

# Economic and fiscal snapshot 2020: House speech<sup>[1]</sup>

This is Finance Minister Bill Morneau's speech in the House of Commons on Wednesday

**Author:**

**Source:** Government of Canada - Department of Finance

**Format:** government document

**Publication Date:** 8 Jul 2020

## AVAILABILITY

Access full speech online<sup>[2]</sup>

Watch video [child care begins at 51:00]<sup>[3]</sup>

## Excerpted from speech

"We know many women are shouldering the burden of unpaid care work at home, looking after children and providing care for sick relatives. The lack of child care services could delay women's return to work.

We are proposing to invest in a safe, sufficient and adequate supply of child care, so that parents, especially mothers, don't have to choose between going to work and ensuring their children are taken care of."

## Full speech

Mr. Speaker,

Since our government last provided an economic report, COVID-19 has spread swiftly across the globe. It brought a new disease into our headlines, our dinner table conversations, and eventually onto our shores.

From the beginning we have followed the guidance of public health officials. Governments across Canada put lockdown measures in place to slow the spread of the virus and ensure our health care systems could deal with the scale of the challenge that we faced.

Businesses closed. Schools closed. People stayed home.

Our daily lives became unrecognizable.

Many of us stopped going into work and our days became absent of order.

Many had to face this new reality without a job and the endless worries that that brings.

Many others had to go work on the front lines, where work took on new risks and new meaning.

We went months without seeing our friends and relatives in a time of great fear and concern.

We looked for new ways to connect and gather to mark the milestones in our lives.

We spent a lot of time on video calls.

We did this because that's what Canadians do. We take care of one another.

The nature of this crisis is completely unprecedented.

It is a public health crisis and an economic crisis.

Our collective decision, as Canadians, to put each other's health above all else, has meant we have flattened the curve faster than many other countries.

Our average daily new cases have declined by about 80% from the peak in late April.

Canadians' efforts saved thousands of lives.

But Canadians also made great sacrifices to get here.

Millions of Canadians have lost their jobs, lost hours, or lost wages. Businesses of all sizes are still facing uncertainty.

Through rapid and broad support, our government has been able to protect millions of jobs, provide emergency income support to families, and help keep businesses afloat during the worst of the storm.

This support is helping Canadians get back on their feet, and has prevented long-term damage.

But this pandemic is not over and we cannot let up on our commitment to one other.

I want to take a moment to salute the work of the Minister of Health and Dr. Tam during this crisis.

Today, our government is presenting an Economic and Fiscal Snapshot. This document provides Canadians, and Parliamentarians, with a picture of where our economy is right now.

It is transparent about what we know. And what we don't know.

Forecasts are always uncertain. So with this Snapshot, we are providing our best prediction of the economic situation in Canada to the end of the current fiscal year, to March 31st, 2021. Trying to predict further would be potentially misleading.

The possibility of further outbreaks looms on the horizon, and accurate long-term forecasting is impossible in such a volatile environment.

I know Canadians understand how hard it is to make predictions, so let me tell you what we know.

We know that the unemployment rate went from historic lows in January to historic highs in May.

We know low-wage workers, young people and immigrants bore the brunt of employment losses in March and April. And while some jobs returned in May, the sectors many women work in have been slower to rebound.

We know many women are shouldering the burden of unpaid care work at home, looking after children and providing care for sick relatives. The lack of child care services could delay women's return to work.

We know vulnerable groups have been hit harder by this pandemic and are continuing to face challenges. This crisis has exposed and amplified many inequalities in Canada.

I'm thinking about Canadians who work to get by on low income, the people who process and prepare our food, temporary foreign workers, our seniors in long-term care.

We know energy workers faced a double hit after the shock to global commodity prices and that employment in mining and oil and gas support services has fallen by over 15%.

We know businesses are still facing challenges.

The Canada Emergency Wage Subsidy is helping impacted businesses protect jobs and remain poised to rebound. We encourage businesses to take advantage of the program and hire more workers.

We know that the best economic policy continues to be containing the spread of the virus.

If we can keep the transmission rate steadily declining, we can help ensure a stable and steady economic recovery.

If we don't, the gains of our sacrifices these past four months will be lost.

Around the world, we've seen what happens when reopening is rushed.

Our government has understood, from the moment this pandemic began, that it was our role to step in to support Canadians and stabilize the economy.

The COVID-19 Economic Response Plan is the most comprehensive and substantial peacetime investment in Canada's history, representing more than \$212 billion in direct support, and nearly 14% of gross domestic product (GDP) in total support.

Let me give you some numbers.

About 3 million Canadian workers have had their jobs supported through the Canada Emergency Wage Subsidy, and that number continues to grow.

Over 8 million Canadians were able to pay for groceries and rent because of the Canada Emergency Response Benefit.

Over 680,000 small businesses have received interest-free loans thanks to the Canada Emergency Business Account.

15 million low- and modest-income Canadians have received a special GST credit top-up.

6.7 million seniors who receive the Old Age Security pension will receive a supplementary payment this week.

We have also invested in community organizations that provide services to the most vulnerable, including more than 500 women's shelters that address the immediate needs of women and children fleeing violence.

The Prime Minister's leadership has shown all of Canada that their government would put workers first and be there for our most vulnerable.

And, if there is a resurgence, we are ready to do more.

Faced with the most profound downturn since the Great Depression, our government acted to support the economy. Every investment we made was in response to the COVID-19 crisis and was time limited.

From income support for Canadians, to loans for Canadian businesses and non-profits of all sizes, we worked to make sure our programs left no one behind. And we did it fast.

We were guided by three key principles: speed, scale and simplicity.

Mr. Speaker,

I think we delivered on all three.

Some will criticize us on the cost of action. They will point to the size of our deficit for 2020-21. It is a testament of the shock that COVID-19 had on our economy.

Our government knew that the cost of inaction would have been far greater.

Those who would have us do less ignore that without government action, millions of jobs would have been lost, putting the burden of debt onto families and jeopardizing Canada's resilience.

At a time when Canadian workers and families are facing significant hardship, austerity and tightening your belt is not the answer.

Our fiscal discipline in the years leading up to this, combined with Canadians' hard work and entrepreneurial spirit, meant that Canada was resilient and ready to face this challenge.

With a crisis of this magnitude, someone was going to have to shoulder the costs and the federal government was uniquely placed to take this responsibility on.

Over the last quarter century, provincial debt has outpaced federal debt by \$225 billion.

Households' debt to disposable income has increased to over 175%, close to a record high.

To date, nearly nine out of every 10 dollars in COVID-19-related direct support delivered to Canadians, and to Canadian businesses, is financed by the federal government.

We took on this role because it was the right thing to do.

Thanks to our rapid and substantial investments, unemployment will be lower, consumer spending will be higher, and our economy will recover sooner than had we done nothing.

If we had not stepped in with the Canada Emergency Wage Subsidy, millions of jobs could have been lost forever during the worst of the storm.

Without the Canada Emergency Response Benefit, Canadians would not have been able to cover their daily expenses.

Our investments have meant that Canadians and Canadian businesses, instead of drowning in debt and closing up shop, will be better positioned to get back at it.

We came into this crisis on strong footing, with a net debt-to-GDP ratio considerably lower than all of our G7 peers.

Even after our historic investments, Canada will continue to hold its low-debt advantage.

This, combined with historically low interest rates, gave us the balance sheet to deploy our fiscal firepower to support Canadians through this.

If we think back to the nineties, when Canada's debt needed to be reined in, interest rates were high and public debt was extremely expensive.

At that time, our public debt charges were close to 6% of GDP.

But now, Canada's public debt charges are only around 1% of GDP. And even after all the investments we have made to support Canadians, the cost of servicing our debt is expected to go lower this year.

In fact, our total public debt charges for 2020 will actually be over \$4 billion lower than forecast last fall.

But we, the collective we, will have to face up to our borrowing and ensure it is sustainable for future generations.

Canada's debt structure is prudent, it's spread out over the long term, and it compares well to our G7 peers.

And we will continue to make sure this is the case in the months and years to come as we move toward recovery and as we deal with the aftermath of this unprecedented event.

Throughout this crisis, under the Prime Minister's leadership, we have been working in coordination with provincial and territorial governments to protect Canadians at a level we have never seen before.

Since March, the Prime Minister and Deputy Prime Minister have hosted 15 First Ministers Meetings.

I have personally taken part in 14 meetings with provincial Finance Ministers.

We have accomplished a lot together, procuring hundreds of millions of pieces of personal protective equipment, making sure that health care workers have a secure supply.

We have helped give essential workers a raise.

It was clear to all of us that our collective actions were going to get us through this.

Mr. Speaker,

Canadians want to get back to work, but they want to do it safely.

That's why we are working with provinces and territories on a more than \$14 billion Safe Restart Agreement.

We are proposing to invest in a safe, sufficient and adequate supply of child care, so that parents, especially mothers, don't have to choose between going to work and ensuring their children are taken care of.

We also want to build capacity to test and trace and continue to provide world-class health care to Canadians.

These crucial discussions will be critical to the well-being of Canadians.

The road to economic recovery will be long and uncertain.

Going forward, anything we do must be about growth, resilience, and creating opportunity for those who were most impacted by this crisis.

We need to invest in an economy that is greener and more diverse. An economy that creates opportunity for young people, for low-income Canadians, for people with disabilities, for women—and that supports our most vulnerable, including LGBTQ2 communities, Indigenous peoples, Black Canadians, and other racialized people in our country.

This pandemic has identified clear gaps and it's giving us a chance to reset.

We witnessed the ways in which people were falling through the cracks, particularly those who live in long-term care. Many of them are our parents and grandparents, who built this country. We need to do better by them.

In the coming months, we will need to come to these problems with dedication, compassion, and ingenuity.

Mr. Speaker,

80 years ago, Canada faced some of the worst days of the Second World War and the government faced monumental and difficult choices.

In this House, like today, there were those who criticized them for not doing enough. Others who said they went too far.

But despite the criticisms and the debate, the resolve of Canadians, to fearlessly face the emergency of their time, never wavered.

Today, as we evaluate the details of our measures and the scale of their reach, I want to tell this House that we left no stone unturned and every decision we made was guided by our belief that the well-being of Canadians had to come above all else.

We have worked to lay out an economic response plan that is comprehensive, that is ambitious, and that serves those who need help the most. We have done so in a belief that Canadians would be able to fight the spread of this virus and come roaring back.

We have done this to build a bridge to a safer place from which we can build a stronger, more resilient future.

Just like during the Second World War, I know that Canadians have what it takes to come together for the greater good.

I've seen it in the health care workers—80% of them women, many of them immigrants—who day in and day out put their own health at risk to help others.

I've seen it in the businesses that have retooled to build ventilators, masks, gowns, and more.

I've seen it in the women and men of the armed forces who have served by caring for our most vulnerable in long-term care homes.

I've seen it in the millions of small donations, small acts of kindness, and the big and small sacrifices Canadians have made to fight this virus.

I want to take this moment to send a message to those who have lost loved ones during this time: all of Canada shares in your pain.

Canadians are resourceful. Canadians are resilient. Together, we will get through this and build a better, fairer, and stronger Canada.

Thank you.

**Related link:**

**Region:** Canada <sup>[4]</sup>

**Tags:** funding <sup>[5]</sup>

mother's labour force participation <sup>[6]</sup>

economic <sup>[7]</sup>

investment <sup>[8]</sup>

policy <sup>[9]</sup>

---

**Source URL (modified on 9 Jul 2020):** <https://childcarecanada.org/documents/research-policy-practice/20/07/economic-and-fiscal-snapshot-2020-house-speech>

**Links**

[1] <https://childcarecanada.org/documents/research-policy-practice/20/07/economic-and-fiscal-snapshot-2020-house-speech> [2] <https://www.canada.ca/en/departement-finance/news/2020/07/economic-and-fiscal-snapshot-2020-house-speech.html> [3] <https://www.youtube.com/watch?v=gkzgar7Hbg8&feature=youtu.be> [4] <https://childcarecanada.org/taxonomy/term/7864> [5] <https://childcarecanada.org/category/tags/funding> [6] <https://childcarecanada.org/taxonomy/term/8142> [7] <https://childcarecanada.org/taxonomy/term/8966> [8] <https://childcarecanada.org/category/tags/investment> [9] <https://childcarecanada.org/category/tags/policy>