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The Size of Government Versus GDP Growth:

An International Comparison

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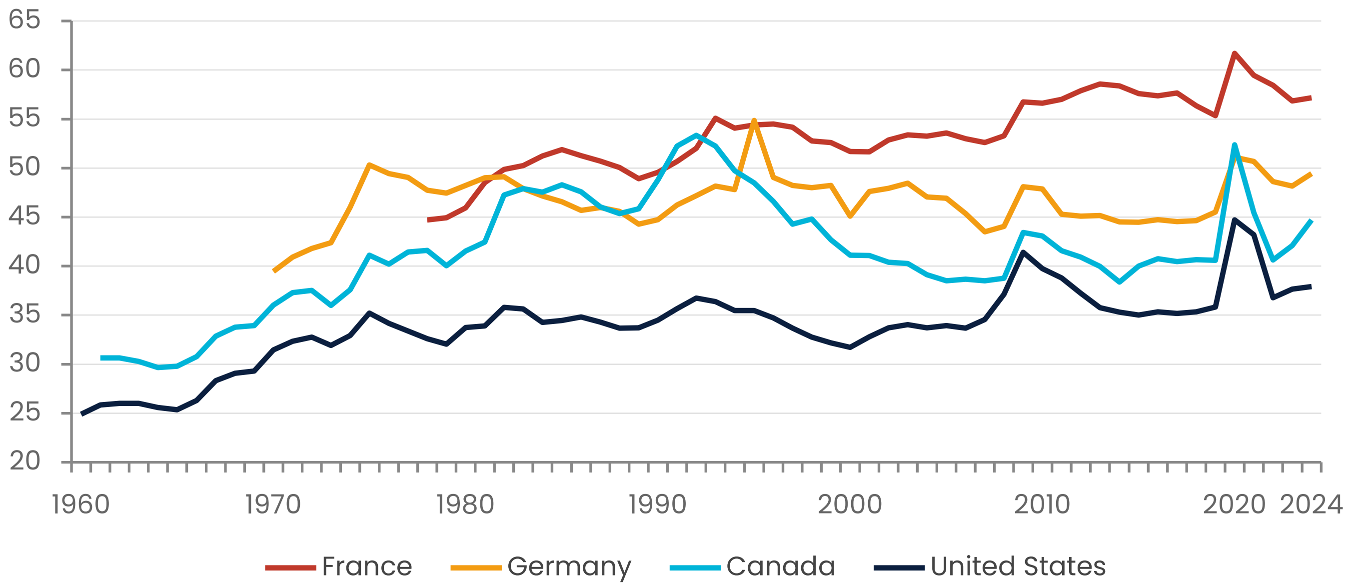
The Size of Government: An International Comparison

General Government Total Expenditure (All Levels) as % of GDP, 1960–2024

In the early 1960s, government in Canada and the United States spent roughly 25–30% of GDP. Over six decades, a secular expansion of welfare states and transfer programs has pushed spending to 38–57%. Canada converged with European levels by the early 1990s, was aggressively cut through the Chrétien era, and has since re-expanded to nearly 45%.

37.9%	**44.7%**	**49.4%**	**57.2%**
United States Govt Spending / GDP (2024)	Canada Govt Spending / GDP (2024)	Germany Govt Spending / GDP (2024)	France Govt Spending / GDP (2024)



2.5%	**2.2%**	**1.4%**	**1.5%**
United States Avg. Real GDP Growth p.a. (1990–2024)	Canada Avg. Real GDP Growth p.a. (1990–2024)	Germany Avg. Real GDP Growth p.a. (1990–2024)	France Avg. Real GDP Growth p.a. (1990–2024)

Key Observations: The two countries with the smallest government sectors — the U.S. and Canada — have delivered the strongest average real GDP growth since 1990 (2.5% and 2.2% p.a.). France and Germany, with spending 10–20pp higher as a share of GDP, have grown at roughly 1.4–1.5% p.a. While correlation is not causation, the pattern is consistent with research suggesting the growth-maximizing level of government is 26–30% of GDP (Di Matteo, 2013).

Source: IMF, Public Finances in Modern History Database (December 2025). General government expenditure (GG_budg=1) only. France GG data begins 1978; Germany 1970 (W. Germany to 1990); Canada 1961. GDP growth: same source, variable 'rgc'.

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