

November 7, 2025

Canada: Putting PM Carney in his [budgetary] place

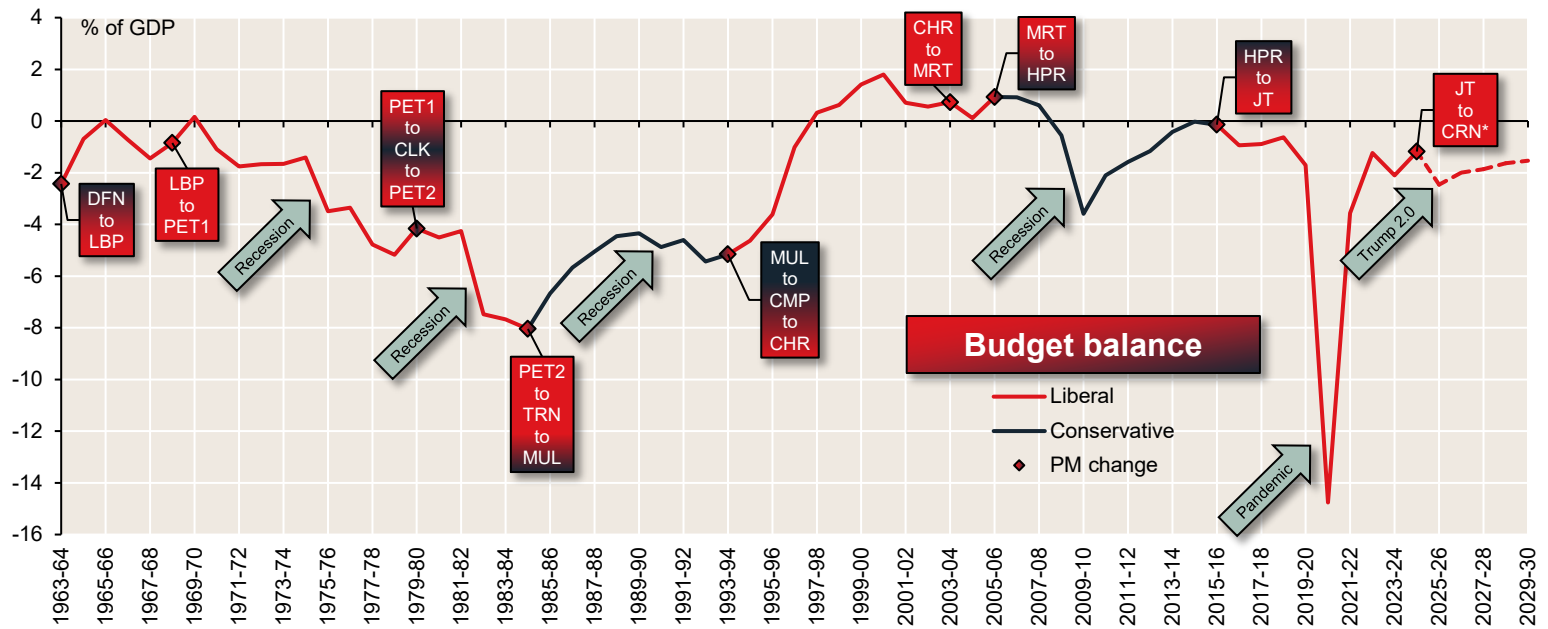
By Warren Lovely

Prime Minister Mark Carney's first budget has landed, with a confidence vote looming. We've already weighed in [here](#) and [here](#) and [here](#). But like super-podcaster Dan Carlin, we remain "addicted to context". If similarly inclined, this *Infographic* aims to put Mr. Carney in his place, fiscally speaking. Here, we illustrate how his projected medium-term plan (from Budget 2025) would compare to the actual paths walked by his prime ministerial predecessors. This presumes the budget passes.

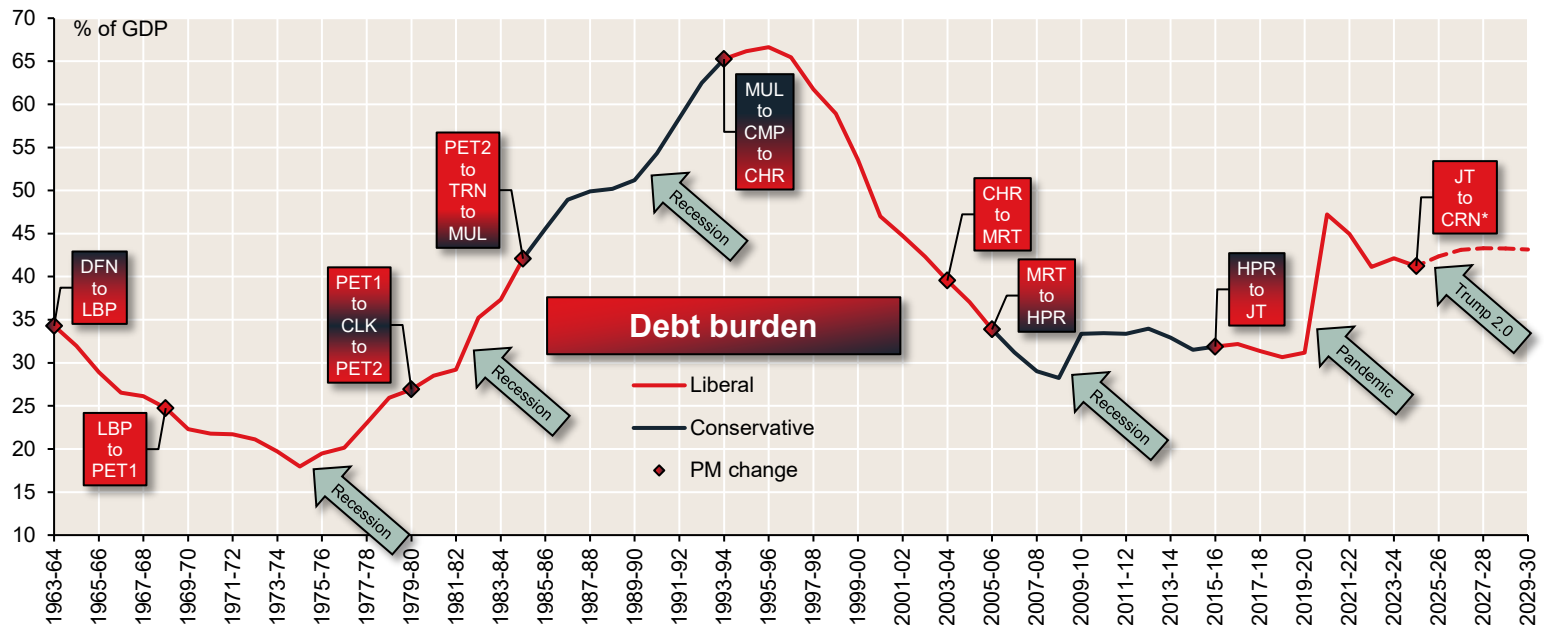
Warning: Comparisons to earlier periods are complicated by differences in underlying socioeconomic and geopolitical conditions. Interpret with some caution. Nor is there an attempt at a political endorsement here. A government's choices, fiscal and otherwise, presumably reflect the values and priorities of voters of the day. (Isn't that the recipe for seizing and staying in power?) Clearly, Canadian attitudes towards deficits and debt have shifted over time and can be expected to evolve further.

Chart 1(a-b): Federal finances through the years, putting PM Carney's fresh plan in a longer-term political perspective

(a) Government of Canada budget balance-to-GDP ratio by political party & prime minister



(b) Government of Canada debt-to-GDP ratio by political party & prime minister



Source: NBC, GoC, StatCan, CD Howe | Note: Based on actual financial results to 2023-24, estimates for 2024-25 & projections for 2025-26 onwards (from Budget 2025); shortform labels refer to prime ministers, with Carney designated 'CRN'; additional details available on page 2; federal debt is accumulated deficit concept (equivalent to gross debt less all assets)



A word on our approach... For the purposes of this analysis, we assume: (a) the budget passes; (b) Carney's Liberals remain in power (at least to the next scheduled election); (c) finances evolve as planned through 2029-30. Carney's indicative/projected fiscal path is compared to actual results for prior PMs back through the 1960s—at least those serving one year or more. For PM transitions, we apportion/assign results based on share of the fiscal year a PM held power. Caution: The current minority parliament may not last; the fresh fiscal plan could be modified/abandoned; economic circumstances and electoral priorities can/will change. So yes, comparing a *projected* path to *realized* results may be 'apples and oranges'. This is nonetheless *one* way of applying an historic lens to Carney's intended fiscal journey. How do projected deficits compare? How extreme is the debt burden and pace of debt accumulation? Does the 'interest bite' look punishing? All good questions.

The following is the list of PMs studied (from most recent); chart labels in brackets; colours denoting party affiliation; '*' signaling a term less than 1Y: Carney (CRN); J.Trudeau (JT); Harper (HPR); Martin (MRT); Chrétien (CHR); Campbell (CMP)*; Mulroney (MUL); Turner (TRN)*; P.E.Trudeau, second ministry (PET2); Clark (CLK)*; P.E.Trudeau, first ministry (PET1); Pearson (LBP).

Sources for charts 2-9: NBC, GoC, StatCan | Note on federal finances: Actual results to 2023-24, latest estimate for 2024-25, projections for 2025-26 onwards (from Budget 2025)

Chart 2: A sample of PMs, from L.B. Pearson to Mark Carney

Term, sequence & political affiliation of Canadian PMs included in this Infographic

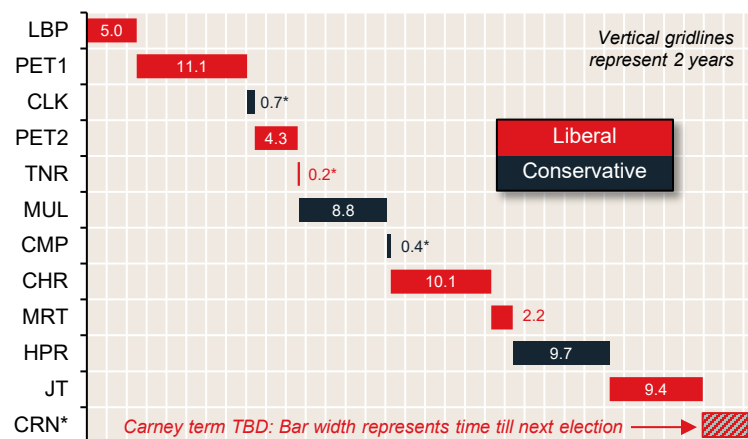


Chart 3: Chronology of average budget balance by PM

GoC budget balance & financial source/requirement: Average during PM term

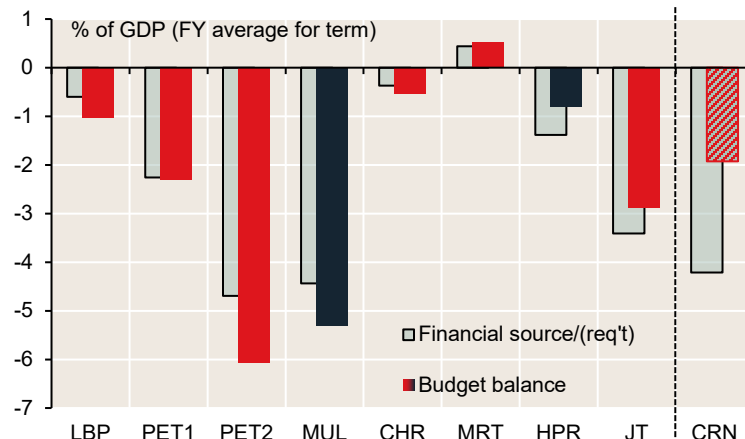


Chart 4: Carney's planned deficits put him 'middle of pack'...

GoC budget balance: Average during PM term (Ordered)

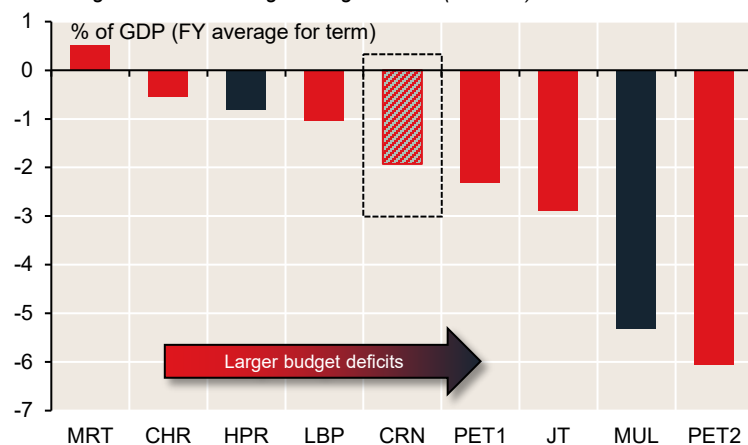


Chart 5: ... but non-budgetary needs look fairly substantial

GoC non-budgetary transactions: Average during PM term (Ordered)

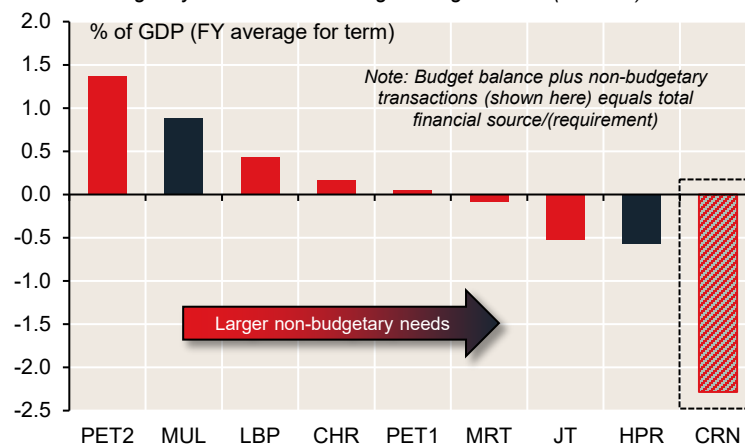


Chart 6: Debt-to-GDP not exactly surging in Carney's plan...

Change in GoC debt burden: Average annual pace during PM term (Ordered)

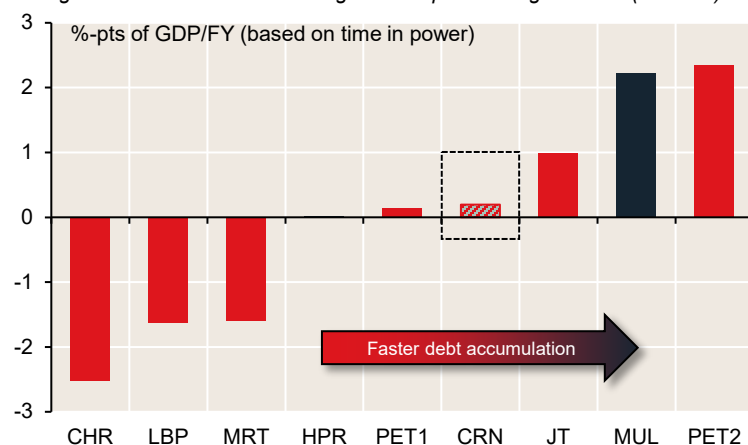
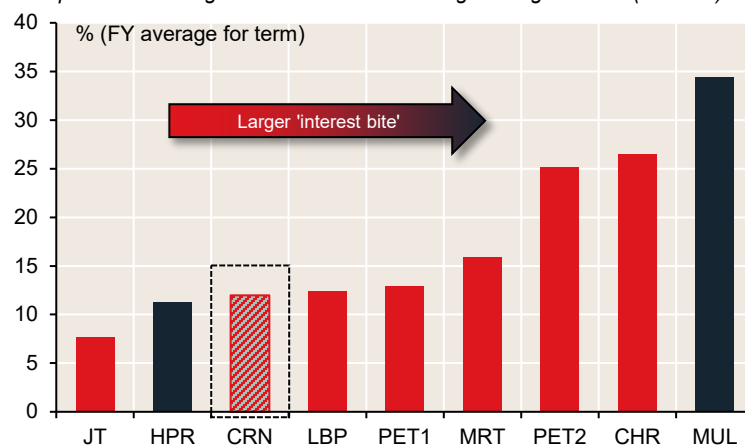
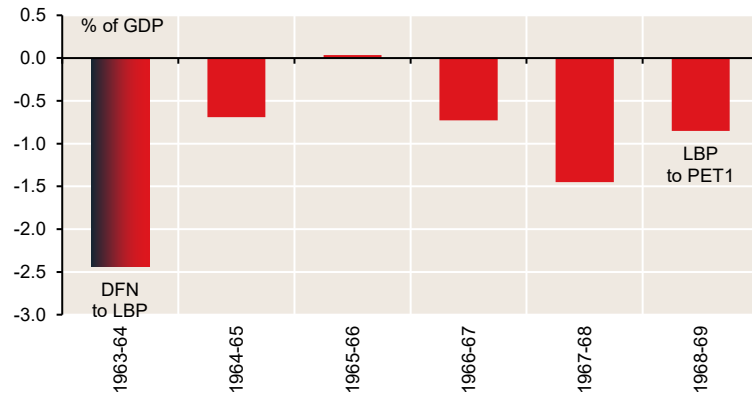
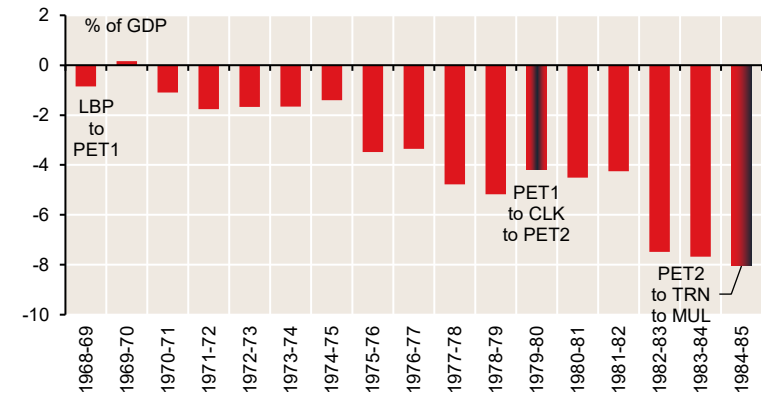
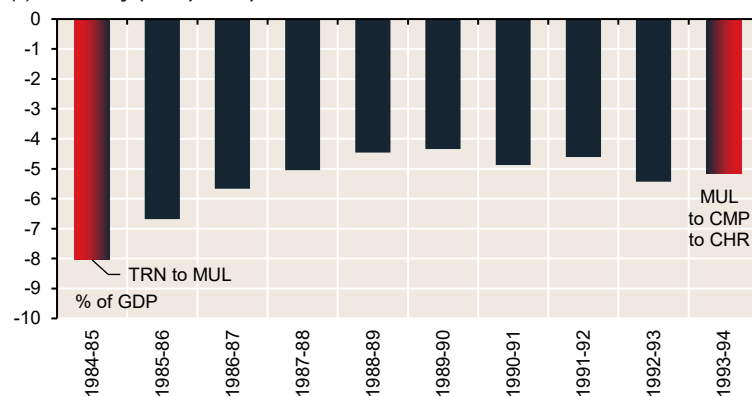
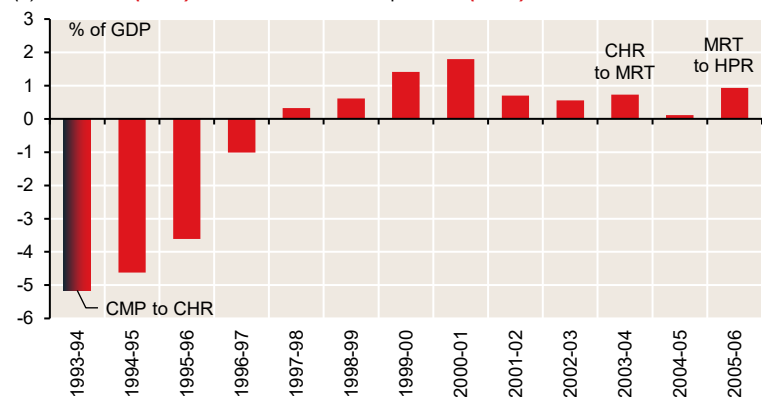
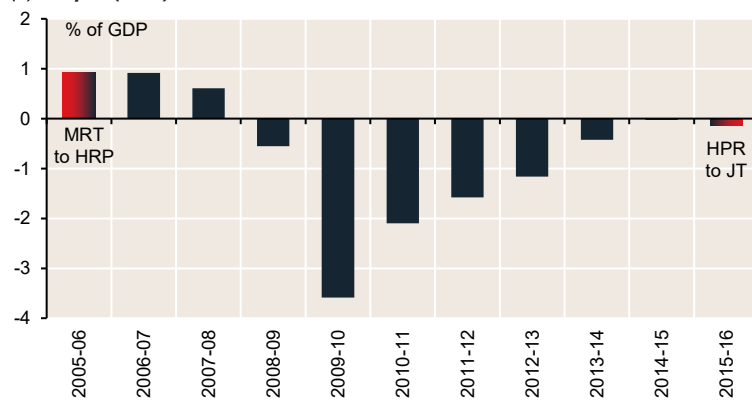
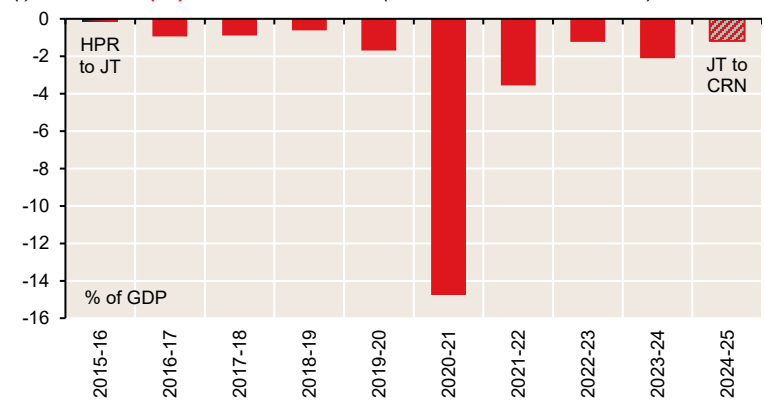
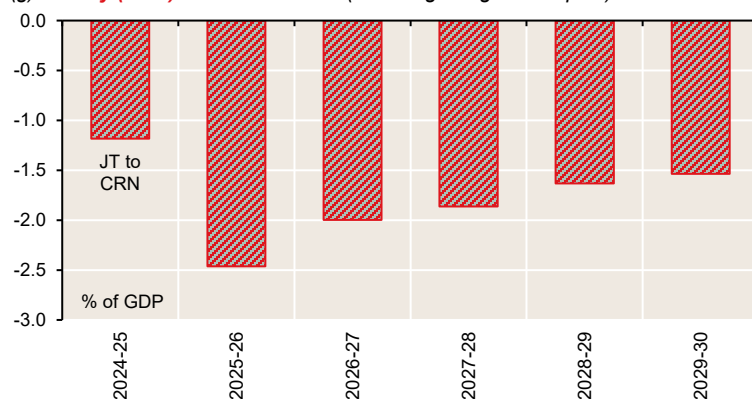


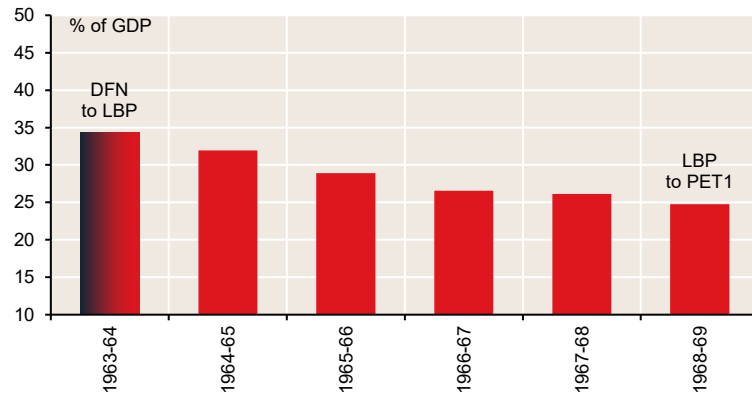
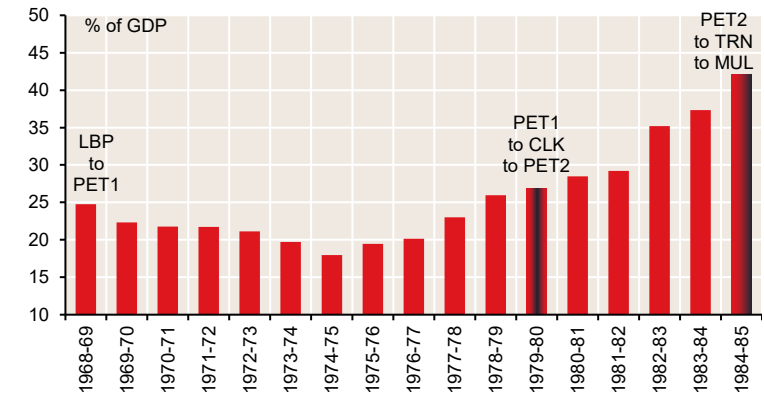
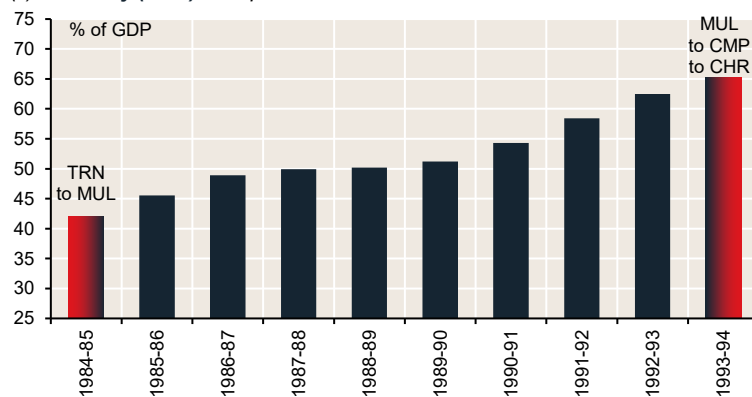
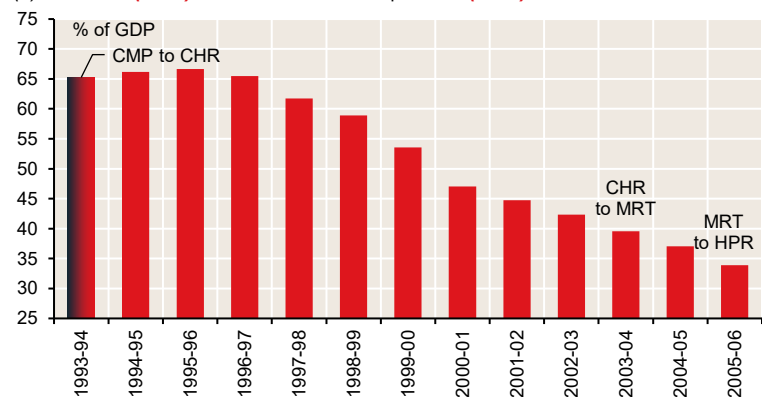
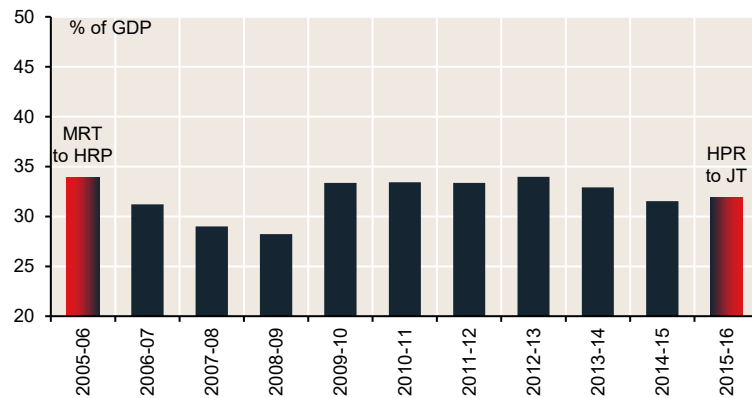
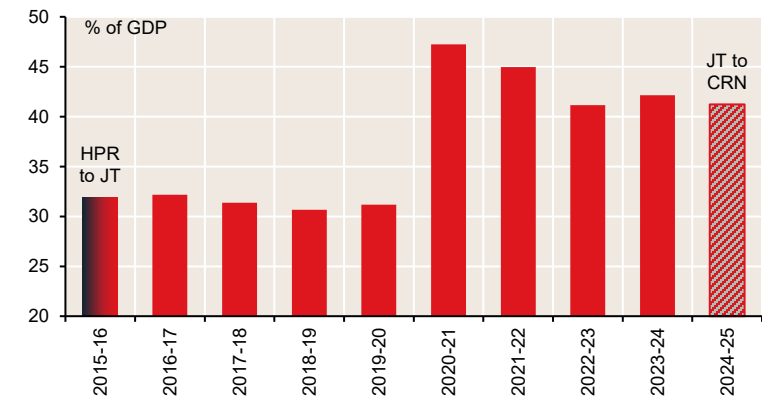
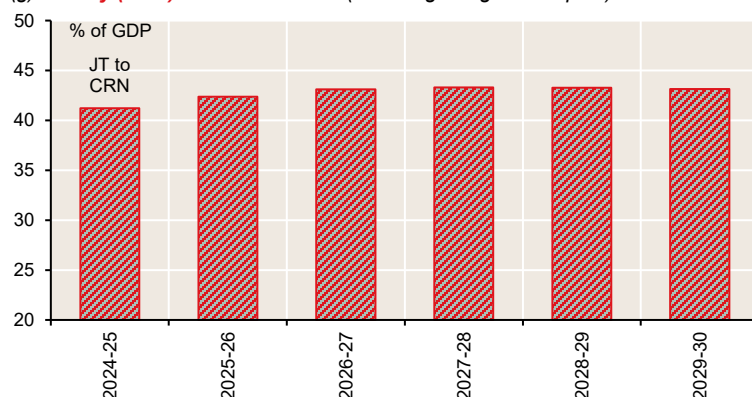
Chart 7: ... and 'interest bite' should remain manageable

GoC public debt charges-to-revenue ratio: Average during PM term (Ordered)



**Charts 8a-g: Budget balances under individual PMs, including Carney's Budget 2025 plan | Note: Vertical axis not uniform****(a) L.B. Pearson (LBP)** > Apr-63 to Apr-68**(b) P.E. Trudeau (PET1 & PET2)** > Apr-68 to Jun-79 & Mar-80 to Jun-84**(c) Mulroney (MUL)** > Sep-84 to Jun-93**(d) Chrétien (CHR)** > Nov-93 to Dec-03 | **Martin (MRT)** > Dec-03 to Feb-06**(e) Harper (HPR)** > Feb-06 to Nov-15**(f) J. Trudeau (JT)** > Nov-15 to Mar-25 (with 2024-25 latest estimate)**(g) Carney (CRN)** > Mar-25 to TBD (reflecting Budget 2025 plan)

As per Budget 2025, Carney's first budget shows the deficit more than doubling to \$78.3bln in 2025-26 (or 2.5% of GDP). The after-capital deficit is intended to ease to 1.5% by 2029-30, an enhanced accounting framework showing an "operating" balance by 2028-29. Assuming Carney remains in power at least until the next election, the average implied after-capital deficit would be 1.9% of GDP, placing him in 'middle of pack'.

**Charts 9a-g: Debt burden under individual PMs, including Carney's Budget 2025 plan | Note: Vertical axis not uniform****(a) L.B. Pearson (LBP)** > Apr-63 to Apr-68**(b) P.E. Trudeau (PET1 & PET2)** > Apr-68 to Jun-79 & Mar-80 to Jun-84**(c) Mulroney (MUL)** > Sep-84 to Jun-93**(d) Chrétien (CHR)** > Nov-93 to Dec-03 | **Martin (MRT)** > Dec-03 to Feb-06**(e) Harper (HPR)** > Feb-06 to Nov-15**(f) J. Trudeau (JT)** > Nov-15 to Mar-25 (with 2024-25 latest estimate)**(g) Carney (CRN)** > Mar-25 to TBD (reflecting Budget 2025 plan)

Carney's first budget shows the accumulated deficit-to-GDP ratio (the preferred debt metric) edging up to 42.4% in 2025-26. Debt-to-GDP is meant to peak at 43.3% in both 2027-28 and 2028-29. The debt burden is not a designated 'fiscal anchor'. The 'interest bite' (i.e., share of revenue consumed by public debt charges) has grown to 11.0% as of 2025-26. It is projected to rise each year of fresh fiscal framework, reaching 13.0% by 2029-30 or nearly double the pre-COVID level (~7%).



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