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BUILDING BRITISH COLUMBIA'S RECOVERY, TOGETHER:

Proposals for a Just Recovery

Broadbent Institute Submission
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Part 1 *Introduction*

As is now clear, COVID-19 has triggered the largest economic downturn in Canada, and worldwide, since the Great Depression¹ and it is unique in that this crisis is a combined health, social, and economic catastrophe all tied together. British Columbians have been well served by their provincial government as the province has begun to emerge from the public health crisis more rapidly and with fewer cases and deaths than the other large provinces in the federation.² As a result, B.C. is well positioned to safely and effectively turn towards its economic recovery.³

The virus has fed off our inequities and laid bare the cracks in our nation's institutions, including the harm resulting from the erosion of many of our basic social protections and the squeezing and siloing of many of our programs. We need a multi-year recovery program to help get the economy moving, but we also need to learn from the crisis to ensure that it is moving in the right direction. This is an opportunity to make the B.C. economy more inclusive, equitable, and resilient for generations to come.

As we chart a course towards economic recovery and renewed economic growth, we need to ensure that the future we build is a just one. That means putting people, including their wellbeing and economic and social rights, first. It means ensuring that resources are distributed fairly. And it means recognizing and focusing on the value of public investments as hesitant investors, wary consumers and high private debt levels all make the desired economic rebound unlikely without significant public sector leadership.

The Broadbent Institute believes that British Columbia can chart a path forward based on these values and in a manner consistent with the government's

commitments and ongoing efforts to make universal childcare a reality, to tackle the housing crisis, and to advance CleanBC. We believe that the government has substantial fiscal space to act and a range of options available consistent with a just and green recovery. We argue that this recovery should tackle the cracks in our health care system, prioritize employment stabilization, support a smooth transition of individual and firm benefits during reopening, continue with the province's aggressive infrastructure plans, build upon CleanBC, and be creative in stimulus spending to focus on the service sector, with a rapid expansion in child care provision being the best available policy to respond to an economic shock that impacts both the supply and demand side. We believe that this agenda will not only ensure a strong recovery, but will revitalize our institutions and place the province in a position to experience strong economic growth into the future.

We begin by mapping out the economic and social context facing British Columbia, as understanding the nature of the economic terrain is essential for designing the best response. We then walk through concrete recommendations for a just recovery, starting with healthcare, followed by employment and individual supports, infrastructure and environmental programs, and finally childcare and education. We then discuss how these policies fit within a racially just recovery and the government's fiscal plan.

Part 2 *The Economic and Social Context*

Many recessions follow a typical path with a deterioration in confidence or expectations driving a decline in demand. However, it's important to consider the nature of the particular recession to ensure that government engages in the best possible policy response.⁴ Further, it's important to consider government's fiscal position to determine the scale of the potential response.

Part 2a: The Scale of the Economic Shock

The economic shock driven by COVID-19⁵ is the largest in nearly a century, dwarfing the scale of the Great Recession and the recession of the early 1980s. In both its depth and its rapidity, it has been a truly unprecedented event with a 32% decline in hours worked and 15% decline in employment nationally over the initial months of the crisis.⁶ Unemployment and employment figures make this situation look modestly better than the Great Depression, but the decline in hours worked points to a similar shock and GDP declines of 11.6% in April and 7.5% in March suggest this decline might be deeper.⁷

The shape of this recession is also unique. While the Great Recession hit men, blue collar workers and manufacturing particularly hard, the recent decline in economic activity has been felt primarily by women and the service sector. Across the country, women's participation in the labour force is at its lowest levels in three decades.⁸ One and a half million women in Canada lost their jobs in the first two months of the pandemic. As of June, employment for women sits at 89.2% of its pre-COVID levels while the similar figure for men has jumped to 92.3%.⁹

What sectors have been the hardest hit? Arts, entertainment, and recreation (-41.3%), air transportation (-40.9%), and accommodation and food services (-39.5%) have all seen tremendous declines.¹⁰ Overall, across Canada, there are 1.3 million fewer service workers than a year ago, 4 times the number of positions lost as in goods producing sectors.¹¹ These figures matter as they should shape the province's recovery priorities.¹²

This recession is also unique in that it appears to be a combination of supply and demand side shocks as hours worked have collapsed because of the virus and consumer spending has substantially declined.¹³ As such, as the province moves forward on reopening, it should consider measures that are effective with respect to both kinds of shocks, including a traditional demand-side stimulus program.

Part 2 *The Economic and Social Context*

Part 2b British Columbia's Fiscal Position

British Columbia is in a strong fiscal position in no small part because of the government's recent steps to increase tax revenues.¹⁴ While the province now has a \$12 billion deficit, largely driven by revenue losses, B.C. remains in a strong fiscal position,¹⁵ sitting alongside Alberta and Saskatchewan for having the lowest levels of net debt amongst the provinces. Further, British Columbia remains one of the few subnational jurisdictions in the world with a AAA credit rating.¹⁶ As a result, B.C. is able to borrow at rates that are the envy of the federation. And, in a sense, it would be irresponsible not to borrow given the current needs, the province's fiscal position and historically low interest rates. With a worldwide recession, credit rating agencies are expecting jurisdictions to engage in virus containment, followed by a rapid stimulus and taking this path should help maintain the province's AAA rating.

In short, B.C. has the fiscal space to engage in a strong stimulus program over the next two years to ensure a rapid recovery. The \$1.5 billion in stimulus spending allocated for the current fiscal year, an increase in expenditures of approximately 2.5%,¹⁷ falls well within a reasonable spending envelope and the province certainly could expand this figure in the current fiscal year or the next fiscal year and likely subsequent years as well.¹⁸

Part 3 *The Path Forward*

Given the scale of the economic shock and the available fiscal space for B.C. to act, the province should engage in a robust response.

This response should mirror the nature of the challenge. What does that look like? Given the scale of the decline and the likelihood of a slow and bumpy recovery, the provincial (and the federal government) should be looking at large, rapid expenditures now that the province has largely reopened. And this spending should likely continue over at least a two-year period. The response should address the inequities and gaps in the safety net that have been exposed by the virus. That means prioritizing the needs of people, strengthening the safety net, and recognizing the value of public provision.¹⁹

In the following sections, we walk through what the profile of a just stimulus program could look like in a number of potential funding areas.

Part 3a: Health and Long Term Care

First and foremost, government's response to the economic crisis should address the focal point of the crisis itself: the health care system, which has seen its strengths and weaknesses on full display throughout the pandemic.

Government has made the wise decision to use a majority of funds allocated towards tackling and recovering from the crisis to health care. Going forward, the absolute best strategy that government can take to ensure that the economy recovers rapidly, is to ensure that this outbreak and any future outbreaks are rapidly contained and extinguished. Ideally, any and all resources should be made available to ensure that this is the case.²⁰

Similarly, once a vaccine is available, the province will help ensure the strongest and most equitable recovery possible by making the vaccine freely available to all residents of British Columbia for whom it may be safely utilized. This is essential as certainty regarding the disappearance of the virus will have a large impact on both investment and consumption decisions.

Beyond direct measures to combat the crisis, COVID-19 has put the inadequacy of most of Canada's long term care system on full display, raising important questions about the human costs of deregulation and greater reliance on for-profit long term care homes. The province should begin now bringing the long term care system into our universal, public health care system.²¹

Part 3 *The Path Forward*

Part 3b: Employment and Individual Supports

Government's response to the economic crisis needs to focus on supporting people as they try to return to work and providing direct financial support to those who need it. The goal is to help reattach workers who have been displaced, transform precarious work to stable work, and ensure a recovery where workers are safe.

Typically, in a major recession, governments turn to infrastructure provision as their primary job creation program to help workers re-enter the labour force. And this is appropriate as it frequently fits the profile of those who are out of work;²² however, in this recession, employment in construction and the trades remains relatively strong. Thus, in the current situation, the best employment programs should be focused on the service sector. Ideal options include expanded childcare staffing,²³ expansions in the core or greater public service, and expanding community service programs, such as that recently announced by the province,²⁴ to engage in a range of activities from parks work, to public art, to historical record collection.²⁵

Further, the province has the room to help stabilize employment in the greater public sector and municipalities. The province's decision to extend temporary deficit powers to municipalities was an important step²⁶ and the introduction of additional one-time, emergency transfers to municipalities and elements of the greater public sector could be powerful tools to speed the recovery.²⁷ In particular, offering grants conditional on a requirement that these institutions either maintain or expand their employment levels would, on net, likely prevent several thousand layoffs province wide and be one of the most effective employment supports the province can take.

For the above programs to work, government needs to take firm action to ensure that workers are returning to safe workplaces. In particular, with the possibility of a second wave and the risks associated with intra-provincial and eventually inter-provincial and international travel, there are large returns to moving forward with a paid sick leave regime.²⁸ Given the province's successful campaign for the federal government to take leadership on a national paid sick leave program, the province should continue applying pressure to ensure that this program is rapidly launched and designed effectively.²⁹ Further, it should be prepared to make immediate amendments to the Employment Standards Act if necessary for the operation of the federal program. This kind of program is essential to ensuring our reopening and will help decrease the risk of a second wave, as such, it matters for workers health and it matters for their economic well-being.

With respect to individual financial supports, the province has already worked to supplement the income bridging measures from the federal government with the BC Temporary Rental Supplement, the B.C. Emergency Benefit for Workers, and the \$300 monthly supplement to income and disability assistance.³⁰ B.C. has been a national leader³¹ with these supports and should aim to maintain them until the recession has passed. Moving forward, the most important element of individual income supports will be working with the federal government on the extension and transition of the CERB, given changing circumstances. BC is already one of a handful of provinces that modifies the WITB formula to better suit the local labour market and the province could seek to supplement or modify any future version of the CERB to provide the greatest benefit to those in need while ensuring a reasonable rate structure.

Part 3 *The Path Forward*

Part 3c: Infrastructure and the Environment

Governments typically turn to infrastructure projects in major economic downturns. This is for good reason as they typically employ the workers who would first lose their jobs in a recession and provide substantial benefits over the long run. In the current crisis, while employment declines have been heavily focused in the service sector, there has been a 13.2% decline in construction employment, year over year.³² Infrastructure can be an important part of the government's approach both to create the jobs of the future and to help make the BC economy more sustainable, resilient and inclusive.

British Columbia was already spending at stimulatory levels of infrastructure spending³³ at the outbreak of the crisis with record levels of spending in its capital plan. Government should nonetheless expand its capital program, but do so in a targeted way, accelerating its already ambitious affordable housing program and green infrastructure programs with a particular focus on ensuring public buildings and affordable housing units are retrofitted and energy efficient.³⁴ Further, this expansion in the capital program can be designed to help people from industries and communities most affected by the downturn. Taking an equity approach to hiring can help expand the safety net to communities who have been missed in benefits programs³⁵ and be used as an opportunity to retrain workers from sun-setting sectors through apprenticeships.

Service-based environmental programs should be introduced that fit the character of the unemployed population. Government should seek to expand its environmental institutions and on-the-ground assessment strength or Indigenous guardian programs to move this into community. And we believe that a return to 1930s style service programs, with the goal of building new municipal or provincial parks and engaging in remediation programs, will yield large returns. This crisis has reinforced the need and demand for accessible, public, outdoor space as a public health necessity.

Additionally, the province should expand individual incentives to support a green recovery. While the province already has generous home energy efficiency and electric vehicle programs,³⁶ income-tested incentives for energy efficient durables should be expanded by substantially increasing generosity.

Part 3 *The Path Forward*

Part 3d: Child Care, Training and Education

Not only are workers in the service sector the hardest hit by the pandemic, but disruptions in the education and childcare systems have created a cascading effect preventing many parents from working at all. This is deepening the economic damage of the recession, introducing a strong supply side effect, and setting us back decades with respect to gender in the workplace and women's economic empowerment.

For these reasons, childcare provision is an optimal vehicle for stimulus spending by all levels of government. Even though the childcare sector remained operational throughout the crisis in B.C., there were already year-long queues in some communities prior to the crisis and the supply of available positions has declined meaningfully as a result of COVID with many parents being forced to work at half productivity while trying to manage childcare or not being able to return to work at all. As such, rapid investments in the sector have the unique ability to allow people to return to work, to directly employ individuals in the sector, and to improve outcomes for children.

For most provinces, this is a difficult situation to deal with as any increase in hiring in the sector to offer additional spaces, meeting health and safety conditions, would necessarily be temporary. However, B.C. is in a unique position given that it can accelerate its long run plan to substantially increase the supply of childcare spaces in a universal system. As such, one of the best uses of the province's stimulus fund would be to utilize temporarily empty public spaces,³⁷ create more publicly-owned facilities for childcare provision,³⁸ and expand staffing in licensed care³⁹ to rapidly increase the number of available childcare spaces

in the province. In the short run, this will assist the province in returning to its previous level of childcare supply. Over the long run, this increased capacity can be maintained as the province permanently on-boards more staff on the path to universality.⁴⁰ And while such programming does have substantial short-term costs, it has been well documented that there are large fiscal returns to universal childcare.⁴¹

Education and training programs are also good avenues for the province to consider when designing its stimulus programming. Recessions are important windows for workers to retrain as industries sunset and new ones appear. In the current context, that means ensuring that colleges and universities have the capacity to continue expanding their educational offerings during the recovery.⁴² The sector is facing tremendous fiscal pressure as revenues dry up with collapsing international enrollment that is only partially going to be offset by stronger domestic enrollment. To ensure that these institutions can successfully support retraining efforts, temporary support for the duration of the crisis is essential.

Part 3 *The Path Forward*

Part 3e: A Racially Just Recovery

All of this work is also going to occur within a particular moment where the broader British Columbian and Canadian population have turned their minds to tackling systemic racism. As we reconsider and redesign so many of our institutions in the aftermath of COVID-19, this is an enormous opportunity to rebuild them in a racially-just manner, particularly in the areas of policing and health care.

British Columbia, as with most of the country, lacks basic data on service provision and individual outcomes by race and ethnicity. This kind of data is essential to combating systemic racism and its collection will create needed jobs. In many cases, the work can be completed remotely by unemployed service workers and students wherever they reside.⁴³

In addition to this service-based work, British Columbia could choose to use some of the space for increased infrastructure spending to continue its path-breaking work of providing provincially-financed infrastructure on reserve. This is an opportunity to expand existing work on housing or potentially even move beyond housing into other areas of community need that have traditionally fallen in the federal sphere. Ideally, this would apply greater pressure for the federal government to meet its obligations.

More broadly, it's important that the province not lose momentum with the implementation of UNDRIP in the recovery and that the conversations and policy work continue without interruption. In particular, the reopening process itself is an important test of the UNDRIP process and it should define reopening going forward.

Part 4 *Conclusion*

COVID-19 has presented governments with their greatest public health and economic challenge in generations. Canada, and specifically British Columbia, have effectively suppressed the virus, helped individuals and families through the crisis, bought time for businesses and forestalled an even worse recession. The provincial government's public health leadership has undoubtedly been the single most effective contribution to minimizing the depth of the associated recession and to help ensure a strong recovery.

Now that British Columbia has entered Phase 3 of its economic reopening, this is the right time to begin moving forward with measures to get the economy out of its greatest decline since the Great Depression. And it is a unique challenge as this is an economic crisis with shocks to both the demand and supply sides of the economy and, for the first time, it is a recession concentrated amongst service sector workers and women.

Regardless of whether the recovery fund remains \$1.5 billion or is expanded, British Columbia will be able to map out a fiscal plan that ensures continued fiscal sustainability and that maintains a strong debt-to-GDP and debt-to-revenue ratio over the medium run. The recovery will likely occur most rapidly if stimulus is provided over at least two years and that intent is signalled early in the reopening to boost confidence. There are many paths available to government as detailed through this submission, but some components are necessary to a successful recovery. First, government should continue to give top priority to public health. Second, the government should continue its efforts to stabilize employment and family balance sheets through direct benefits and funding for

the greater public sector. Third, it is essential to ensure smooth transition of individual and firm benefits as the economy reopens rather than turning benefits on and off sharply. Fourth, government should accelerate its already aggressive infrastructure plan in areas such as public housing, the green economy and on-reserve. Finally, government should focus on a service sector recovery. Boosting childcare is a particularly attractive option as it will create service sector jobs, respond to both demand and supply side shocks, and ensure parents, particularly women, are able to reenter the labour market.

We are confident that British Columbia can meet this challenge and design a recovery plan that is suited to the particular moment. A plan that is consistent with putting people and their economic and social rights first, recognizing the value of public provision, and ensuring a progressive distribution of stimulus funding.

Summary List of Recommendations

Guiding Principles

1. Recovery programs should focus on people and their economic and social rights.
2. Recovery programs should be distributed fairly and progressively.
3. Recovery programs should prioritize funding that strengthen the commons to ensure resilience and equity.
4. Tackling COVID-19 remains the single best response to ensure a strong economic recovery.
5. When rebuilding our institutions during the recovery, we should do so in a racially just manner.

Stimulus Scale and Design

6. Government should expand its recovery spending beyond the \$1.5 billion allocated for the current fiscal year given the scale of the economic shock. This should include funding for the following fiscal year.
7. Recovery programs should prioritize:
 - a. Employment stabilization
 - b. An extension and smooth transition of individual and firm benefits as the province reopens
 - c. Job creation focused on workers in the service sector
 - d. Continuing and expanding the province's aggressive capital plan consistent with its public housing and green commitments
8. Additionally, to ensure the most effective stimulatory impacts, projects should ideally:
 - a. Allow funding to flow quickly
 - b. Be specifically targeted at those out of work
 - c. Include a net cost profile with short run costs and long run benefits

Summary List of Recommendations

Stimulus Programs

9. All necessary funds should be made available to ensure that the virus is contained and a vaccine should be made freely and rapidly available once possible to all British Columbians.
10. The province should begin now bringing the long term care system into our universal, public health care system.
11. One-time emergency transfers for municipalities and the greater public sector should be made available contingent upon those institutions maintaining or expanding employment.
12. Existing benefit programs such as the B.C. Temporary Rental Supplement should be maintained through the recession.
13. The Province should work with the federal government to gradually transform the CERB. The Province should introduce a paid sick leave regime through the Employment Standards Act with a share of firm costs being rebated by the province for the duration of the recession.
14. The capital program should be expanded to account for moderate slack in the construction industry and do so in a targeted way focusing on childcare facilities, affordable housing and green infrastructure projects.
15. Service based environmental programs should be introduced related to environmental assessment, guardian programs, or the creation of new municipal or provincial parks.
16. Individual income-tested incentives should be expanded. The Province should prioritize a rapid expansion in childcare staffing and supply as its central recovery program given its unique ability to respond to both supply and demand shocks and its consistency with the Province's long-run universal childcare program.
17. Supports should be made available to educational institutions and workers in sun-setting industries to ensure that they can retrain if they wish to do so during the recession.
18. The Province should advance the collection and release of data by race and ethnicity.
19. The Province should continue with the implementation of UNDRIP throughout the recovery period and integrate it into stimulus programming.

Bios

María Dobrinskaya

is the BC Director for the Broadbent Institute. She oversees the work of the Institute in British Columbia.

Rob Gillezeau

is an Assistant Professor in the Department of Economics and the School of Public Administration at the University of Victoria with expertise in economic history, public policy and labour economics. His research is primarily divided into two broad areas: the economic history of the Indigenous peoples of North America and racialized protest and police killings of civilians. He is a co-founder of the Canadian Economics Association's Indigenous Economics Study Group (IESG) and his research in the area has investigated the impact of the near extermination of the bison on long-run outcomes, the economic impacts of historical treaty-making, and measuring wellbeing in Indigenous communities using satellite night light data. Along with Dr. Jamein Cunningham from the University of Memphis, he leads the Racial Uprisings Lab at the University of Victoria, which studies the intersection of police killings of civilians, uprisings, and institutions. Their work on policing has been featured in the Washington Post, the New Yorker, and NPR. In addition to his academic work, Rob has a decade of experience in Canadian electoral politics. He previously served as the Chief Economist to the Leader of the Official Opposition in Ottawa and the senior staffer to the Finance Minister and Deputy Premier of British Columbia. He is an experienced platform writer, having been involved in crafting numerous electoral platforms at the federal, provincial, and municipal level. Rob is a Fellow of the Broadbent Institute.

Alex Himelfarb

is a former Clerk of the Privy Council and currently chairs or serves on numerous voluntary sector boards. He is also the Director of the Glendon School of Public and International Affairs and leads the Centre for Global Challenges. Dr. Himelfarb was a Professor of Sociology at the University of New Brunswick from 1972 to 1981. During this period, he undertook an Executive Interchange with the Department of Justice as Head of the Unified Family Court Project from 1979 to 1981. In 1981, he joined the Public Service with the Department of the Solicitor General of Canada. He has held a number of positions of increasing responsibility since that time, including Director General, Planning and Systems Group, Planning and Management Branch with the Department of the Solicitor General of Canada; Executive Director of the National Parole Board; Assistant Secretary to the Cabinet, Social Policy Development with the Privy Council Office; and Associate Secretary of the Treasury Board. While serving as Associate Secretary of the Treasury Board, he also headed the federal Task Force on the Social Union. In June 1999, Mr. Himelfarb became Deputy Minister of Canadian Heritage. He then served as Clerk of the Privy Council and Secretary to the Cabinet from May 2002 until March 2006 when he was nominated as Ambassador of Canada to the Italian Republic with concurrent accreditation to the Republic of Albania and the Republic of San Marino, and as High Commissioner for Canada to the Republic of Malta. Alex Himelfarb is a graduate of the University of Toronto where he obtained a Ph.D. in Sociology. He is an Atkinson Foundation Board member as well as a Fellow of the Broadbent and Parkland Institutes, respectively.

Bios

Jamison Steeve

is a Senior Advisor to Gillian Hadfield at the new Schwartz Reisman Institute for Technology and Society. His portfolio includes Policy, Strategy and Solutions. Jamison has spent the last 16 years working in the public policy arena. He brought a thoughtful and results oriented approach to his role as the Executive Director at the Martin Prosperity Institute and the Institute for Competitiveness and Prosperity, two of Canada's leading think tanks. Jamison was responsible for the day to day operation of both institutes, as well as the development of the strategic plan, communication vehicles and policy agenda. Prior to that, Jamison held a number of high level roles in the Ontario provincial government under Premier Dalton McGuinty, including health policy advisor to the Premier, Chief of Staff to the Minister of Health, and Principal Secretary. Some of his policy successes during that time include the implementation of Full Day junior and senior kindergarten, the significant reduction of surgical wait times and the implementation of the HST (Harmonized Sales Tax). Jamison is part of the Broadbent Institute's Essential Solutions Project.

References

- 1 <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>
- 2 <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html#a1>
- 3 While British Columbia was not the first province to begin its reopening procedures, it has managed to do so without seeing the kind of substantial case figures present in Ontario and Quebec.
- 4 For example, the economic policy response to the stagflation of the 1970s is drastically different than, for example, the policy driven recession that occurred in Canada in the early 1990s.
- 5 Note that the evidence thus far shows that declines in economic activity are primarily driven by individual behaviour in response to the virus rather than government-mandated restrictions in activity.
- 6 <https://www.utpjournals.press/doi/abs/10.3138/cpp.2020-049>
- 7 <https://www.wsj.com/articles/canada-gdp-plunged-11-6-in-april-11593525397>
- 8 <https://www.cbc.ca/news/canada/toronto/women-employment-canada-covid-19-1.5652788>
- 9 Similarly, labour force participation for women remains 1.4% below pre-COVID levels while men sit 0.8% below pre-COVID levels. Unemployment for women currently sits at 12.7% while the rate for men is at 12.1%.
- 10 <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/t0006a-eng.htm>
- 11 As of June, the percent change in lost positions is similar between goods and service producing sectors. However, deep declines in a number of specific service industries are masked by relatively strong performance in a number of high-wage service industries such as public administration, health care and social assistance, and finance, insurance, real estate, rental and leasing. This is consistent with what appears to be a disproportionate impact on the employment rate of high school graduates (55.5% to 51.4%), those with some post-secondary (58.2% to 53.3%), and those with a certificate or diploma (67.1% to 72.3%) who have all experienced substantial declines since February.
- 12 These figures are largely mirrored in the June LFS. For British Columbia, on a year over year basis the largest employment declines have been information, culture and recreation (-34.9%), business, building and support services (-25.9%), other services (-24.7%), and accommodation and food services (-17.2%).
<https://www150.statcan.gc.ca/n1/daily-quotidien/200710/t0006a-eng.htm>
- 13 <https://voxeu.org/article/assessing-keynesian-spillovers-covid-19-recession>;
<https://voxeu.org/article/decomposing-demand-and-supply-shocks-during-covid-19>;
<https://www.cbc.ca/news/business/monetary-policy-covid-19-bank-of-canada-1.5621999>
- 14 Further, the unprecedented scale of federal spending has helped to shelter provincial governments and lessen the scale of the economic shock.
- 15 Fiscal sustainability refers to the ability of the province to stabilize its net debt-to-GDP ratio over the long run.
<https://www.pbo-dpb.gc.ca/en/blog/news/RP-1920-029-S-fiscal-sustainability-report-2020-rapport-viabilite-financiere-2020>
- 16 <https://www2.gov.bc.ca/gov/content/governments/finances/debt/credit-ratings>
- 17 https://www.bcbudget.gov.bc.ca/2020/pdf/2020_Backgrounder_1_Fiscal_Plan.pdf
- 18 We strongly urge all levels of government to avoid fiscal consolidation during the recovery period. Rather governments should be planning multi-year recovery plans to ensure a return to strong growth.
- 19 <https://www.macleans.ca/opinion/a-progressive-approach-to-covid-19-recovery/>
- 20 Of note, resources used for tracking and tracing are also consistent with a service-based recovery. It is a flexible hiring program that can work for broad classes of workers.
- 21 For example, we could think about a more hospital-style funding model for the sector.
- 22 <https://www150.statcan.gc.ca/n1/pub/75-001-x/2009112/article/11048-eng.htm>
- 23 This could include increased staffing in a manner consistent with the transition to a universal childcare program.
- 24 <https://www.cbc.ca/news/canada/british-columbia/youth-job-program-community-grant-bc-1.5631528>
- 25 Both the New Deal and the War on Poverty provide plentiful examples of the enormous scope of local service based programming available to government.
- 26 <https://www.theglobeandmail.com/canada/british-columbia/article-new-measures-in-bc-give-cities-more-leeway-to-manage-drops-in/>
- 27 The crisis has put on full display the inadequacy of the financing model for municipalities, which should be addressed in a permanent way after the crisis.
- 28 Ideally, any such program should last until a vaccine is developed and administered.
- 29 The most important design feature of a national paid sick leave program is that workers should receive no disruption in income. This means that the delivery mechanism would need to occur through firms who could receive a rebate from government. In regular times, firms can typically internalize the costs of a reasonable paid sick leave requirement, but given the current situation, government should opt to cover a share of costs. For example, this could take the form of reimbursing firms through their payroll taxes. This could take a number of forms, but would ideally be based on actual days used. Government could either cover a share of total costs or cover an increasing share of costs as more days are used.
- 30 <https://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/covid-19-provincial-support/financial-benefits#individuals>
- 31 <https://twitter.com/princepolity/status/1280184844543131650>
- 32 <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/t0006a-eng.htm>
- 33 Over the next 3 years, B.C.'s capital plan pre-COVID called for a record \$22.9B in capital spending.
- 34 In all cases, it will be important to scale the build based on inflationary pressures faced.
- 35 For example, the federal government's recent fiscal snapshot made it clear that Indigenous peoples were much less likely to receive the CERB even though they lost jobs at similar rates to other Canadians.
<https://goelectricbc.gov.bc.ca/>
- 37 While this will be challenging with respect to meeting requirements for licensed care, it is a worthwhile effort given the immediate need for physical space.
- 38 In particular, appending new childcare facilities to existing public buildings can be particularly cost effective.
- 39 This could occur through a combination of increased wages, temporarily relaxed qualifications with requirements and/or incentives to receive appropriate training during or after the crisis, and active attempts to recruit out of the license-not-required sector.
- 40 Further, while empty existing public spaces can be used for childcare provision today, the capital plan can be utilized to expand publicly owned childcare infrastructure for the post-crisis period.
- 41 There is an important literature showing that this kind of program has large impacts on GDP through a labour force participation channel.
See https://www.ose.utoronto.ca/atkinson/UserFiles/File/News/Fortin-Godbout-St_Cerny_eng.pdf
- 42 And, for workers in potentially sun-setting industries, it could mean using stimulus funding to support them as they retrain.
- 43 Importantly, British Columbia has signalled a desire to move forward with the collection of data in this area:
<https://www.theglobeandmail.com/canada/british-columbia/article-bc-premier-john-horgan-says-he-wants-to-collect-race-based-data/>