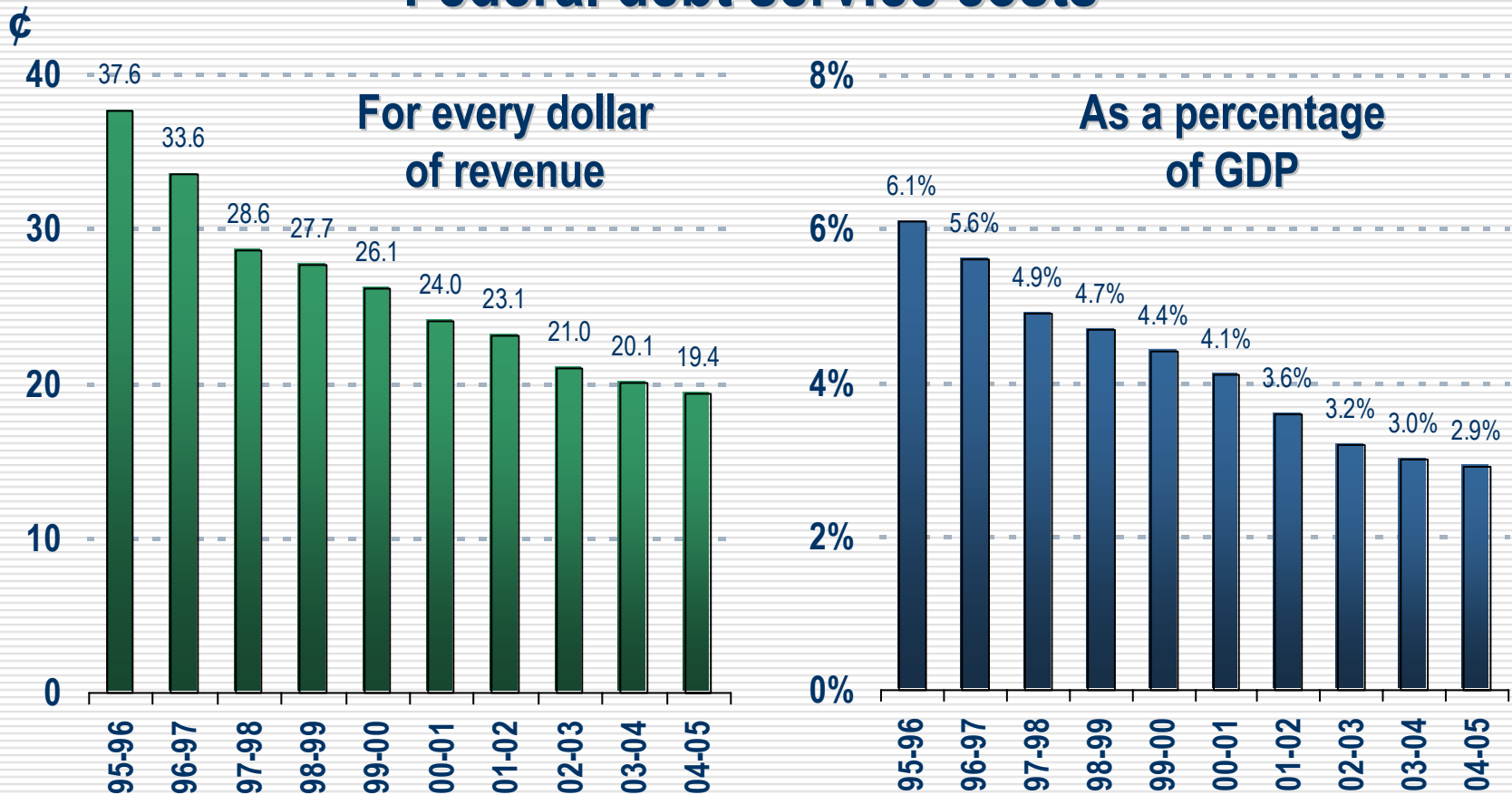
* The federal debt corresponds to accumulated annual deficits and surpluses.

Source: Finance Canada, *Fiscal Reference Tables* (October 2003) and budget documents

5.

Reducing the debt burden gives the Government \$3B in fiscal flexibility each year

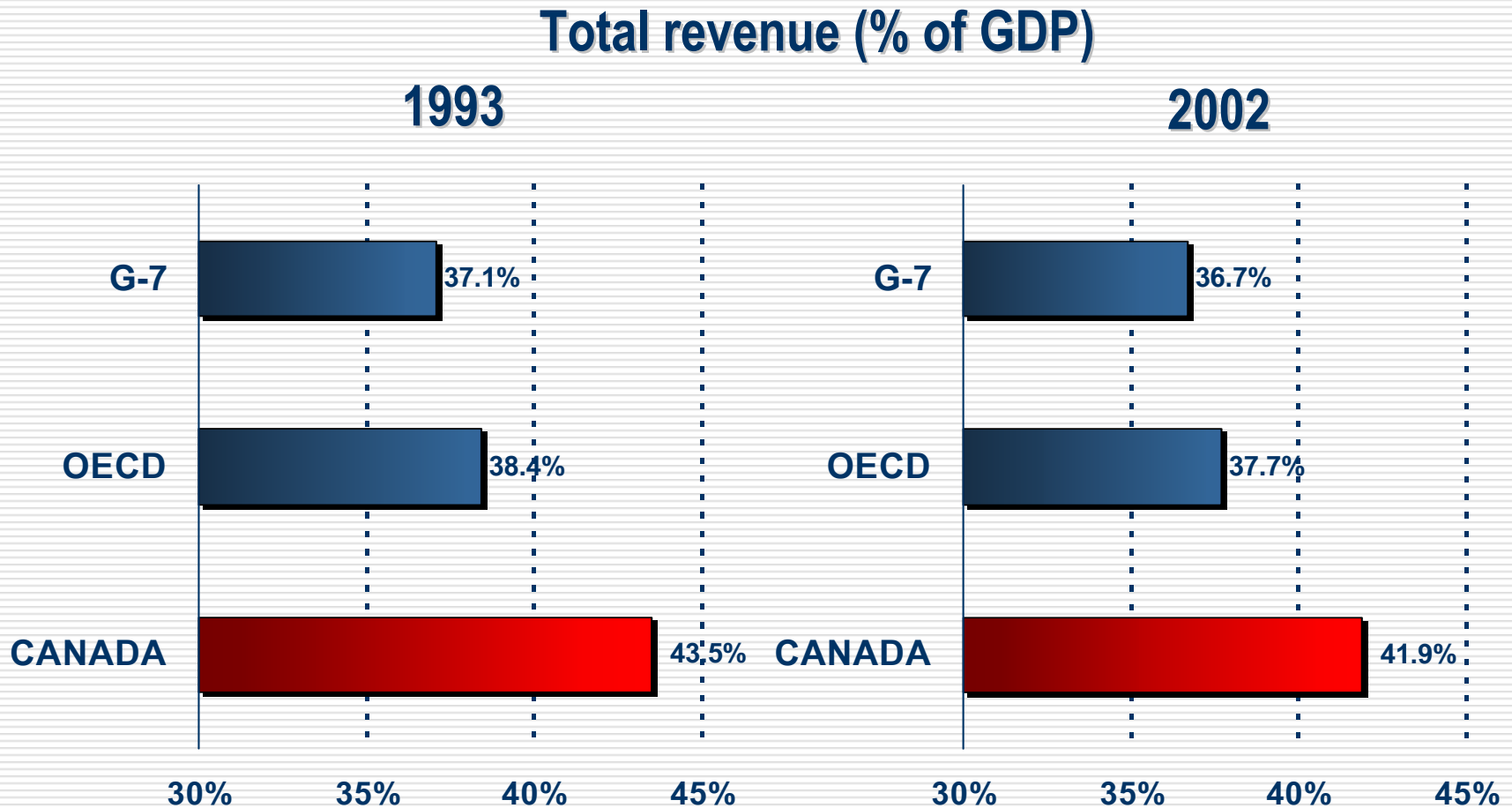
Federal debt service costs



Source: Finance Canada, *Fiscal Reference Tables* (October 2003) and budget documents

6.

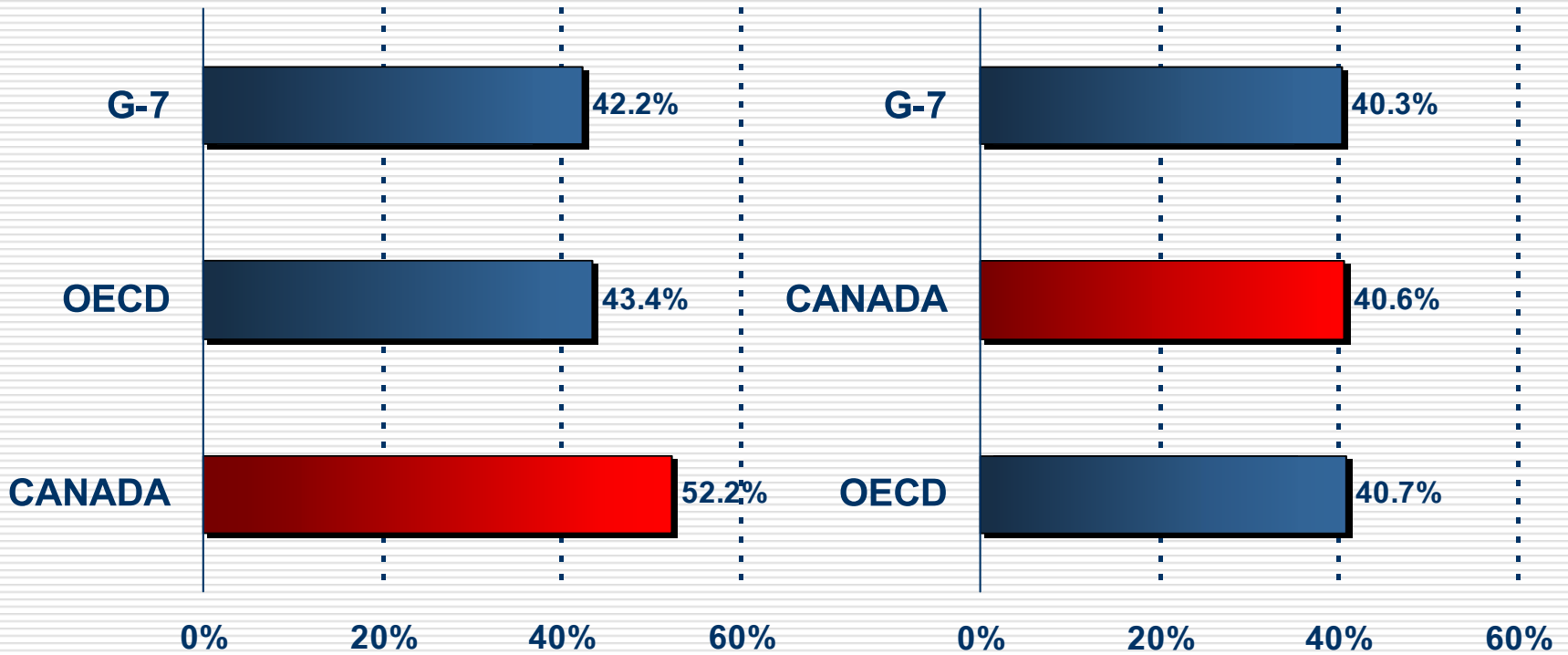
Canadian governments now collect less revenue relative to the size of our economy



7.

Canada's government sector has significantly reduced its expenditures.

Government expenditures (% of GDP)
1993 2002

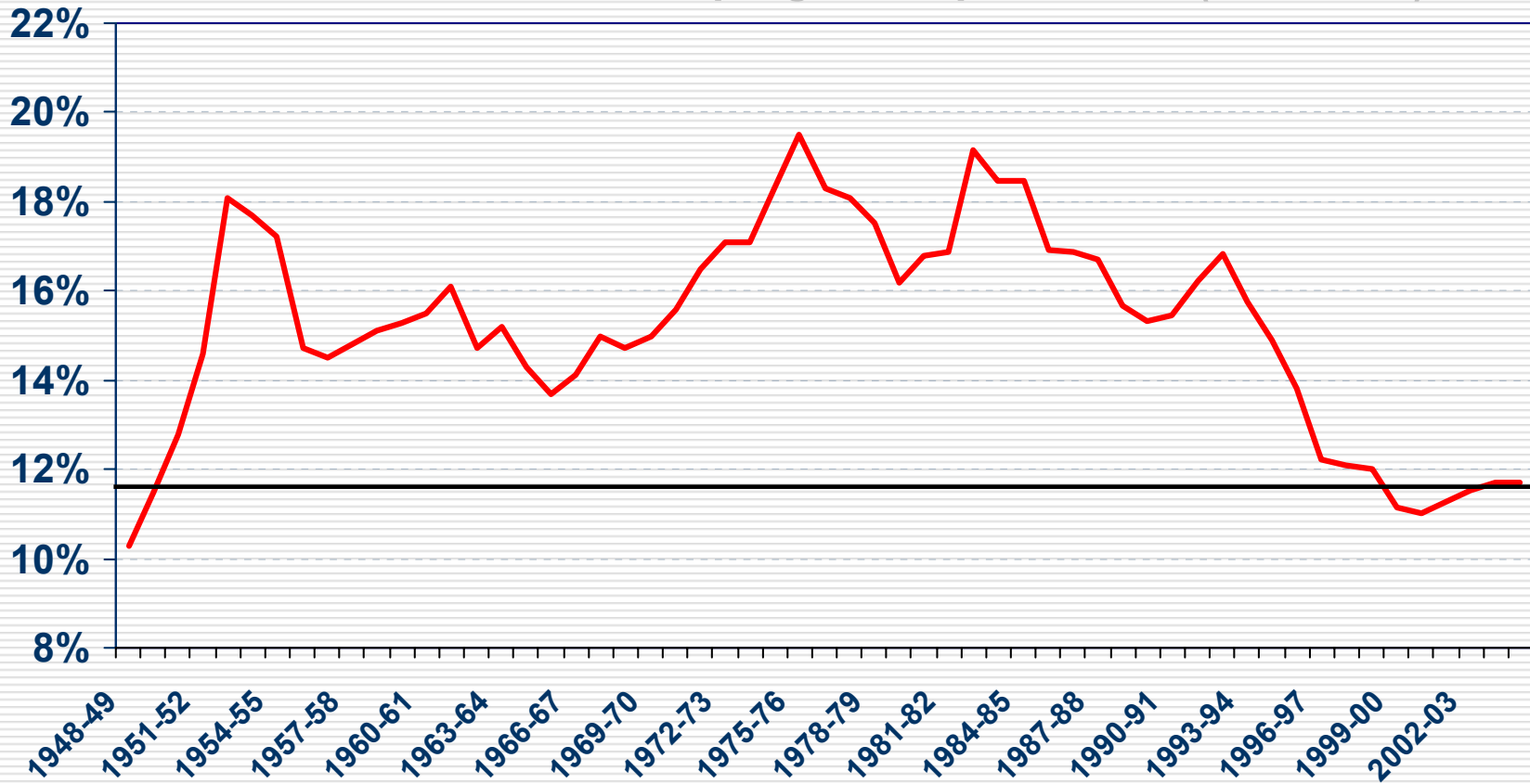


Source: *OECD Economic Outlook*, No. 73 (June 2003) and Finance Canada, *Fiscal Reference Tables* (October 2003)

8.

The Government of Canada's program expenditures are at a historic low

Government of Canada's program expenditures (% of GDP)

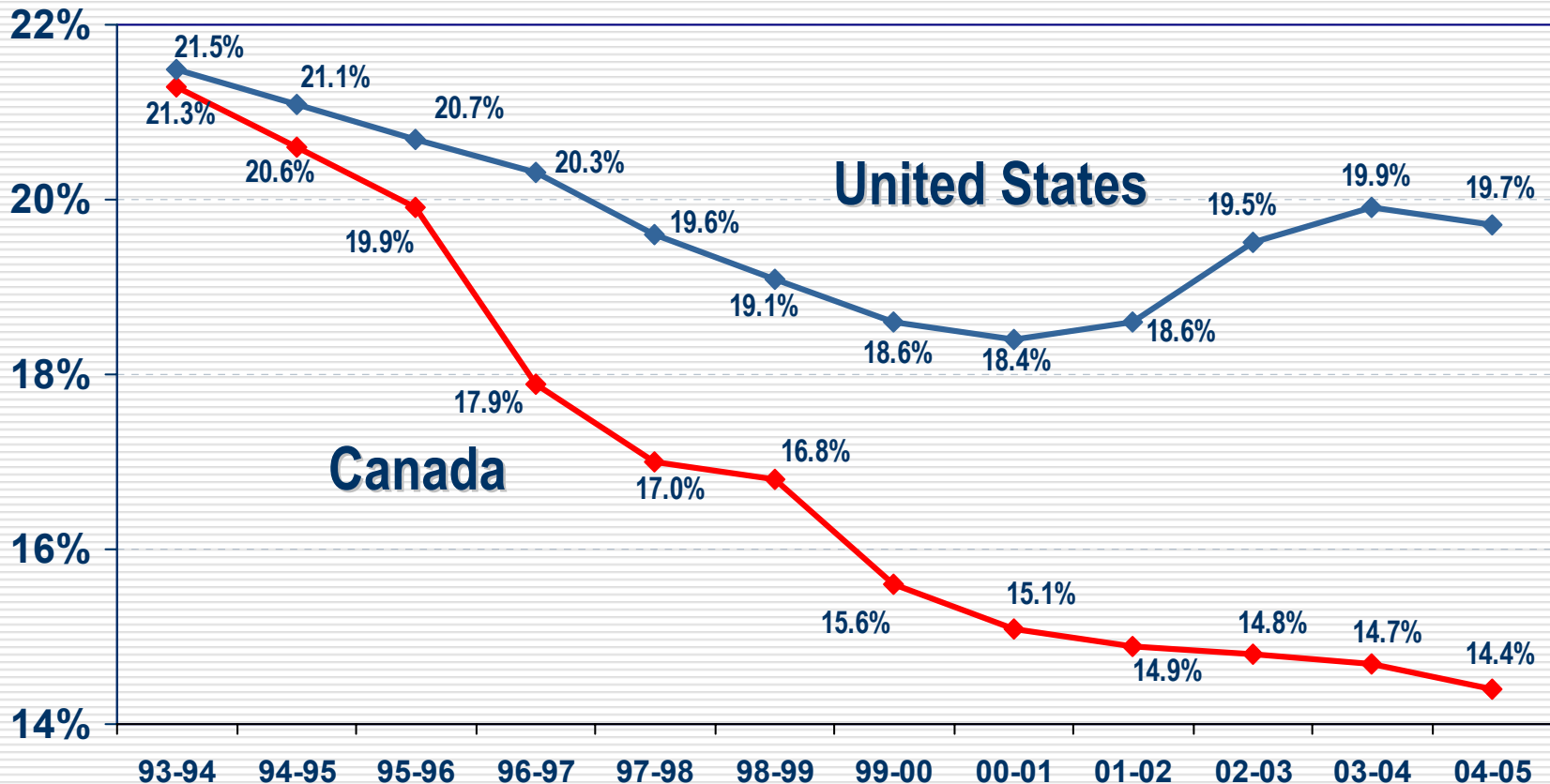


Source: *Public Accounts* and *budget documents*

9.

The Government of Canada's expenditures are significantly lower than the US Government's

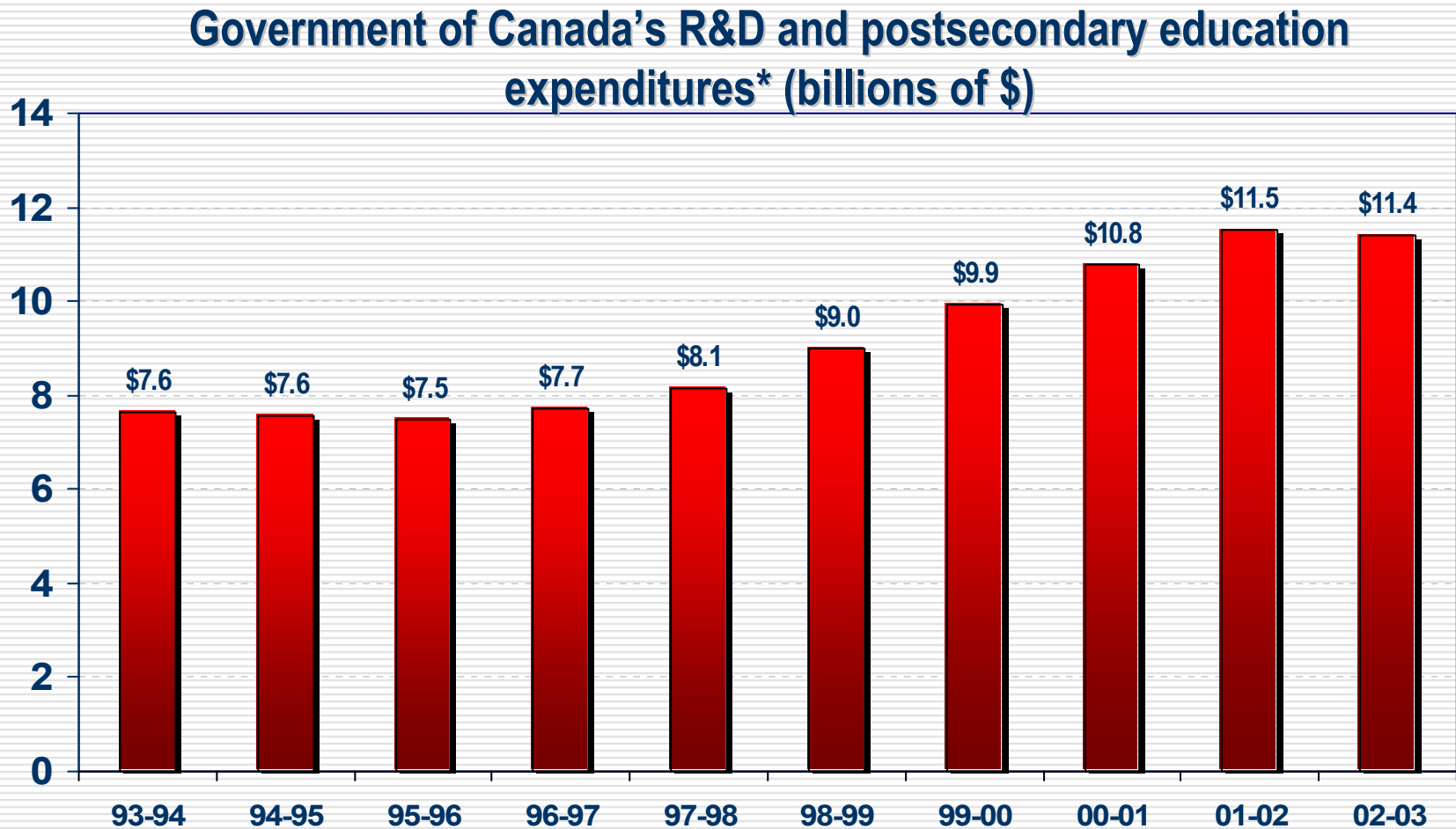
Total federal government expenditures (% of GDP)



Source: Canada and US Public Accounts and budget documents

10.

Major investments in R&D and postsecondary education



* Include direct expenditures and tax expenditures

Source: Statistics Canada and Finance Canada

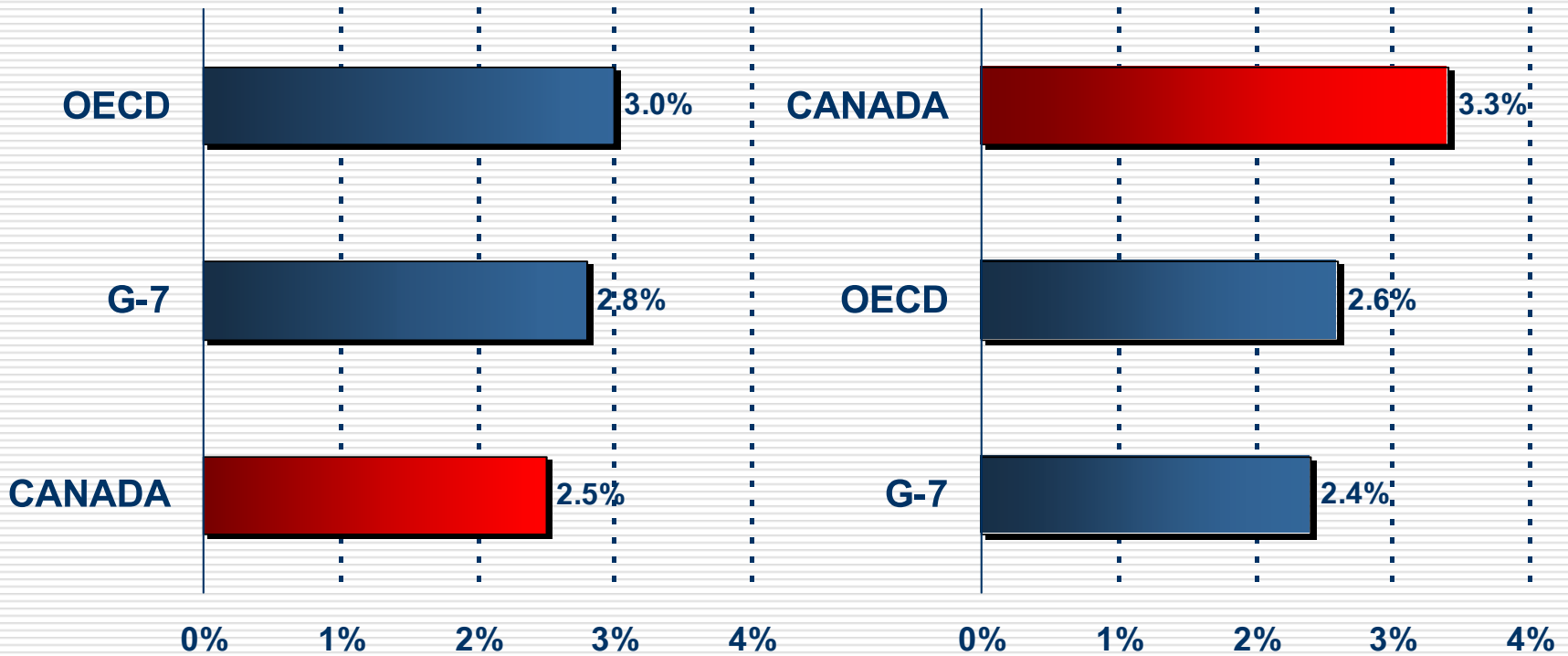
11.

Canada has achieved remarkable economic performance in recent years

Average annual growth of real GDP (as a %)

1985 to 1994

1995 to 2004



Source: *OECD Economic Outlook*, No. 73 (June 2003) and preliminary data for No. 74 (December 2003)

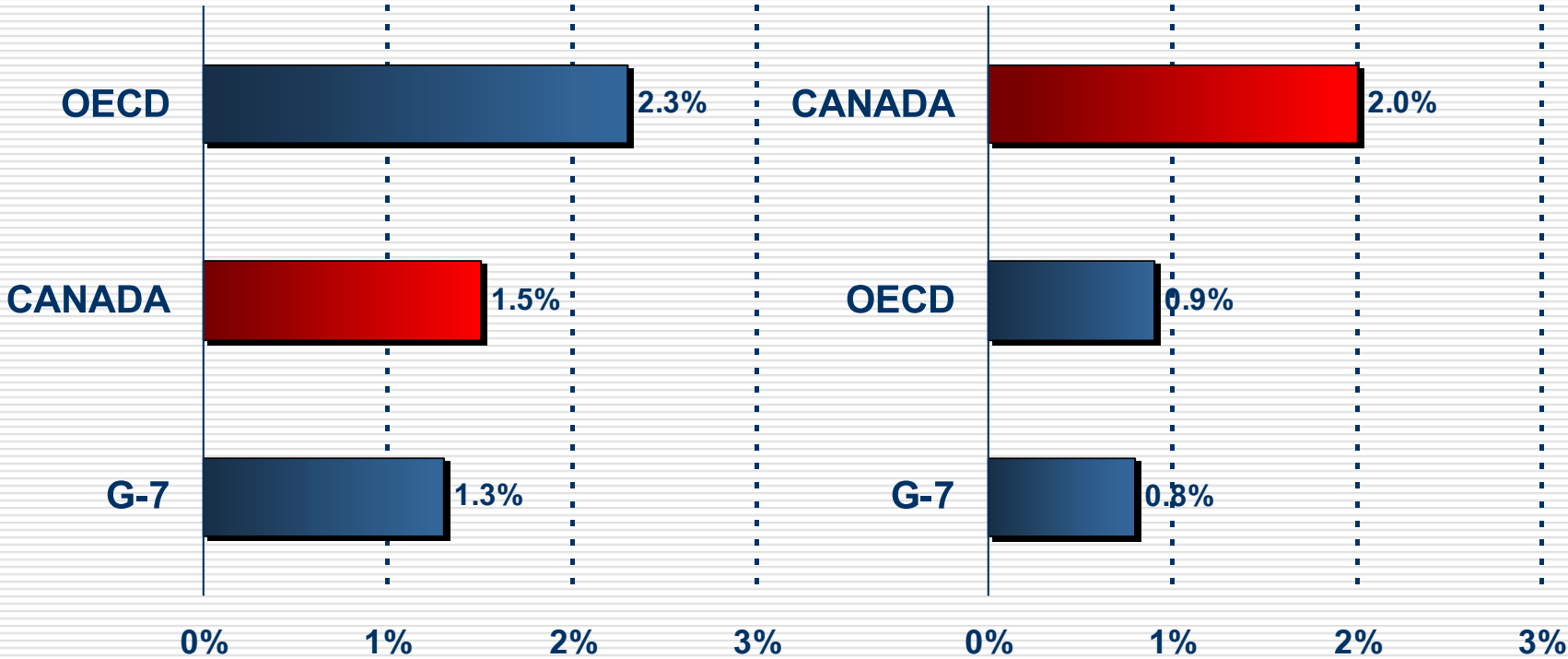
12.

Canada also looks very good in terms of job creation

Average annual growth of employment (as a %)

1985 to 1994

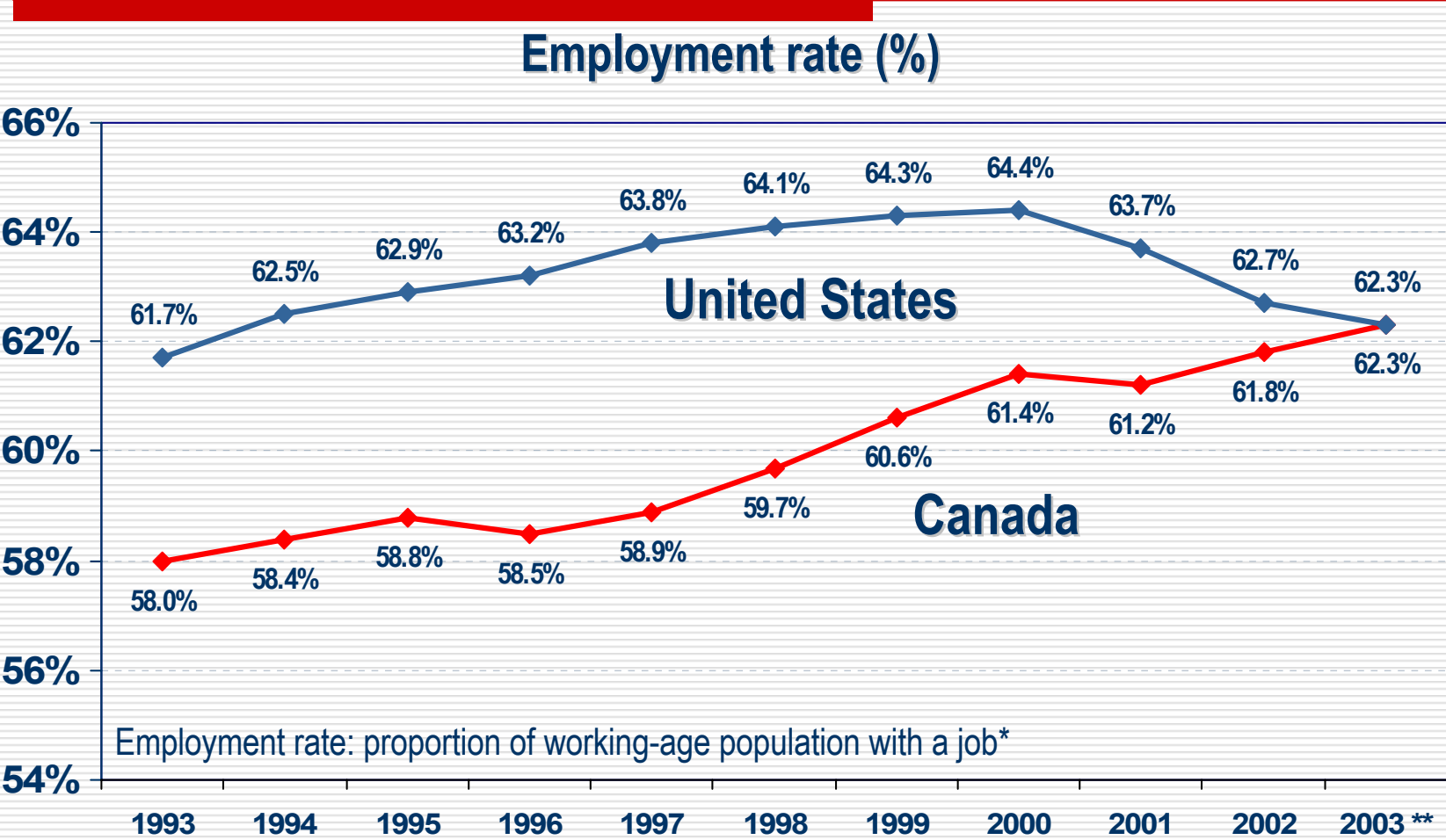
1995 to 2004



Source: *OECD Economic Outlook*, No. 73 (June 2003) and preliminary data for No. 74 (December 2003)

13.

Canada's employment rate now equals the US's



* Working-age population: 15 and over in Canada; 16 and over in the US

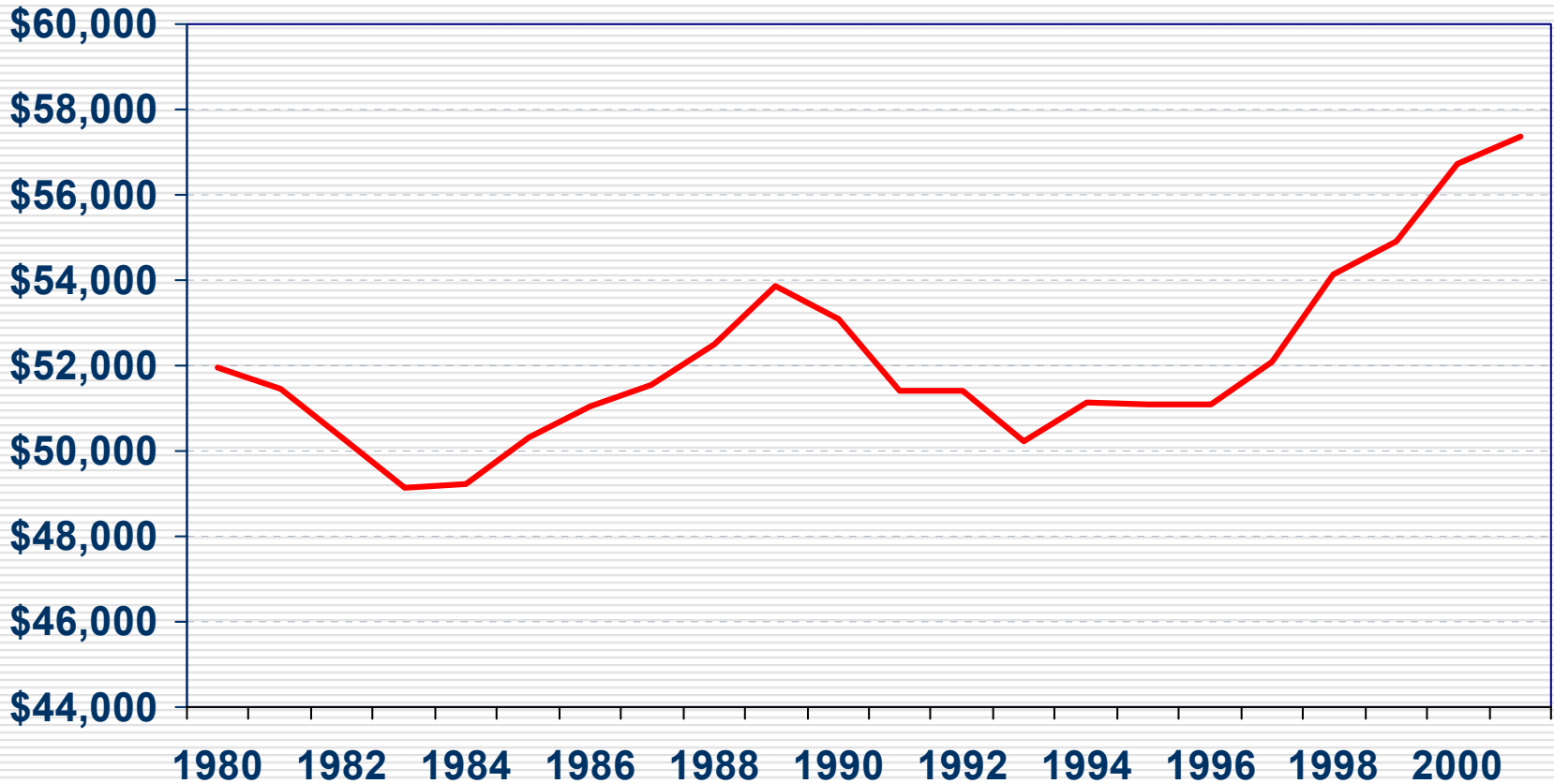
** Data from January to October 2003

Source: **Statistics Canada** and **US Bureau of Labor Statistics**

14.

Household income has grown considerably

Average family income (2001 constant dollars)

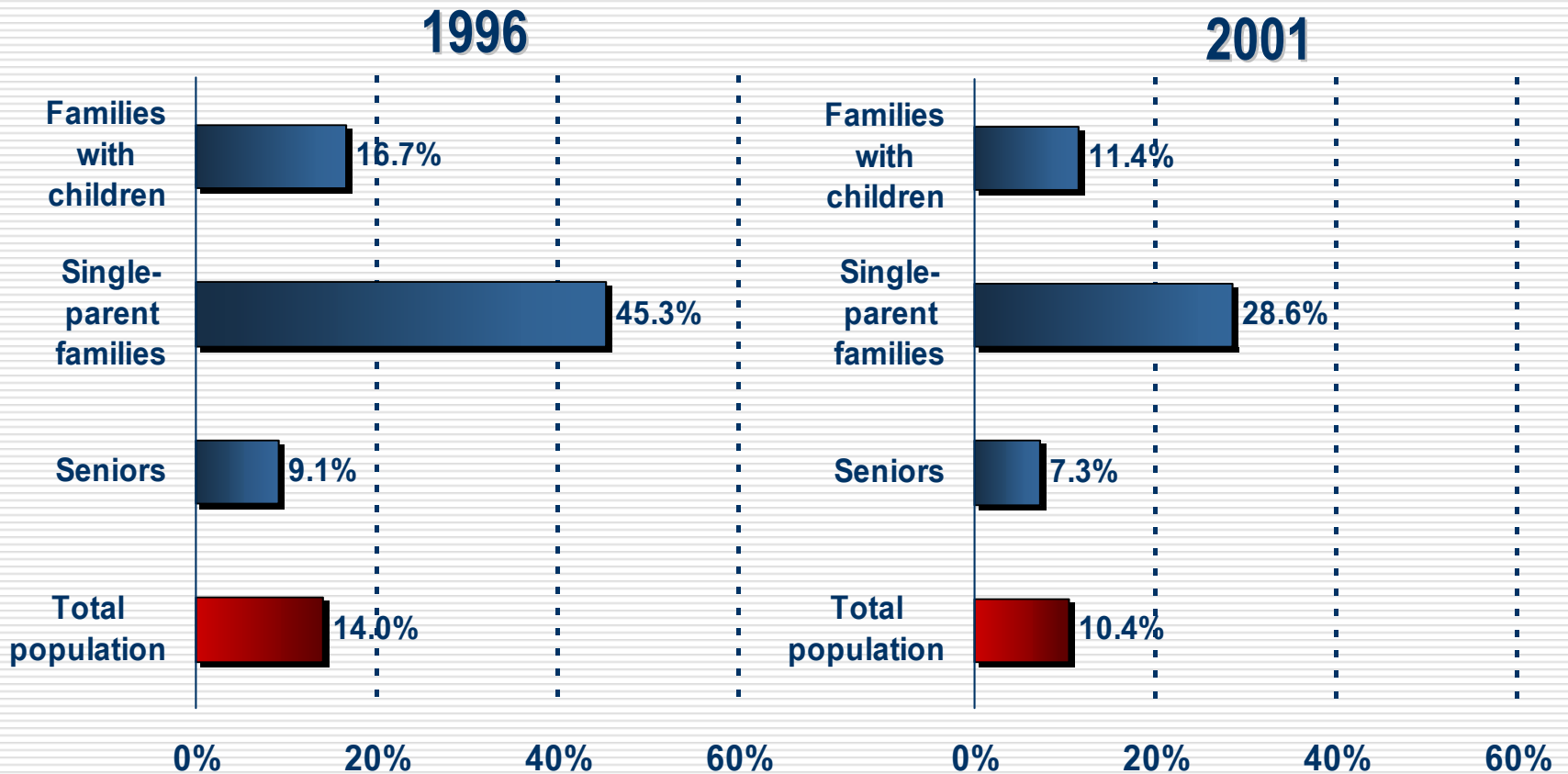


Source: Statistics Canada, *Income Trends in Canada (1980-2001)*

15.

The proportion of low-income Canadians has decreased steadily since 1996

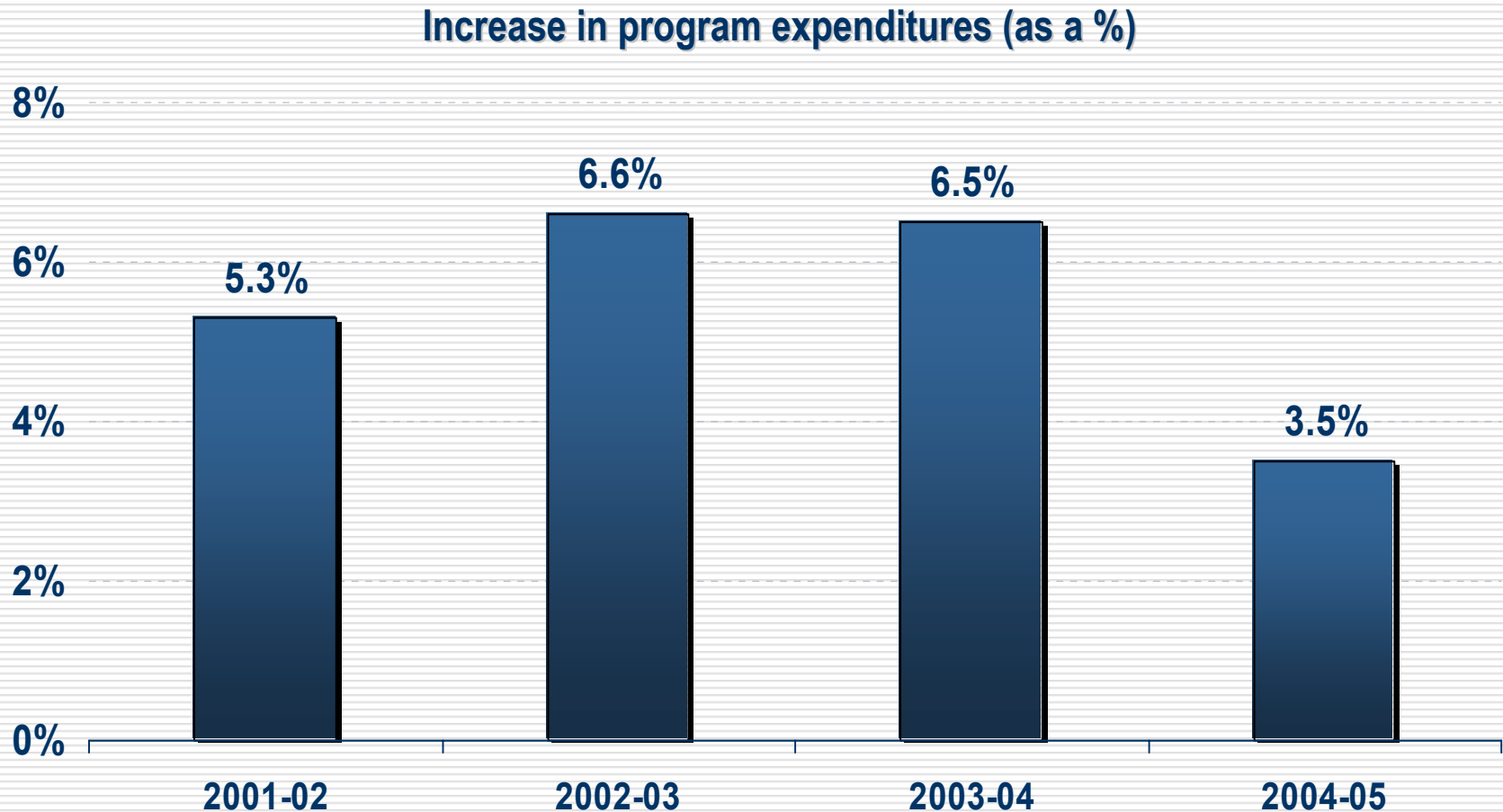
Proportion of low-income families (as a %)



Source: Statistics Canada, *Income Trends in Canada (1980-2001)*

16.

The gradual increase in expenditures observed since 2001-02 should be smaller in 2004-05

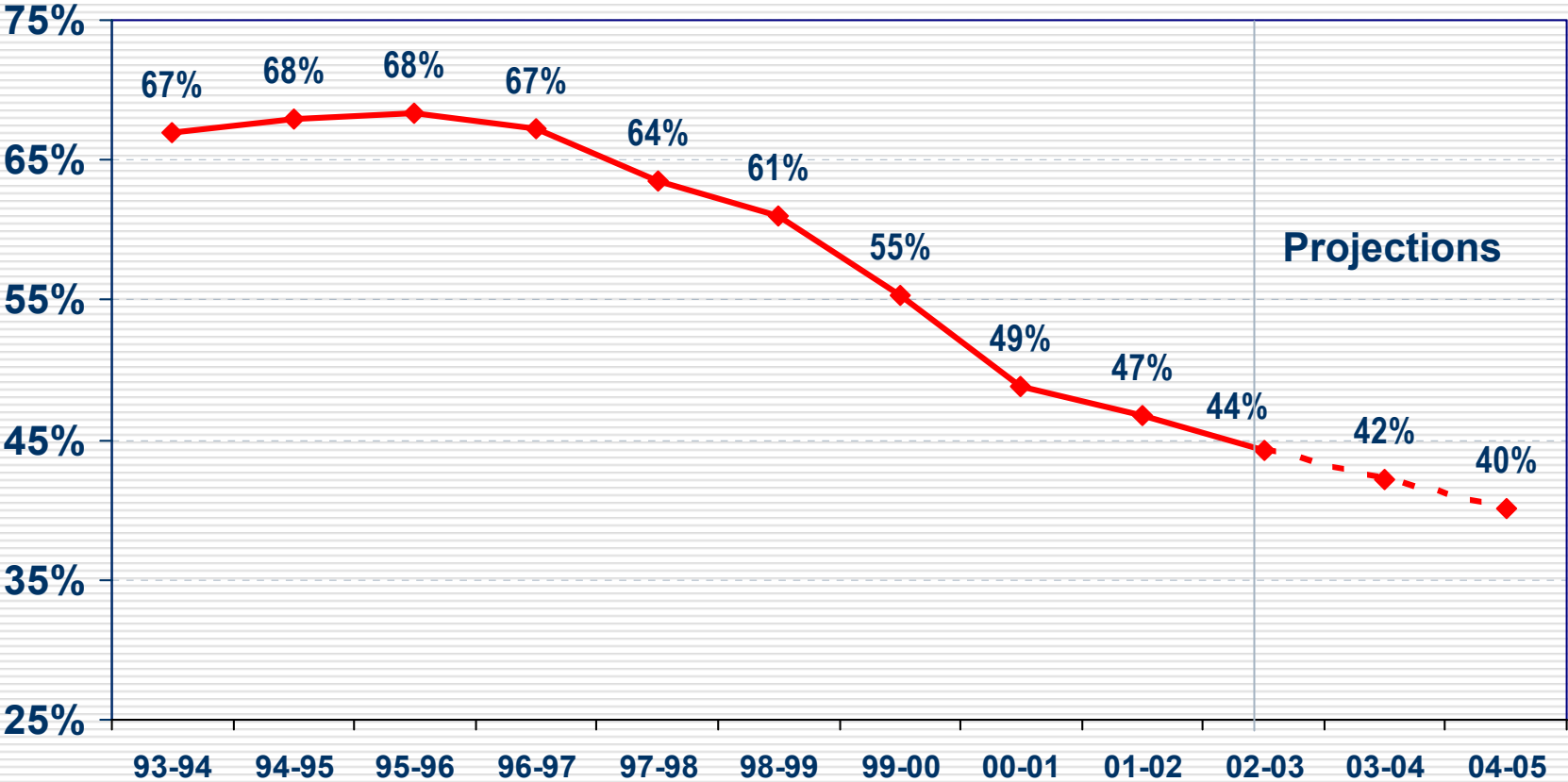


Source: Budget documents

17.

The federal debt is decreasing as a proportion of GDP

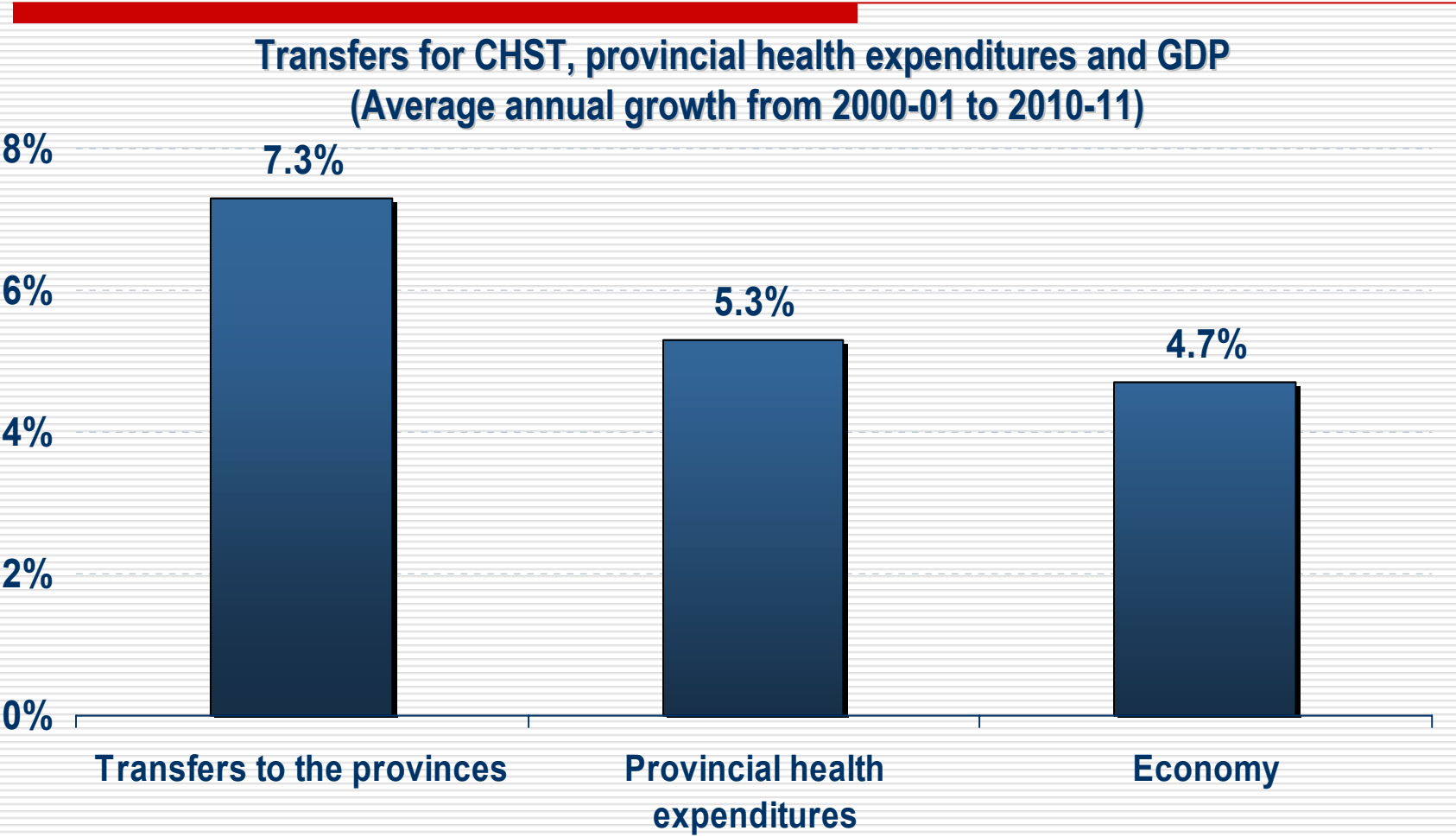
Federal debt* as a proportion of GDP



* The federal debt corresponds to accumulated annual deficits and surpluses.

18.

Transfers will increase more than provincial health expenditures



Source: Budget documents and Conference Board of Canada