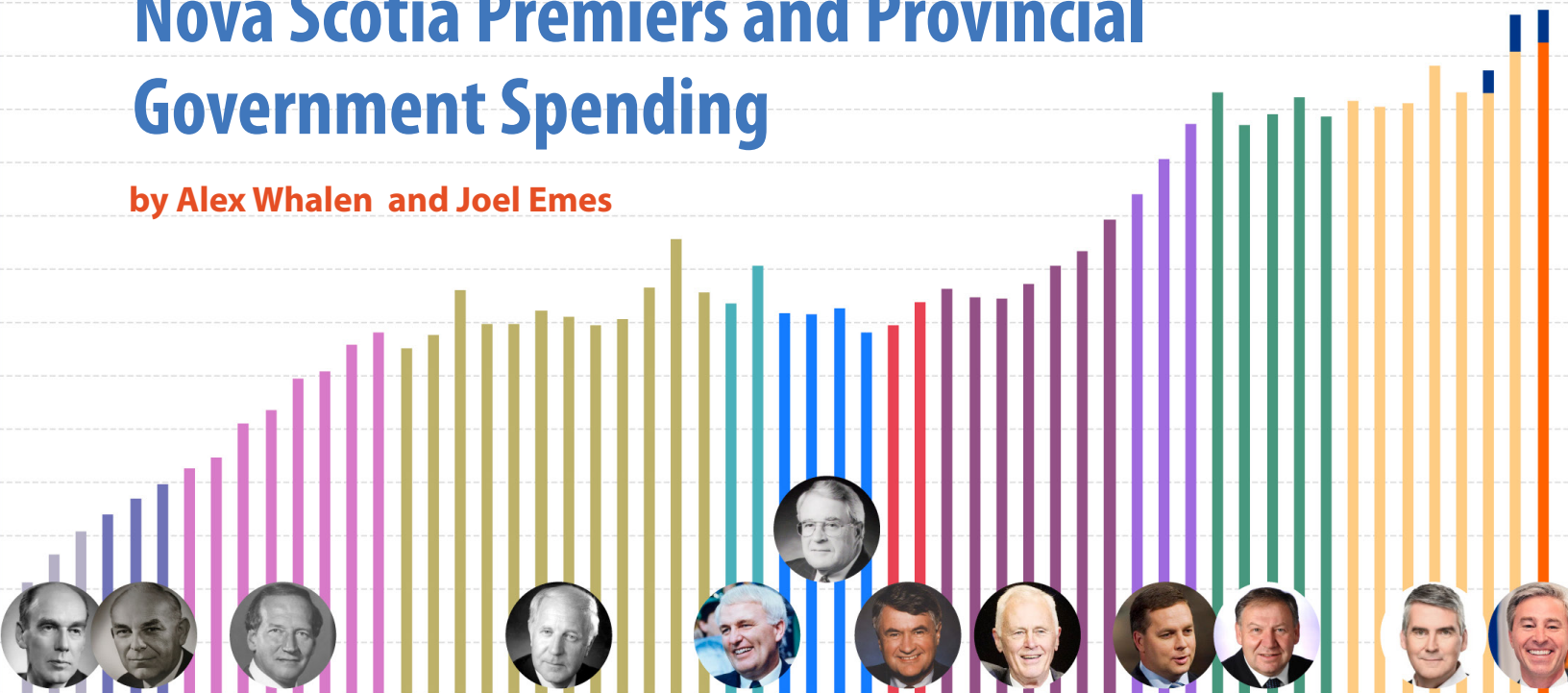


Nova Scotia Premiers and Provincial Government Spending

by Alex Whalen and Joel Emes



SUMMARY

- Per-person inflation-adjusted program spending is a key measure of government fiscal policy. With data going back to 1965, we are able to compare different historical periods and the tenures of various Nova Scotia premiers.
- From 1965 to 2021, provincial per-person spending increased substantially over the 56-year period—from \$2,114 (in 2021 inflation-adjusted dollars) to \$12,880.
- Premier Robert Stanfield stands out as the premier who increased spending the most of any Nova Scotia premier since 1965 (a 20.7 percent average annual change in per-person spending), though our analysis only includes

three years of available data on Stanfield’s tenure (1965 to 1967).

- The premiers who increased per-person inflation-adjusted spending the most aside from Stanfield are George Smith (8.7 percent), Gerald Regan (7.1 percent), and Rodney MacDonald (6.3 percent).
- Stephen McNeil (2.4 percent), John Buchanan (1.1 percent), Tim Houston (0.7 percent), and Darrell Dexter (0.4 percent) are the four premiers who have increased per-person inflation-adjusted spending the least during our period of analysis. John Savage was the only premier who presided over a decrease on this measure (a decline of 4.0 percent during his tenure).

Nova Scotia Premiers and Provincial Government Spending

Introduction

This bulletin reviews the spending records of Nova Scotia governments, presented by different premiers.¹ Specifically, it examines the Nova Scotia provincial government's per-person (inflation-adjusted) program spending since 1965, divided into periods based on the different premiers. As a part of a series the Fraser Institute is doing for all provinces, the intention of this bulletin 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 tenure, and/or prevailing interest rates, both of which are out of the provincial government's immediate control.²

The study uses Finances of the Nation government revenue and expenditure data (REAL),³ which is built from three Statistics Canada publications: *Public Finance Historical Data* (PFHD) for 1965 through 1992; *Federal, Provincial and Territorial General Government Revenue and Expenditure* (FPRTE) for 1989 through 2009;

¹ The foundation for this analysis is based on *Prime Ministers and Government Spending: A Retrospective* (Clemens and Palacios, 2017).

² Both the level of debt accumulated from previous governments and prevailing interest rates influenced 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.

³ See <https://financesofthenation.ca/data/>.

and *Canadian Government Finance Statistics* (CGFS) for 2009 to present. Data are available up to the fiscal year 2021-22. Accounting conventions are comparable through time within each period, but there are differences among the three periods. The creators of the REAL dataset adjust the data to make them more comparable.⁴

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 2020-21, for instance, is simply referred to as 2020. We do this both for simplicity and because the majority of the government's fiscal year occurs in the first year referred to.

It is 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, modest, or negative population growth (i.e., a decline in the 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.

This study also adjusts program spending data for inflation so that spending in the 1960s is comparable with spending in 2021. We use the consumer price index to adjust for inflation. Data are taken from Statistics Canada's Table 18-10-0004-01. Provincial per-person program

⁴ Note that discrepancies are generally less than five percent (and are often much smaller) at the points where the datasets overlap. You can learn more about the adjustments made in the User Guide to the Finances of the Nation REAL data (<https://financesofthenation.ca/real-fedprov/>).

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Table 1: Nova Scotia's Premiers and Budget Years over the Period of Analysis

Premier	Party	Budget Years	Number of Budgets
Robert Stanfield	Progressive Conservative	1965-1967	3
George Smith	Progressive Conservative	1968-1970	3
Gerald Regan	Liberal Party	1971-1978	8
John Buchanan	Progressive Conservative	1979-1990	12
Don Cameron	Progressive Conservative	1991-1992	2
John Savage	Liberal Party	1993-1996	4
Russell MacLellan	Liberal Party	1997-1998	2
John Hamm	Progressive Conservative	1999-2005	7
Rodney MacDonald	Progressive Conservative	2006-2008	3
Darrell Dexter	New Democratic Party	2009-2013	5
Stephen McNeil	Liberal Party	2014-2020	7
Tim Houston	Progressive Conservative	2021	1

Note: Although Robert Stanfield served as premier for parts of 12 years (1956-1967), there are only three years of available data during his tenure (1965, 1966, and 1967).

Details on the allocation of specific budgets:

The 1967 budget was allocated to Robert Stanfield as he served as premier for almost half the year and delivered the budget.

The 1970 budget was allocated to George Smith as he served as premier for the majority of the fiscal year.

The 1978 budget was allocated to Gerald Regan as he served as premier for majority of the fiscal year.

Three premiers served in the fiscal year 1990 (Buchanan, Roger Bacon, and Cameron). The budget was allocated to Buchanan as he served the largest portion of the fiscal year and introduced the budget.

The 1993 budget was allocated to John Savage as he served as premier the majority of the fiscal year.

The 1997 budget was allocated to Russell MacLellan as he served as premier the majority of the fiscal year.

The 1999 budget was allocated to John Hamm as served as premier for the majority of the fiscal year.

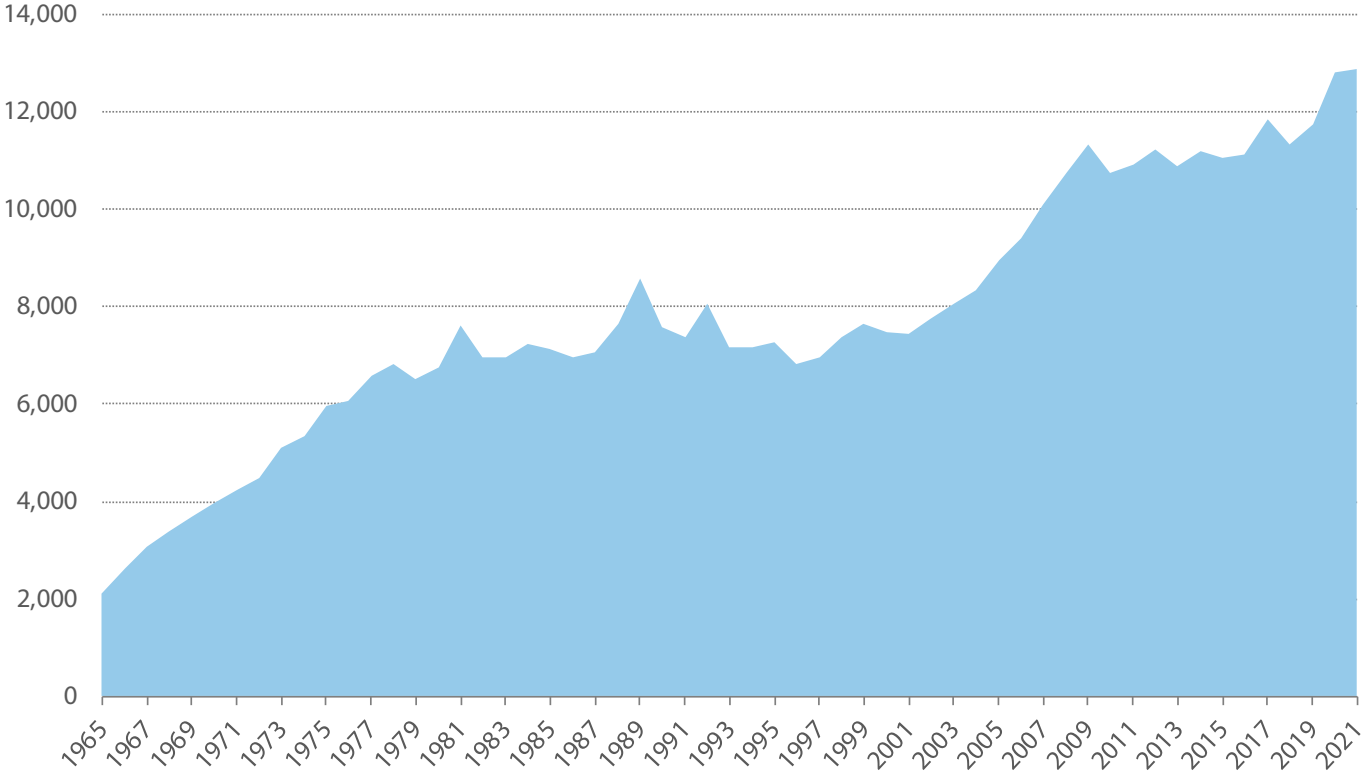
The 2009 and 2013 budgets were allocated to Darrell Dexter as he served as premier for the majority of the fiscal year.

The 2021 budget was allocated to Tim Houston, as he served as premier for the majority of the fiscal year. Iain Rankin also served as Premier during the 2021 fiscal year. Tim Houston has also continued as premier in the 2022-23 fiscal year, but our period of analysis ends in 2021-22.

Source: Canada Info (Undated).

Nova Scotia Premiers and Provincial Government Spending

Figure 1: Inflation-Adjusted (\$2021) per Person Program Spending in Nova Scotia, 1965-2021



Sources: Finances of the Nation, 2022; Statistics Canada, Table 17-10-0009-01; Statistics Canada, Table 18-10-0004-01.

(inflation-adjusted) spending is simply referred to as “per-person spending” hereafter.

It is important to understand that Nova Scotia’s premiers had varying tenures.⁵ In years when there were changes in government, it is necessary to make discretionary decisions about which premier is designated responsible for each budget. Table 1 summarizes the allocation of budget years to premiers from 1965 to 2021.

We used two factors to decide which premier was allocated a specific budget year. The first

and most important was the premier’s length of time in office during the fiscal year. When the fiscal year is fairly evenly split between two or more premiers, we resolved the situation by considering a second factor: which premier delivered the original budget that set the foundation for spending that year. For example, in the 1978 fiscal year, Gerald Regan and John Buchanan both served almost exactly six months in office. The 1978 budget was ultimately allocated to Regan as he delivered the original budget.

Finally, it is important to recognize that certain premiers served during periods of recession and/or other significant events that may have had an impact on government spending.

⁵ For an overview of Nova Scotia’s premiers and their terms, see Canada Info (Undated).

However, the intention of this bulletin is not to provide context to specific years of spending or comment on 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.⁶

Per person spending in Nova Scotia: 1965 to 2021

Figure 1 shows inflation-adjusted per-person spending beginning in 1965. There are a number of interesting points worth noting. From 1965 to 2021, per-person spending increased from \$2,114 (in 2021 inflation-adjusted dollars) to \$12,880. Put simply, Nova Scotia's provincial government per-person spending increased substantially over the 56-year period.

While figure one shows an overall increase in spending over time (again, adjusted for inflation), there are several interesting periods when spending⁷ was either increased or restrained. The first runs from the starting point in 1965 until 1981, a period of significantly increased spending. This spans the governments of Robert Stanfield (1965 to 1967), George Smith (1968 to 1970), Gerald Regan (1971-1978), and the early part of John Buchanan's tenure (1979 to 1981). During this period, per-person spending increased 261 percent from \$2,114 in 1965 to \$7,624 in 1981.

While figure 1 does show some temporary spikes in 1988, 1989, and 1992, the next two decades were largely a period of spending restraint in Nova Scotia. From the peak in 1981 to 2001, per-person inflation-adjusted spending

decreased by 2 percent, from \$7,624 in 1981 to \$7,452 in 2001. This period includes the majority of John Buchanan's tenure (1981 to 1990), as well as that of Don Cameron (1991 and 1992), John Savage (1993 to 1996), Russell MacLellan (1997 and 1998), and part of John Hamm's term (1999 to 2001).

Between 2001 and 2009 spending began to increase substantially once again. This period includes the government of John Hamm (2001 to 2005) and Rodney MacDonald (2006 to 2008), as well as the first year of Darrell Dexter's government (2009). During this period, spending increased by 52 percent, from \$7,452 in 2001 to \$11,344 in 2009. The scale of the spending increase during this period compared to prior periods is noteworthy: the \$3,892 per-person increase during this eight-year period was more than spending had increased in the three decades prior to 2001.

Spending was more restrained in the years that followed, although it still increased substantially. This period includes the governments of Darrell Dexter (2010 to 2013), Stephen McNeil (2014 to 2020), and one year under Tim Houston (2021). During this time,⁸ spending increased by 13.5 percent in total, or \$1,536 per person from \$11,344 to \$12,880.

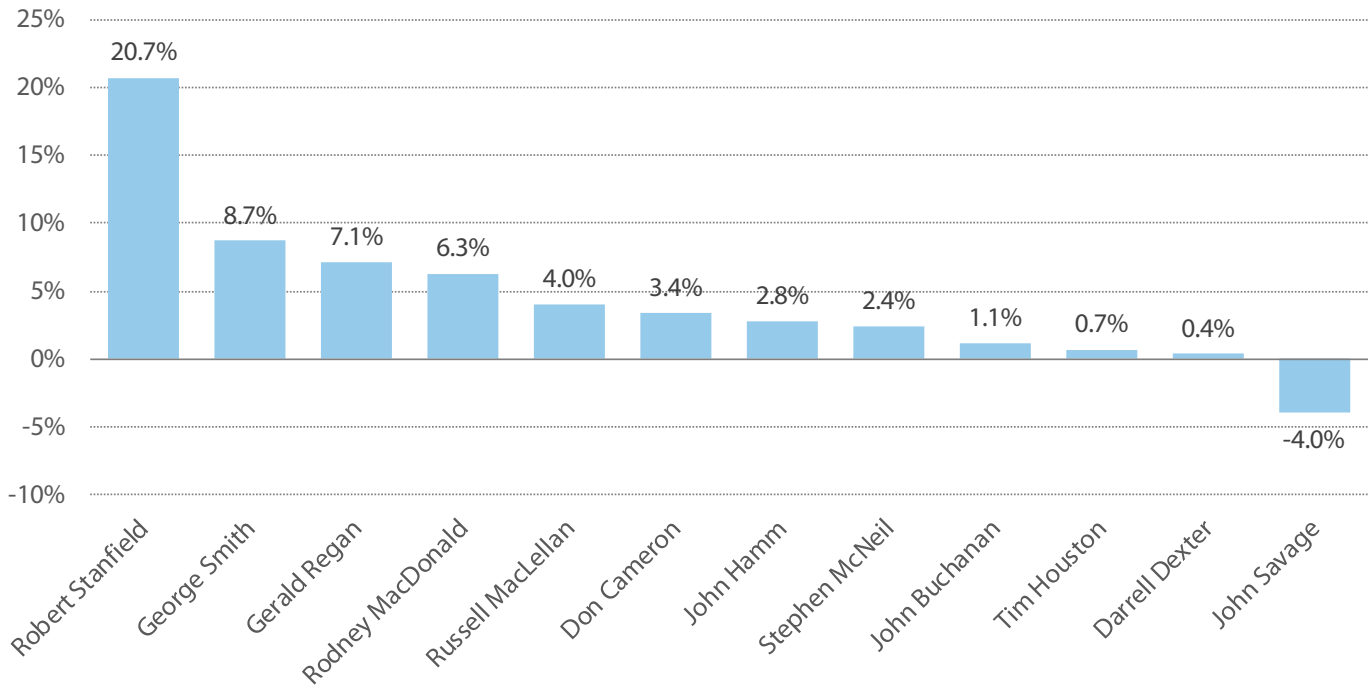
To summarize, figure 1 shows an obvious and substantial overall increase in inflation-ad-

⁶ For those interested in this normative issue, see Tanzi (2011) and Di Matteo (2013).

⁷ In this essay, spending means per-person inflation-adjusted program spending unless otherwise noted.

⁸ The COVID-19 pandemic led to large increases in government spending in most jurisdictions across Canada. For additional context, we can separate per-person spending with and without expenses that were designated as being specific to the pandemic. For 2019 (i.e. 2019-20), unadjusted spending was \$11,749 per person, compared to \$11,243 with COVID expenses removed. For 2020, the figures are \$12,792 vs. \$12,061, and for 2021 the figures are \$12,880 vs. \$12,221.

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



Sources: Finances of the Nation, 2022; Statistics Canada, Table 17-10-0009-01; Statistics Canada, Table 18-10-0004-01.

justed per-person spending between 1965 and 2021. However, some notable differences emerge between different eras. A simplified view suggests there have been two broad periods of substantial increases in spending (1965 to 1981 and 2001 to 2009), one period of more moderate spending increases (2009 to 2021), and one long period where per-person inflation-adjusted spending actually declined (1981 to 2001).

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

For additional context, figure 2 shows the average annual change in per-person spending dur-

ing each premier's tenure. Specifically, it presents the rank for the premiers based on the average annual change in per-person spending from the year before they took office as premier to their last budget.

As it shows, premier Robert Stanfield stands out as the premier who increased spending the most of any Nova Scotia premier since 1965. Stanfield's 20.7 percent average annual change in per person spending is substantially higher than all other premiers. Of course, we must note that our analysis includes only three years of available data on Stanfield's tenure (1965 to 1967). He served from 1956 onward, but comparable data are not available to assess the earlier years.

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The premiers who increased per-person inflation-adjusted spending the most aside from Stanfield are George Smith (8.7 percent), Gerald Regan (7.1 percent), and Rodney MacDonald (6.3 percent). In the middle of the pack are the tenures of Russell MacLellan (4.0 percent), Don Cameron (3.4 percent), and John Hamm (2.8 percent).

Stephen McNeil (2.4 percent), John Buchanan (1.1 percent), Tim Houston (0.7 percent) and Darrell Dexter (0.4 percent), are the four premiers who have increased per-person inflation-adjusted spending the least during the period of analysis. Finally, John Savage stands out as the only premier who presided over a decrease on this measure; per-person inflation-adjusted spending declined by 4.0 percent during his tenure.

Conclusion

Per-person spending adjusted for inflation and excluding interest costs is an important gauge of a government's fiscal policies, both within a specific year and over time. It, combined with overall spending as a share of the economy (GDP), are the 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 Nova Scotia and provides interested readers with a historical analysis of per-person spending by year and by premier going back to the mid 1960s.

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Acknowledgments

This bulletin was inspired by the 2017 work of Jason Clemens and Milagros Palacios (*Prime Ministers and Government Spending: A Retrospective*), in addition to the 2017 work of Professor Livio Di Matteo and his analysis of the finances of Canada over its history (*A Federal Fiscal History: Canada, 1967-2017*).

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