

SUMMARY REPORT

REBUILD CANADA

**Building a more resilient, productive,
and fairer post-pandemic Canadian
economy and society**

MARCH 2021





ABOUT PPF

Good Policy. Better Canada. The Public Policy Forum builds bridges among diverse participants in the policy-making process and gives them a platform to examine issues, offer new perspectives and feed fresh ideas into critical policy discussions. We believe good policy is critical to making a better Canada—a country that's cohesive, prosperous and secure. We contribute by:

- Conducting research on critical issues
- Convening candid dialogues on research subjects
- Recognizing exceptional leaders

Our approach—called **Inclusion to Conclusion**—brings emerging and established voices to policy conversations, which informs conclusions that identify obstacles to success and pathways forward. PPF is an independent, non-partisan charity whose members are a diverse group of private, public and non-profit organizations.

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CANADA'S ECONOMY CAN'T AFFORD A DEAD BALL ERA

Commentary by [Edward Greenspon](#), President & CEO, Public Policy Forum

When you are trying to recover from the most cataclysmic public health and economic occurrence of just about anyone's lifetime, it is natural enough to assume a massive rebuild will be in order. Job No. 1 would be to stabilize the patient. Job No. 2 would be to ensure the conditions are created to enable the recovered patient to lead a better life.

When this catastrophe lands atop a laundry list of pre-existing economic challenges—from the erosion of the liberal trading order to the transition of the incumbent energy system and the aging of the population to shifting demands for workforce skills—perhaps the only certainty out there is that the status quo will not suffice. Therefore, change is in the air.

It was in this context that the Public Policy Forum decided within weeks of the economy being put into lockdown last March that concerted and deep thought would be required not just as to how to restart the economy, but as to whether COVID-19 would serve as a catalyst for more far-reaching reforms. We designed a research-and-convening project called Rebuild Canada and circulated a memo to prospective partners suggesting the pandemic would give rise to a whole new set of policy issues while significantly altering the trajectory of issues already on the front or back burner.

We cautioned that governments and other decision-makers needed to prepare themselves to address policy weaknesses that would be exposed by the crisis—touching on such areas as supply chains, income support programs and long-term care. Others would gain new urgency. Future of work issues for example, were being catapulted into present of work issues. Moreover, this was happening within the context of significant new constraints on ambition, starting with elevated levels of public debt.

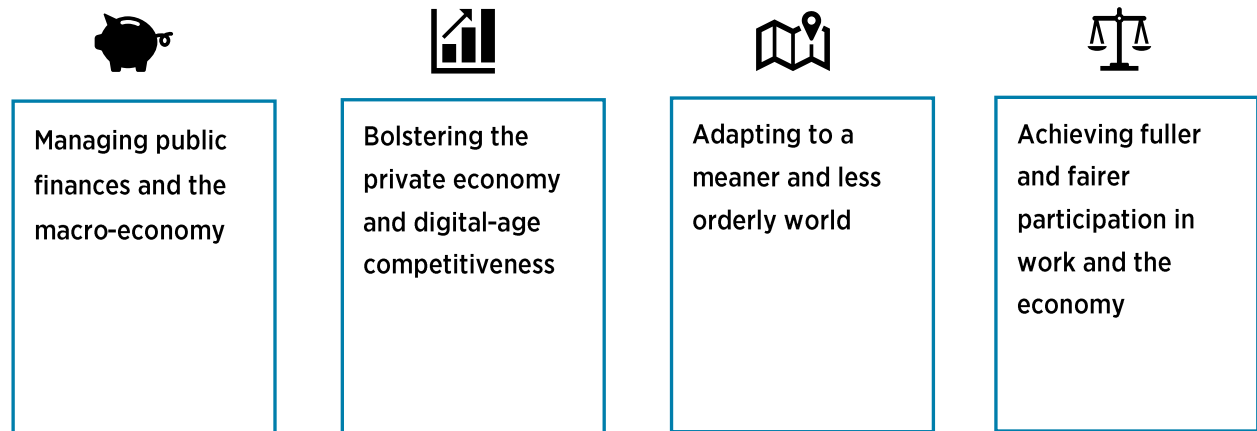
How would Canadians react to all this tumult and the toll it would extract? “Are we in a 1945 moment,” we asked, “where collective sacrifice led to new expectations and sweeping policy reform? Or is it a 2008–09 moment, where a crisis was managed into submission and society largely returned to normal? This, of course, represents a choice, or more accurately a series of choices.”

Obviously, governments were preoccupied with a raging inferno. Eventually, we suggested, they would lift their gaze to the future. Perhaps this would be expressed through a modern equivalent of the 1930s Rowell-Sirois Commission on Dominion-Provincial Relations or the 1980s Macdonald Commission on the Economic Union and Development Prospect for Canada? Or perhaps, instead, through the devices of expert panels or



wise person's committees or the normal machinery of government. Either way, we felt Rebuild Canada could help pave the way for an inevitable national conversation.

We identified four broad themes to get going:



PPF updated its strategy in November 2019 based on the desire to become the think tank about tomorrow. We spent a lot of time thinking about how the triple threat of technological change, climate change and geopolitical change were conspiring against the old ways of doing things, and how new policy approaches seemed to be lagging. Tomorrow was already coming quickly; the COVID-19 crisis put it into hyper-drive—but what would our response be?

PPF is all about bringing together cross-sections of thinkers, doers and deciders—drawn from networks established over 35 years—to bring their differing perspectives to bear on common solutions serving a greater public good. Our networks reach into all orders of government, the private sector, colleges and universities, trade unions, Indigenous organization, not-for-profits, foundations and associations. We aim to be ambitious and pragmatic both.

Contributors to Rebuild Canada have risen to the occasion in illuminating for policy-makers a series of forward-looking and actionable pathways. One of the underlying tensions running through their essays comes down to:

- a. whether Canada should pay whatever cost to get going on measures to address cracks in the system or
- b. whether it should first aim to restore growth and then invest the proceeds of a stronger economy to create a fairer society? Nobody thought everything was okay. And nobody objected to the hundreds of billions deployed to rescue individuals and organizations through the lockdowns.

In reading these papers, government decision-makers and students of public policy can expose themselves to some exquisitely nuanced debates about public finances by the likes of former Bank of Canada Governor



David Dodge, Manulife Chief Economist **Frances Donald**, former Saskatchewan Finance Minister **Janice MacKinnon** and education consultant and Action Canada Fellow **Jonathan Williams**. They do not strike simplistic postures such as that debts should be eschewed or that debt is unaccompanied by consequence, but rather the trade-offs involved as debt generate or limit choices in the short or long term, and what to do about it.

In his highly cited paper, **David Dodge** speaks of the interaction of twin deficits—the ballooning fiscal shortfall and 11 consecutive years of deficits in our current account, (the broadest measure of Canada’s economic relations with the rest of the world) which he believes the pandemic will exacerbate. He advocates for a concerted and focused growth agenda that will of necessity address both deficits simultaneously. The question isn’t so much how big the shortfall, but what’s being done with the borrowed funds. Dodge maintains the country needs to concentrate more on productive investments that will generate ongoing returns and less on current consumption. So doing, he says, will foster conditions to allow low interest rates to continue, thus averting the debt-servicing-induced fiscal crisis of the 1990s. He even offers governments a new fiscal anchor to replace the classic debt-to-GDP ratio and a roadmap to gradual deficit reduction.

Frances Donald, in turn, sets out a middle ground for Canada’s macro-economic management—one situated “between unrestrained spending and unreasonable restraint.” She asserts this is not the 1990s all over again because of the willingness of central banks to lend to governments, a long record of low interest rates co-existing with modest inflation and the fact that no matter how high debt may go, Canada will look relatively attractive to international investors versus the alternatives. She’s not even fussed by a lack of fiscal anchors.

It is clear to most of the authors that the always difficult job of governing has become exceedingly complex and replete with near-impossible trade-offs and yet also obvious pathways. **Janice MacKinnon**, who presided over a fiscal crisis as an NDP finance minister in Saskatchewan in the 1990s, counsels that “governments need to ensure that addressing one priority does not adversely affect another.” Still, she echoes the calls of other authors for governments to get on their horses in speeding the adaption of digital tools by small businesses and remote regions. The need for a faster and fairer digital system as the country moved toward 5G coverage is a recurring motif in Rebuild, one that takes as its starting point the indispensable role digital has played in tempering the crisis.

Jonathan Williams, Vice President and Director of Research at Higher Education Strategy Associates and a PPF Action Canada Fellow, is among a younger cohort of writers. He takes dead aim at what he considers a generational bias in early policy measures at the same time that younger workers are being disproportionately affected. He warns against distributing the long-term fiscal burden and puts forth instead a menu of three possible tax actions aimed at financing expansion out of the wealth of boomers. “Canada should prioritize alleviating the long-term disadvantages imposed upon young people by the crisis,” he argues.



This is not the place to review each and every contribution, but rather to illustrate the subtle and persuasive give and take put forth. This [link](#) can take you to all the Rebuild papers, each with an executive summary for those who prefer window shopping.

A global pandemic is a good moment to take stock of where Canada's been slow on the policy uptake and where it should exercise extreme humility in venturing forth amid unprecedented levels of uncertainty. As **Jonathan Goodman**, global managing partner of Monitor Deloitte, points out in his essay, governments must factor this uncertainty into their determinations, but also must avoid the temptations of leaders of all stripes to deny its existence entirely; acknowledge its existence while becoming paralyzed by it or grow tired of the constant and often punishing nature of governing through uncertainty. He provides a taxonomy of four categories of choices to inform decision-making: required policy choices, no-regrets policy choices, bold bets, and contingent choices. The point is to be purposeful in understanding what you know and what you don't or can't know and proceeding with that wisdom in mind.

Looking forward, Canada cannot afford an economic equivalent of baseball's infamous dead-ball era, characterized by players lacking in power and operating within stadium infrastructure favouring low-scoring games. In 2016, PPF called our first Canada Growth Summit, "Beyond Two Percent," in the belief that a low-growth world would suppress opportunity for decent standards of living and quality of life, and should be combatted with policy imagination and implementation willpower. We believed then and now that the difference between good policy and bad policy could swing growth plus or minus a material amount.



REBUILD CANADA PAPERS

PPF's Rebuild Canada initiative lays down a foundation of insights, ideas, options, and strategies for turning the COVID-19 pandemic into a catalyst for something greater than a return to the pre-cataclysm status quo. It begins with a series of papers, written by an array of leading policy thinkers, organized by theme:

1. Managing public finances and the macro-economy;
2. Bolstering the private economy and digital-age competitiveness;
3. Adapting to a meaner and less orderly world; and
4. Achieving fuller and fairer participation in work and the economy.



Managing Public Finances and the Macro-economy

SCENE SETTER

Two Mountains to Climb: Canada's Twin Deficits and How to Scale Them · 14 SEPT. 2020

David Dodge

Senior Advisor at Bennett Jones LLP and former Governor of the Bank of Canada

Canada must come to grips not just with a massive fiscal shortfall but also consecutive deficits in our current account, a broad measure of our trading and investment relationship with the rest of the world. A government plan must be growth oriented if we are to get the twin deficits under control without resorting to the drastic measures of 25 years ago.

[Read online](#)

Averting a Double-whammy. How to Protect Young Canadians from the Burden of Pandemic Debts · 10 SEPT. 2020

Jonathan Williams

Vice President and Director of Research at Higher Education Strategy Associates

The COVID-19 pandemic has created a fiscal conundrum for governments: How can they dig themselves out of debt in a manner that protects the financial futures of younger generations? Governments should opt for a mix of fiscal strategies that favour smart tax increases.

[Read online](#)



The Unclaimed Middle Ground between Unrestrained Fiscal Spending and Unreasonable Restraint - 15 OCT. 2020

Frances Donald

Managing Director, Global Chief Economist & Global Head of Macroeconomic Strategy for Manulife Investment Management

No one strikes out to claim the middle ground and yet that may very well be the most prudent strategy for a balanced economic recovery. There is a path for Canada between unnecessary fiscal restraint that stymies growth and excessive large-scale spending.

[Read online](#)

Focus on Fundamentals: A Roadmap to Recovery - 19 OCT. 2020

Janice MacKinnon

Fellow of the Royal Society of Canada, and a former Saskatchewan Finance Minister

The pandemic is a financial crisis like none in recent years and governments now face the challenge of promoting economic growth and investment and getting people back to work, while also protecting the vulnerable and addressing ballooning debt and deficits. It's time to use a scalpel, rather than a sledgehammer, to reduce spending by reconsidering the size and compensation levels in the public sector, reviewing the defined benefit pension programs and restructuring where possible.

[Read online](#)

Rebuilding Canada Demands Confronting Uncertainty - 30 OCT. 2020

Jonathan Goodman

Global Managing Partner, Monitor Deloitte and Vice Chair Deloitte Canada

Our institutions must build uncertainty into policy-making and program design. This “uncertainty screen” will help ensure a vision of the future that reflects today’s uniquely complex environment.

[Read online](#)

Paul Bien

Government and Public Sector Strategy Leader, Monitor Deloitte



The Atlantic Immigration Pilot as a Model for Canada-wide Population and Economic Growth Post-Pandemic · 13 NOV. 2020

[Katie Davey](#)

Policy Lead, Public Policy Forum

As we move toward rebuilding our economy, policymakers should consider the success of the Atlantic Immigration Pilot as a model for regionally focused population and economic growth, especially in smaller cities and rural communities – likely to be hardest hit by the COVID-19 reduction in immigration.

[Read
online](#)





Bolstering the Private Economy and Digital-age Competitiveness

SCENE SETTER

Creating a Better Future for Canada. How COVID-19 Has Shifted Businesses' Priorities as They Focus on Recovery - 30 JULY 2020

Georgina Black

Managing Partner, Government, Public Services, Deloitte Canada

The country has been held back by lagging productivity and competitiveness, leading to a stagnant growth rate incapable of lifting Canadians' standards of living. As we rebuild, simply going back to 'normal' is not an option.

[Read online](#)

Anthony Viel

Chief Executive Officer, Deloitte Canada

Improving Public Services: A Strategic Approach to Digital Infrastructure - 27 AUG. 2020

Neil Desai

Vice-President, Magnet Forensics and Senior Fellow at the Centre for International Governance Innovation and the Munk School of Global Affairs and Public Policy at the University of Toronto

By shifting its policies on technology procurement and embracing a more collaborative development approach with Canadian innovators; government could also enable Canada's technology sector to compete more successfully in global markets.

[Read online](#)

The Opportunity for Indigenous Infrastructure: A Central Economic Recovery Activity

- 3 SEPT. 2020

Kim Baird

(Tsawwassen First Nation), Former Chief of the Tsawwassen First Nation and Owner, Kim Baird Strategic Consulting

Well-planned, reliable infrastructure is essential to the well-being of all communities. Despite major policy challenges, Indigenous peoples, companies and governments are closing the infrastructure gap by advancing successful equity infrastructure projects across the country. Canada should follow these examples.

[Read online](#)

Mark Podlasly

(Nlaka'pamux Nation), Director of Economic Policy and



Initiatives at the First Nations
Major Projects Coalition and
Director of Governance at the
First Nations Financial
Management Board

Connect to Compete: Enabling Entrepreneurship in the Digital Age - 8 OCT. 2020

Clark Rabbior

Head of Government Relations,
Shopify

COVID-19 has been a wake-up call for Canada's entrepreneurial economy. This paper shows why some entrepreneurs have thrived while others are facing more barriers than ever.

[Read
online](#)

Film and Television in the Age of COVID-19, and After - 15 OCT. 2020

Brian Topp

Founding partner of Guy, Topp &
Company

COVID-19 has taken a high toll on film and television in Canada. To support a once-thriving industry, governments need to improve financial security for production companies and ensure a steady flow of business across the Canada-US border. Governments must also modernize regulations for industry success in the digital age.

[Read
online](#)

Christina Jennings

Founder, Chairman and CEO of
Shaftesbury

Revitalizing Canada's Manufacturing Economy for a Post-COVID World - 5 NOV. 2020

Meg Gingrich

Research, Public Policy and
Bargaining Support
Department at the United
Steelworkers Canadian
National Office

COVID-19 has made it clear that Canada needs a strong domestic manufacturing sector to produce what it needs. Industrial production has been stagnant in the country for two decades and it's a must for Canada to create and sustain a resilient manufacturing economy that will also be more competitive in a globalized economy and that will create good jobs while minimizing environmental impacts.

[Read
online](#)

Mark Rowlinson

Executive Assistant to the
Canadian National Director of
the United Steelworkers



Together or Apart? Seven Ways for Canada to Pivot to a Sustainable Recovery

• 12 NOV. 2020

Jasmine Gill

Social entrepreneur, lawyer
and NGO leader

COVID-19 presents an opportunity to mainstream the SDGs into Canada's recovery if we can reorient our approach to the forces that will accelerate their success: innovation, finance and, ultimately, the way that we see ourselves in the world and our role in it.

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online](#)





Adapting to a Meaner and Less Orderly World

SCENE SETTER

Navigating the New World Disorder. Canada's Post-Pandemic Foreign Policy

• 16 JULY 2020

Roland Paris

Professor of Public and International Affairs, University of Ottawa, founder of the Centre for International Policy Studies, an associate fellow of the Royal Institute of International Affairs (Chatham House), and a fellow of the Halifax International Security Forum

The COVID-19 pandemic has accelerated developing geopolitical shifts that are unlikely to dissipate even after the pandemic's economic shock wanes. As a country long used to a more benign international environment, the future prosperity, security and well-being of Canadians will depend in no small measure on how well we navigate this unfamiliar world.

[Read online](#)

COVID-19 and Canada's Border. A Plan to Re-open Safely • 28 JULY 2020

Peter Nicholson

Served in numerous posts in government, business, science and higher education

Vivek Goel

Special Advisor to the President and Provost, University of Toronto and Professor of Policy, Management and Evaluation

Jeff Larsen

Executive Director of Innovation and Entrepreneurship at Dalhousie University

With COVID-19 raging out of control in the U.S., the last thing most Canadians want to contemplate is more entrants from abroad. But it could be a year before a vaccine arrives and much longer until it is administered globally. If COVID has taught us anything it is that, this time, we have to be ahead of the curve on border control.

[Read online](#)



Canada's Complicated Tango with the U.S. - 1 OCT. 2020

Drew Fagan

PPF Fellow and Professor at the Munk School of Global Affairs and Public Policy, University of Toronto

As a presidential election looms in the United States, Canada is facing three possible scenarios for its outcome. Trade with the U.S. remains largely as healthy as it was 30 years ago, but that could change as the country's neighbour to the south looks inward. To combat this, Canada must continue to diversify while also trading south.

[Read online](#)

Navigating Canada-China Relations in a Turbulent Era - 7 OCT. 2020

Lynette Ong

Associate Professor of Political Science, Munk School of Global Affairs and Public Policy, University of Toronto

Canada's relationship has deteriorated since Canada arrested Huawei's Meng Wanzhou and China retaliated by arresting Michael Kovrig and Michael Spavor. The Trudeau government has weighed the costs of human rights advocacy from an increasingly repressive China against commercial interest with the world's second-biggest economy. It's led to a stalemate of sorts, but there are some actions Canada could take.

[Read online](#)

Beyond the Traditional Narrative. Towards a 21st Century Success Story with the United States - 29 OCT 2020

Nadia Theodore

Senior Vice President, Global Government and Industry Affairs at Maple Leaf Foods, former Consul General of Canada to the Southeast USA

Relations with the United States have been challenging for Canada in recent years. It's become clear that Canada needs to move beyond its traditional trade-of-goods narrative with the U.S. and focus on factors that will be most important for its diplomatic assets in the coming years, namely culture and technology.

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Achieving Fuller and Fairer Participation in Work and the Economy

SCENE SETTER

Work After COVID-19: Building a Stronger, Healthier Labour Market · 21 JULY 2020

Jim Stanford

Economist and Director of the Centre for Future Work, and Professor of Economics at McMaster University

Rebuilding the economy will require a sustained, thoughtful approach. Key to that approach will be improving both the quantity and quality of work to repair fractures and avoid disruption from future waves of infection.

[Read online](#)

EI Failed So We Made CERB: Now What Should We Learn? · 13 AUG. 2020

Jennifer Robson

Associate Professor of Political Management at Carleton University

When COVID-19 lockdowns came, Canada's employment insurance system failed to cover enough of the Canadian workforce that was affected and failed administratively to keep up with the surge in applications for benefits. This new report by Jennifer Robson proposes ideas for policy reform and shows why Canadians need wage insurance in the first place.

[Read online](#)

Reforming Canada's Income Support Framework: The Case for Wage Subsidies

· 20 AUG. 2020

Sean Speer

PPF Fellow in Residence and Senior Fellow in Public Policy at the University of Toronto's Munk School of Global Affairs and Public Policy

The economic crisis caused by COVID-19 has shone a spotlight on the need to reform Canada's income-support framework. Combine this with the looming risks of automation and age-related labour shortages, and we have a strong case for creating a modern framework that promotes work and minimizes earning losses for dislocated workers. As we rebuild our economy following the crisis, Canadian policy-makers will need to grapple with this complex and critical task.

[Read online](#)



How to Mobilize Higher Education and Workforce Development for the Rapid Re-Employment of Canadians · 24 SEPT. 2020

Jake Hirsch-Allen

Works with governments, colleges and universities, to leverage LinkedIn's Learning Solutions to close skills gaps

Gladys Okine-Ahovi

An award-winning workforce strategist and community development leader























André Côté

Works with clients in areas ranging from higher education and workforce, to income security

The COVID-19 crisis has derailed the careers of millions of Canadians. To support them, workforce leaders, and policy and decision makers need to mobilize education and training systems in some key-ways—starting with robust labour market information and laying the foundation for a national system of lifelong learning.

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 <p>A Model for Canada-wide Population and Economic Growth Post-Pandemic The Atlantic Immigration Pilot by Katie Davey</p>	 <p>Together or Apart? Seven Ways for Canada to Pivot to a Sustainable Recovery by Jasmine Gill</p>	 <p>Revitalizing Canada's Manufacturing Economy for a Post-COVID World by Meg Gingrich and Mark Rowlinson</p>	 <p>Film and Television in the Age of COVID-19, and After by Brian Toop and Christina Jennings</p>
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 <p>Navigating the New World Disorder Canada's Post-Pandemic Foreign Policy, by Roland Paris</p>	 <p>Connect to Compete: Enabling Entrepreneurship in the Digital Age by Clark Rabbior</p>		

All 22 reports are available in French and English at

[PPFORUM.CA/PROJECT/REBUILD-CANADA/](https://ppforum.ca/project/rebuild-canada/)

REBUILD CANADA ROUNDTABLE HIGHLIGHTS

As part of Rebuild Canada, PPF hosted a series of virtual roundtables. This included a series of ‘deep dive’ roundtables which narrowed in on each of the project’s four core themes and featured speakers and active participants from across the sectors who were intimately involved in the subject matter as experts, doers and deciders. Roundtable participants were invite-only and convened under the Chatham House rule.

The purpose of these sessions was to advance policy options to build a stronger economy and society for the long term when Canada and the world move beyond the COVID-19 crisis. The following Highlights Notes reflect key areas for consideration or action for Canada’s federal and provincial policymakers.

ROUNDTABLE HIGHLIGHTS - SEPT. 2, 2020

Beyond Paycheque to Paycheque: Income Security and Stability in Canada

This session explored policy options for a more effective and equitable social safety net in Canada and more broadly, improving income security, stability and labour market attachment. The discussion also focused on identifying approaches to improve the situations of populations more vulnerable to economic shocks like the COVID-19 pandemic and other disruptions. It addressed questions about EI reform, universal basic income and wage subsidies, and relationships between income stability and non-standard and “gig” work.

Participants included:

- Senior leadership in applied policy organizations, think tanks, associations and not-for-profit organizations related to workforce and economic development, the future of work and skills training;
- senior leadership, policy experts and economists from federal and provincial departments including several related to economic and social development, poverty reduction, workforce development;
- academic experts in social and economic policy, public finance.

Participants raised the following policy considerations:

- Supports “must meet workers where they are” and EI covers only a modest proportion of the unemployed. Although nearly 80% of workers pay some amount into EI, only about 55% can access it when they need it.



- EI was not up to the challenge of the pandemic crisis by design, owing to legacy policy decisions that limited its reach. It was built as a program of last resort. This moment could offer the opportunity for bold and different policy choices, but ambitious EI reform has been politically punishing in the past. It is not clear there is any broad consensus for permanent income support measures for the lowest paid, most insecure wage earners, self-employed, those with volatile earnings.
 - Foundational assumptions about our economy have not changed much since the Macdonald Commission of the early 80s. This may be the right time to revisit and update those assumptions and frameworks.
 - Wage subsidy programs are not a panacea but should be an important element in the mix. However, Canada is currently investing less than in other countries in such measures. Getting the mix right and accommodating both complexity and effectiveness is a key challenge. Wage subsidies can both get people into the labour force and support transitions for mid-career workers.
 - While income support remains crucial, especially for the most vulnerable, real solutions lie in work. Good jobs should be the priority, with fair wages, benefits and conditions, supported by a strong economy.
 - Those most vulnerable and precarious workers, including women (who have been impacted disproportionately by the pandemic) need much better access to key services that lower costs and other barriers to economic opportunity, especially childcare.
-

ROUNDTABLE HIGHLIGHTS - SEPT. 14, 2020

Old Friends, New World: The Future of Canada-US Relations

This session explored Canada's diplomatic priorities and changing relationship with the United States. The discussion was positioned in the context of increasing geopolitical tensions (such as those among Canada, U.S. and China), social unrest in the U.S., economic recovery from COVID-19, the U.S. presidential election and recent policy histories of both Canada and U.S. on key issues like democracy and plurality, climate change and economic recovery strategies.

Questions to and from the roundtable related to the implications of U.S. presidential outcomes for Canada and its multilateral relations; what Canada's strategy should be in anticipating and responding to potential civil unrest in our neighbouring states; the social and economic implications of extended border closures; and surveying Canada's diplomatic strategies of recent years and their effectiveness in today's political and social climate.

Participants included:

- Canada-U.S. specialists in major corporations and business associations;



- policy experts and senior management from think tanks and applied policy organizations;
- academic experts and practitioners in international relations, trade, Canadian public policy and business relations;
- senior governmental officials in provincial and federal departments responsible for international engagement, intergovernmental affairs and international relations.

Participants raised the following policy considerations:

- A “three-pronged” approach including trade diversification, strengthening the Canada’s domestic economy and taking maximum advantage of Canada’s ties with the U.S. is necessary, as each strategy on its own would be insufficient in the current context.
- The decline in Canada’s interprovincial trade negatively affects Canada’s self-reliance and comparative weight in negotiating with the U.S. on economic, political and even social matters. Policymakers should reduce barriers to interprovincial trade (including of digital goods and services) in the Canadian economy to support both economic growth and political strength.
- In diversifying, Canada should improve take-up of existing trade agreements in Asia and Europe and wherever economies are recovering and growing best after the pandemic.
- Canada can get ahead of America-first trade and industrial policies by leveraging Canada’s distinctive international outlook and proposing continental strategies and joint approaches, with the fallback to seek exemptions to restrictions the U.S. would likely also impose under any presidential outcome.
- Policy-makers should anticipate the possibility of post-election chaos and unrest in the U.S. potentially impacting economic relations and use detailed scenario planning to inform readiness. For the longer term, governments should invest effort and resources, including in:
 - an “all hands on deck” diplomatic approach (similar to the NAFTA renegotiations) and,
 - increased diplomatic representation in the U.S. (beyond the Enhanced Representation Initiative).
- Canada’s relationship with the U.S. is inextricably linked to China’s interests and pressures. Our multilateral vocation is an asset that should be leveraged to:
 - engage as many other global partners as possible alongside China on a case-by-case basis to accommodate interests among other partners.
 - maintain security relevance to the U.S. This can be done, for instance, by capitalizing on sustainable extraction of critical minerals and rare earths, a strategic resource, and, by highlighting shared security priorities like the NORAD renewal.
- Canada should increase and diversify its diplomatic footprint and contact points in the U.S. to better understand the complexity of social, economic and political dynamics across the U.S. in real-time and with a broader range of inputs. This should include cultivating relationships and building networks with actors of influence traditionally excluded from diplomatic strategies (e.g. community-level actors and institutions, SME networks, leaders in social movements, etc.).



- Canada-U.S. bilateral relations have largely focused on trade, security and energy. Canada should pursue influence and a deeper relationship around non-traditional areas where Canadian values and interests are relevant including:
 - Techplomacy – building relationships with tech companies of global influence based in the U.S.
 - Human rights advocacy and social reform, particularly in areas of critical mass and influence like anti-black racism.
 - Overall Canada should renew its understanding of cultural diplomacy and pursue showcasing and leveraging its values, brand and diversity in the U.S. and elsewhere, including in developing nations.
 - Any diplomatic strategy with the U.S. must consider changing dynamics including:
 - the growing significance of regions, not just the national capital
 - the importance of strategic whole-of-Canada resource investment strategies (including private capital, institutional and business relations, etc.) sustained over the long-term, not just episodically.
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ROUNDTABLE HIGHLIGHTS • SEPT. 22, 2020

Public Finances & Canada's Post-Pandemic Economy

This session focused on the abruptly changed state of Canada's public finances with the effects of the COVID-19 pandemic and its economic and fiscal consequences. The discussion debated the causes and consequences of rising public debt in Canada and globally, the social, economic and political consequences, and what strategies should be considered for dealing with it through the short to medium term. The relationships among Canada's public finances and persistent issues of productivity, global competitiveness and trade, labour market growth and business outlook were central to the conversation.

Participants included:

- Current and former chief economists at major private corporations and crown corporations;
- senior leadership and policy experts at major corporations including banking and finance, think tanks, business associations, and polling organizations;
- academic experts in economics and public policy.

Participants raised the following policy considerations:

- A gradual return to sustainable spending levels and a lower deficit coupled with further investment in productivity and wage improvement will support long-term economic growth and equity more effectively than quickly slashing spending or raising taxes.



- A new fiscal anchor is recommended to maintain financial markets' confidence in the Canadian economy and balance sheets. Debt service costs as a proportion of GDP is now the most important consideration but may need to be coupled with a traditional metric such as program spending in a two-tiered target.
 - Priorities to improve the functioning of Canada's economy post-pandemic include:
 - reducing the regulatory burden on business,
 - modernizing the tax system to incentivize growth,
 - increasing capital for small business and,
 - reducing interprovincial trade barriers and barriers to digital commerce.
 - Labour market shrinkage from Canada's aging population has been exacerbated by the COVID-19 crisis. Federal and provincial governments should act to grow the labour force and improve its quality in terms of utilization of skills and talents, managerial and leadership experience, domain knowledge, etc. This may be done by:
 - Continuing to address attraction, integration and retention of skilled immigrants and older workers;
 - Supporting business succession especially among SMEs;
 - Expanding availability of childcare and supporting working arrangements that allow for both men and women to support healthy family development and growth in skills and work.
 - Governments should communicate transparently and promote public understanding of fiscal targets and should be open about how policy tools such as anchors will inform timelines, potential exit strategies and natural limits to spending and borrowing.
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ROUNDTABLE HIGHLIGHTS • OCT. 6, 2020

Foundations for Growth in a More Competitive, Sustainable and Digital Economy

This session discussed Canada's challenges and opportunities for long-term prosperity and competitiveness in a rapidly changing world. The discussion was positioned in the context of Canada's traditional dependence on resource exports, the rise of intangibles, adverse pressures on global – and internal - trade, sustainability and energy transition, and the imperatives of the digital world. Participants were asked to explore priorities for securing Canada's foundation for future economic growth – including exporting resources in a carbon-constrained world, leveraging advantages in the intangibles economy, and the essentials for competitiveness in the accelerating digital landscape.



Participants included:

- Senior leadership and experts in public policy and business strategy from major corporations and associations including finance, business, natural resources and energy, digital and oceans tech;
- senior officials and policymakers from provincial and federal departments responsible for economic development and innovation, indigenous relations, energy, workforce development and social policy;
- academic experts and economists

Participants raised the following policy considerations:

- The current “stall-out” situation in which governments and public must contain the spread of the virus while awaiting a vaccine is producing a bifurcated impact on households and businesses.
 - Among households and consumers, factors like income, education, gender and need for childcare are significant.
 - Among businesses and industries, the key differentiating factor will be how much social distancing is needed to operate safely as this will limit capacity even if demand for services or goods returns.
 - The longer social distancing measures are required, the deeper and more complicated the effects will be.
- Policymakers should also anticipate pervasive effects like:
 - increasing deglobalization or regionalization;
 - increasing decoupling of U.S.-China economic relations;
 - unprecedented levels of public debt globally;
 - extraordinarily low interest rates;
 - lasting impacts from sector-specific damages are also expected (e.g. the economic hit to the airline industry will have impacts on Canadian security and sovereignty).
- Containing the second spike in COVID-19 cases and deeper recession, or even possible depression must remain the primary focus for the near term, with new policies and investments in long term growth sequenced to follow. A lack of a vaccine, ongoing spread, and continued business uncertainty and labour market effects are reasons to maintain the current focus on necessary short term measures. This should include:
 - Policies to support individuals through income volatility, skills retention and growth, and labour market attachment.
 - Policies to support businesses and industries that differentiate between those that are experiencing temporary damages (e.g. manufacturing, airlines, retail) and those that are experiencing more permanent structural shifts accelerated by the COVID-19 crisis (e.g. natural resources including oil and gas) and may need to effect more far-reaching adjustment.



- Canada has a significant time horizon to deal with its public debt from the pandemic, affording opportunity to focus on immediate pressures and boost productivity for growth rates to surpass interest rates. This longer horizon is due to:
 - Low interest rates that will only rise slowly due to the pandemic's profound impact;
 - Aggressive action by the Bank of Canada, buying vast quantities of government debt will prevent interest rates from rising, thereby lowering debt servicing costs;
 - Rising government debt globally resulting in the likelihood that Canada would remain comparatively attractive to global investment as long as Canada does not significantly outspend other leading economies.
 - This situation is less advantageous for provincial debt, given weaker balance sheets and international appeal.
- Evolving public attitudes toward debt and deficits does not necessarily indicate what the most effective policy choices will be, especially in the unprecedented scenario of a pandemic. With a longer horizon to pay off debt, policymakers should consider decoupling fiscal management and political cycles. Quebec's model of a fiscal anchor tied to the business cycles is one example.
- Canada should secure its position in the global digital economy by leveraging areas of economic, cultural and policy strength (like education, immigration, etc.) that translate well as digital products, services. Supporting the shift toward services, tech and R&D will also support Canada's competitiveness in an increasingly regional global market. Low-hanging fruit to support these goals include clarifying and reducing the regulatory burden on business.
- Monitoring the quality of the labour market will be just as important as the level of unemployment. Early data suggest that, despite the surge in employment numbers from people returning to work after initial shutdowns, many workers have not regained jobs or full work hours. Those left behind may not be rehired as quickly and may experience skills degradation and loss of contact with the labour market. As the unemployment rate drops, policymakers should shift their emphasis toward skill and training.
- Seriousness is growing globally about environmental, social and governance (ESG) issues, with financial markets increasingly demanding corporate adherence to standard measurement and reporting protocols. This is another trend that seems to be accelerating through the pandemic. Canadian business and regulators must accelerate their responses to this shift to avoid being left behind in a global economy that is increasingly valuing sustainability. For governments, environmental disasters, public sentiment and low interest rates are combining to build pressures for green recovery programs with major public investment.
- Traditional economic dogma holding that the market will self-regulate to optimal outcomes is severely challenged by the pandemic and concurrent global forces like deglobalization and populism. Policymakers should proactively investigate new types of policy solutions, economic tools and models to mitigate suboptimal market outcomes (e.g. costly childcare, inequitable access to broadband).



- Canada lacks the intensive, high-frequency data to effectively evaluate the effects of the pandemic accurately and in time to make responsive policies. Most data are about 2 months behind. Many Canadian economists and policymakers rely on the more time-sensitive data of the U.S. and European as proxies.



REBUILD CANADA GROWTH SUMMIT 2020

Rebuild Canada culminated in PPF's 5th Annual Canada Growth Summit, which was held virtually over a five-week period from October 19 to November 19, 2020. The theme of the Summit built off the Rebuild initiative by gathering policy thinkers, deciders and doers to discuss and debate the issues raised and policy pathways identified as part of the Rebuild body of work.

You can view all eight Growth Summit sessions at:

WWW.PPFORUM.CA/EVENT/GROWTH-SUMMIT-2020/

(Available in English only).

REBUILD CANADA WEBINAR & PODCAST

PPF's Rebuild Canada initiative concluded with a public webinar on the subject of renewing Canada's economy post-pandemic. The webinar featured three members of Canada's Industry Strategy Council, including the Chair, Monique F. Leroux, and members Karimah Es Sabar and Karen Hamberg. In conversation with PPF President Edward Greenspon, the three discussed the work of the Council and its bold and ambitious growth plan, published in December 2020, for building a digital, sustainable, and innovative economy. The webinar took place on February 9, 2021.

The webinar was recorded live and published later as a **PPF Policy Speaking** podcast. You can listen to the podcast at:

[Ep.38: A Growth Plan for Canadian Industry](#)



MONIQUE F. LEROUX



KARIMAH ES SABAR



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