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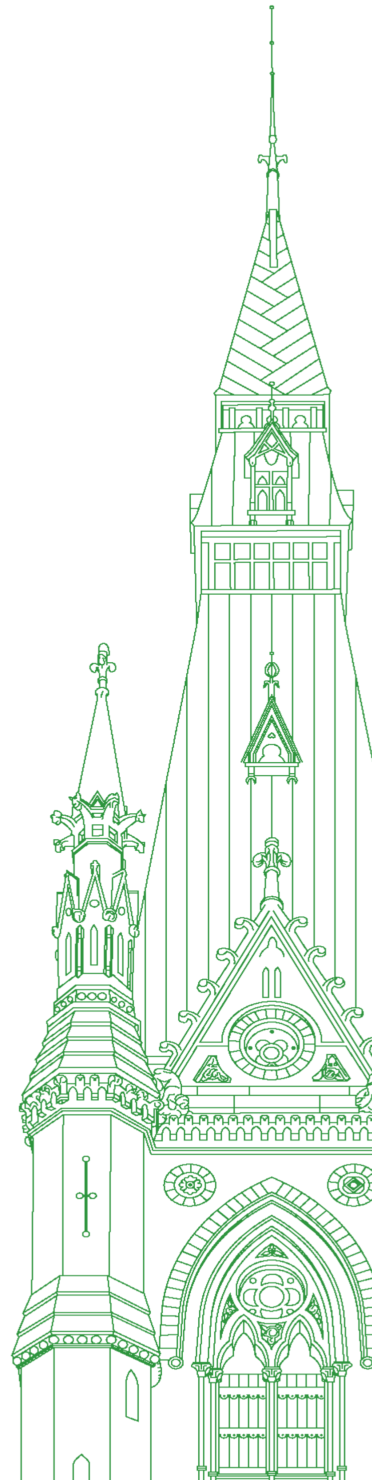

Chair: The Honourable Wayne Easter

Standing Committee on Finance

Thursday, December 3, 2020

● (1635)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

Welcome to meeting nine of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of November 19, 2020, the committee is meeting on its study of the pre-budget consultations in advance of the 2021 budget.

Today's meeting is taking place in a hybrid format, pursuant to the House order of September 23, 2020. The proceedings will be made available via the House of Commons website. So that you are aware, the website will always show the person speaking rather than the committee as a whole.

I would caution members and witnesses to make note of your microphone, and when you're not speaking to put it on mute. That makes it a lot easier for everyone.

First of all, my apologies to the witnesses. Votes went about an hour and a half on the virtual voting. That takes a lot of time, so my apologies to all. What we decided to do was to try to combine both panels into one.

There is a bit of a problem. I know, Peter, that you have to go at six o'clock. Mr. McLeod also has to leave early, but I do know that Mr. Poilievre and the Conservatives would like to have the full two hours because several of their witnesses are on today.

I'm wondering if we could maybe, where a normal round is.... Usually, on the one-hour panels we get—

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): I have a point of order, Mr. Chair.

The Chair: Yes.

Mrs. Tamara Jansen: I'm concerned that Mr. Poilievre is not here yet.

The Chair: I'm going to try to satisfy what his desire is there, Tamara.

Mrs. Tamara Jansen: Okay.

The Chair: Usually when we have a one-hour panel, on the first round all parties get six minutes, then there's the five-minute round for the Liberals and the Conservatives, and then two and a half minutes for the Bloc and the NDP, and that's where we have to end it.

I'm wondering if we can allow Mr. Julian and Mr. McLeod to leave, but give Mr. Julian his opportunity. When we get to the second round, we could give him the first six minutes so he could go, and then we could go the full two hours, and Mr. Julian and Mr. McLeod could leave. Could we have an agreement that there be no motions or votes for the remainder of the committee?

Would that work for you, Peter? That way we could get the two hours that I know Mr. Poilievre really wants.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Mr. Chair, I appreciate your trying to bridge things.

My thoughts were, perhaps because I feel uncomfortable about leaving the meeting while it's still going on, for obvious reasons, I could give my second round to the Conservatives so they would have an extra round of questions. That way, if we had all of the presentations right off the top, then I think we could ask questions of any witness, and I would be prepared to give my second round to the Conservatives if we wrap up at six o'clock.

● (1640)

The Chair: Okay.

Where are you at on that, Pierre?

I don't see you; I see your name.

Hon. Pierre Poilievre (Carleton, CPC): We would still get the same total number of hours, we just combine the witnesses and move—

The Chair: We're going to be a little short with that proposal.

Hon. Pierre Poilievre: We should get the two hours, Wayne. There has to be a way to do that.

The Chair: That's what I was trying to do by putting Peter on first.

Is there somebody else who could come in to replace you, Peter?

Mr. Peter Julian: No.

The Chair: Then Mr. McLeod could stay.

What I was thinking in terms of your questioning is that you'd still get the same amount of time for questions if we put you on in the Conservatives' place in the first round. Then you could leave.

Mr. Peter Julian: Again, I think the best possibility is that I give my second round to the Conservatives. I don't feel comfortable leaving the meeting, and I don't know if we can get a replacement at this late time.

The Chair: I don't want to take any more committee time. Let's come to this a little later on if we can, and let's start. Maybe you can communicate off-line, Pierre and Peter, and see if there's a way of working that out.

We'll start with who was normally on the first panel. If you could hold your remarks to five minutes, that would be great. Then we'll bring the second panel right in after them and go to questions.

Starting with the ALS Society of Canada, we have Ms. Tammy Moore, CEO; and Dr. David Taylor, vice-president, research.

Thank you as well for providing your submission in August.

Go ahead, Ms. Moore.

Ms. Tammy Moore (Chief Executive Officer, Amyotrophic Lateral Sclerosis Society of Canada): Mr. Chairman and honourable members of the Standing Committee on Finance, thank you for the invitation to appear before you today.

I am Tammy Moore, the CEO of the ALS Society of Canada, and I'm joined by Dr. David Taylor, vice-president of research. We appreciate this opportunity to present CAPTURE ALS, a first-of-its-kind Canadian research platform. ALS is a terminal neurodegenerative disease resulting in progressive paralysis and eventually the loss of the ability to move, to speak and to breathe.

Many members of this committee will be familiar with the devastation of ALS through the experience of your parliamentary colleague the Honourable Mauril Bélanger, who died within a year of his diagnosis. His progression was swift but not uncommon, as 80% of people living with ALS die within five years of diagnosis.

CAPTURE ALS is a game-changing national initiative that will elevate Canada into being a world leader in the health research sector and transform the way we understand rare diseases, conduct clinical trials and develop new treatments. Moreover, it will allow all parties to act on a commitment they made in 2017, when they unanimously passed motion 105 in memory of Mauril Bélanger, challenging government to play a leadership role in supporting ALS research and to support national efforts to find a cure for ALS.

CAPTURE ALS will enable the government to act on its commitment to the rare disease community and the development of a rare disease strategy. It will position Canada to be a leader in helping Canadians have timely access to clinical trials and future ALS therapies. It will pivot an innovative research model that will be applied to other disease areas, including COVID-19, as well as rare diseases beyond ALS. It will attract pharmaceutical interest and investment in Canada, and make an important leadership contribution to the global effort to understand and treat ALS.

I will now pass it over to Dr. Taylor to speak further to the numerous benefits to Canadians that will result from an investment in CAPTURE ALS.

Mr. David Taylor (Vice-President, Research, Amyotrophic Lateral Sclerosis Society of Canada): ALS is an incredibly complex disease. However, the field of ALS research has come a long way in recent years, through work in the laboratory, yet we still don't understand human ALS well enough.

What do I mean by that? One of the scary things about it is that even without pre-existing conditions some people are genetically or biologically susceptible to having more difficulty with infections—COVID-19 as an example—than are others. The world is spending billions of dollars trying to figure that out.

As is the case with COVID-19 infection, the journey with ALS is different for everyone. Some people, like Monsieur Bélanger, will see symptoms begin in their speech and swallowing muscles, or like him will progress very rapidly, while others will have “limb onset” disease or cognitive impairment or will progress more slowly.

We need to understand this. To effectively treat ALS with personalized medicine to get the right treatments to the right people, we need an investment in CAPTURE ALS. We appreciate that there's been a significant commitment to support the development of a rare disease strategy in Canada. CAPTURE ALS represents tangible action that can be taken in the rare disease space in a way that will help inform the creation of such a strategy. CAPTURE ALS will provide meaningful data that will strengthen policy development. No other rare disease is set up as well for this. Let CAPTURE ALS be a catalyst for your rare disease strategy.

CAPTURE ALS will also position Canada as a first choice for pharmaceutical investment and clinical trials, which in turn means that Canadians will be first in line for access to promising therapies. With CAPTURE ALS, Canada will have a level of real-world data, so desired by pharmaceutical companies, that will be unmatched by any other country. The learning from CAPTURE ALS will create an environment for more efficient clinical trials and more effective therapies, saving billions of dollars in the long run.

Faster access to the best experimental and proven therapies is urgently needed by the passionate ALS patient community, and no doubt many of you have witnessed the power of that message through the amazing advocacy of your constituents. Investment in CAPTURE ALS will signal that the federal government shares in that priority by creating an environment in which a diagnosis of ALS in Canada is met with leadership, doing everything possible to bring innovation and hope here.

CAPTURE ALS is the culmination of decades of investment in building world-class Canadian ALS research and clinical infrastructure, bringing together innovative new collaborations from across the country. Other countries, like the United States and Australia, are investing far more in ALS research, but here, for a fraction of their investment, Canada has an opportunity to do something truly transformational.

Finally, we have confirmed seed funding to launch CAPTURE ALS in 2021. CAPTURE ALS has been validated through a rigorous peer-review process, in competition with other national initiatives, and government investment will leverage this seed funding, taking CAPTURE ALS from a pilot project to a full platform. Without this ability, many of the impacts we've outlined today would never be achievable.

Thank you again for the opportunity today to present to you CAPTURE ALS and the reasons why we believe it will provide a win for Canadians on so many levels and will have unprecedented impact on the people we serve, those living with ALS today and those who will be diagnosed tomorrow.

● (1645)

The Chair: Thank you, Dr. Taylor and Ms. Moore.

Just a point of clarification, is that still $35 million over five years that was in your brief?

Ms. Tammy Moore: That's correct.

Mr. David Taylor: That's right.

The Chair: From Fairness Alberta, we have Mr. Bewick, executive director.

Please go ahead.

Mr. Bill Bewick (Executive Director, Fairness Alberta): Thank you very much for the invitation to appear. It really is an honour to be here again before the Standing Committee on Finance as you prepare the 2021 budget.

I'll use my time to talk about Alberta's contributions to Canada, the CFS, and fiscal stabilization. I'd like to start with Fairness Alberta's motto “Proudly Canadian, fiercely Albertan”.

We are a group of Canadians who believe Alberta has not been treated fairly, and the situation is serious enough that our 14 directors, 38 voting members, and many other supporters have dedicated time and money to try to make a difference. We believe that by respectfully but assertively raising awareness across Canada about the basic facts, we could persuade a majority to support meaningful reforms.

I can tell you there's a lot of pessimism out here. We take some flak for not beating at least a quasi-separatist drum, but our members believe there are millions of fair-minded Canadians who just need to hear clear, positive, fact-based messages to understand better why there is legitimacy to the anger and frustration in the west, and join our calls for change.

Our key message is to convey how beneficial Alberta's productivity has been for all of Canada. In terms of the federal balance sheet alone, Albertans sent $324 billion more to Ottawa over the last 20 years than was spent back in Alberta, partly because of higher incomes, but also due to Alberta getting the least federal spending of any province by far. That $324 billion since 2000 is equivalent to a $320,000 net transfer for every Alberta family, and also a $42,000 benefit for families outside of Alberta.

After a five-year energy downturn, exacerbated by a Russia-OPEC price war and COVID-19, that productivity is at risk. Many Albertans feel that if it were central or eastern Canada where a critical economic sector took a hit, the federal government would be right there with significant targeted financial and other support.

Not only have we seen little in the way of unique measures, but the looming CFS could make things much worse. A study by Canadians for Affordable Energy estimates it will cost Canada 30,000 jobs and $22 billion in capital investment. If the CFS goes ahead, we will become the only country to target natural gas with a fuel standard. Not even California does this.

In fact, while we look to become the world leader in taxing natural gas, most jurisdictions are seeking to expand its use as a cleaner energy option. The CFS just makes no sense given our status as a sparsely populated, cold-weather, exporting nation with an abundance of natural gas reserves. It will put everyone in Canada who uses it for heat—households, manufacturers, warehouses, industrial users like oil sands and petrochemicals—at a competitive disadvantage globally, just as the world seeks to recover from this jobs and fiscal crisis.

Moreover, Alberta is embracing the possibilities from this resource with an ambitious natural gas strategy aimed at plastics recycling, hydrogen, petrochemicals and LNG. For jobs recovery initiatives like this, we need governments working together, not at cross purposes. We have a moral imperative to restore opportunity for those many families suffering from jobs and businesses lost across Canada, not to prolong it in order to pursue other priorities.

As the Standing Committee on Finance, you know better than anyone that the staggering COVID debts also need to be paid off, and that every dollar we borrow this year means less flexibility in the future. We need to stop the bleeding and get every province making the most of its economy in order for Canada to recover from this jobs and fiscal crisis.

As in the 2009 recession, Alberta's productivity can boost Canada's economy if federal policies let us reach our potential. That's why we are pushing for change on various files, particularly the CFS. For the sake of unity, we also have proposals for equalization and fiscal stabilization.

I'll close by briefly noting the change to stabilization announced this week. Yes, there was a modest improvement to the cap on fiscal stabilization, but it completely ignored the unanimous agreement from all 13 premiers to drop the cap and make it retroactive to 2015 in recognition of the contributions from Alberta.

In 2015, provincial revenues here dropped $8 billion, but Alberta's stabilization payment was $250 million, or 3% of that. Under the new formula, with the $170 per person cap, it would still only cover 9% of that loss, which can hardly be called stabilization. When you consider the stabilization Albertans have provided federal revenues every year, it's about $4,000 per person or more, but all we can ever get back when we need it is $170. It becomes clear that fiscal flows between Alberta and Canada are badly broken.

While we need to see action on fiscal transfers for the sake of fairness and national unity, the urgent priority right now has to be on economic recovery so there is still wealth to share in Canada.

● (1650)

Please don't impose the clean fuel standard. I ask all of you to push back against any other policies that extend the awful suffering this jobs crisis inflicts on families, not just in Alberta but across Canada.

Again, thank you very much for this pre-budget consultation and inviting me to speak to you today. I look forward to your questions.

The Chair: Thank you very much, Mr. Bewick. The presentation behind you was good as well.

With the National Ethnic Press and Media Council of Canada, we have Mr. Saras.

Thank you for the brief as well, Mr. Saras.

Go ahead.

Mr. Thomas Saras (President and Chief Executive Officer, National Ethnic Press and Media Council of Canada): Ethnic media is vital to the integration of new Canadians into our society, and many immigrants rely on ethnic media as their source of news. For many, ethnic media is their only form of information. COVID-19 has shown the importance of having a strong ethnic press. Despite the purchasing power of minority communities, it can be difficult for advertisers to put together a comprehensive ad campaign that touches ethnic media in several languages.

Unlike large English and French chains such as Postmedia, Torstar and Quebecor, which can be syndicated across several papers, websites and platforms, ethnic media has to be engaged one outlet at a time. Ethnic media has been transitioning to digital and new revenue streams, but there must be assistance so that ethnic media has enough runway to retool their organizations for their news space, particularly since print revenue is drying up and digital revenue is not replacing it on a dollar-for-dollar basis.

In budget 2018, the government put out $50 million to help the media. That was for five years, which means $10 million per year. From that $10 million, the ethnic press received only $600,000. The problem is that we have 900 outlets in Canada from coast to coast. The $600,000 that we received was enough only to give a very small portion to only 53 outlets. We received about 270 applications. You understand how difficult it was to deal with that and cut someone without any reason, because we didn't have the funds.

This is the only reason I am appearing today, to ask if it's possible at least for the ethnic media to get a one-time amount of at least $7 million in order to be accurate and help our members who are serving almost 40% of all Canadians.

At this point, I want to bring to your attention that the ethnic media has faced profound revenue loss, and cutbacks have already taken place. In fact, 42% of the workforce has been laid off, and without further assistance a further 21% will be cut. The ethnic media has seen revenue declining by 62%. In fact, right now, at this point, I can assure you that revenue has been cut 100%. Those outlets that continue printing are printing only because the publisher can pay the amounts they need in order to continue. More revenue decreases will soon be seen. The 62% loss includes all members, and the numbers are propped up by monthly publications with pre-sales. Actually, for publications, from the equation revenues are down 71%.

Pandemic relief efforts have had little impact on the ethnic press. Of our members, 89% knew about the Canada emergency wage subsidy, and 68% do not qualify. While 93% of members were aware of the Canada emergency business account, 76% of them do not qualify. A top-up of aid to publishers, the Canada periodical fund, was announced for those who received it in 2019, but 84% of members do not receive aid to publishers and don't qualify to get that amount.

● (1655)

Government aid has not reached most ethnic press outlets. Of our members, 73% reported that the Government of Canada has not placed ads with their publication; 84% reported that their provincial government has not taken ads; 84% reported that they have received no ad spending from municipalities; and 92% reported that no ads were placed by a different public organization.

The outlook is bleak for ethnic media: 51% of outlets will close within the next six months; 62% indicated that without significant intervention they would close up within a year; 33% said they could hang on for fewer than another three months; 80% said they will need to halt publication within six months; 11% indicated they could go another 365 days without targeted aid before they'd need to close. Under the present circumstances, 34% simply did not know how long they would be able to survive.

● (1700)

The Chair: Mr. Saras, I'll have to get you to quickly wrap up. The figures are traumatic, but could we get to your request? We're tight on time.

Mr. Thomas Saras: We do believe that we need $7 million from the government immediately to sustain the majority of the ethnic press—at least those who are serving newcomers to Canada. They depend 100% on the ethnic press. This is a must.

There's something else. From the $10 million, instead of $600,000, I believe it would be fair if we receive at least $1.5 million to $2 million.

The Chair: Okay.

Thank you. We have your brief. We can refer to it to clarify those points.

Mr. Thomas Saras: Thank you.

The Chair: Turning to Oxfam Canada, we have Ms. Kate Higgins, interim executive director.

Ms. Higgins, go ahead.

Ms. Kate Higgins (Interim Executive Director, Oxfam Canada): Thank you for the opportunity to present Oxfam Canada's recommendations for Canada's next federal budget to you today.

At Oxfam Canada, we put women's rights and gender justice at the heart of everything we do in our work here in Canada and in our work with some of the poorest communities around the world. We know that COVID-19 knows no borders and does not discriminate. But we also know that in a world marked by extreme inequality, the health, social and economic fallout of this pandemic has hit some harder than others. Here in Canada, and indeed around the world, it is women, particularly those on the margins, who have been disproportionately affected.

Many women have faced a triple duty of home schooling, child and elder care, and paid work during this pandemic, leaving them absolutely exhausted. Women make up 70% of all pandemic-related job losses in Canada. Many women have lost their jobs and are struggling to get back into the labour market due to important care responsibilities they have. Women's labour force participation has fallen to 55% in Canada, the lowest in 30 years. Indeed, experts have dubbed the economic downturn we face a “she-cession”.

Today, I want to share with you three recommendations for budget 2021. These are recommendations that seek to provide solutions to the very real crisis we currently face, but they also lay the foundations for a feminist economic transformation to tackle long-standing inequalities in Canada and around the world.

First, the federal government must invest in the care sector. If this pandemic has shone the light on one thing, it is the essential role that care work plays in our lives, our society and our economy. Canada's recovery plan must value women's paid and unpaid work and must expand and protect jobs in the care sector. Investing in more and better care places for children, for the sick and for the elderly will mean that women currently caring for family members will be able to enter the workforce and we can start to reverse the shockingly low labour force participation rate I mentioned earlier.

In addition, the care sector workforce—child care workers, those brave people working in long-term care homes, and health workers on the front lines—is predominately female. Investment in the care sector has the potential to generate hundreds of thousands of jobs for women, a significant increase in government revenue, and a huge boost long-term to Canada's GDP. We welcomed the commitment to building a publicly funded national child care system in this Monday's fall economic update. This is a step in the right direction.

We call on the government to allocate $2 billion for early learning and child care in budget 2021, and an increase of $2 billion each year after that to publicly fund a child care system in partnership with the provinces, territories and indigenous governments. Transfers to the provinces should include measurable targets in accessibility, affordability, quality and inclusiveness.

The second area where federal government action is urgently needed is in social protection and decent working conditions for women. It is striking how many jobs that have been deemed essential during this pandemic—carers, cashiers, caterers, cleaners, clerical staff—are jobs that are low-paid and lack benefits such as sick leave. Black, indigenous and racialized women, including recent immigrants, are overrepresented in these jobs.

Many women in low-paid precarious employment have difficulty accessing employment insurance when they most need it. We are calling on the government to expand women's access to employment insurance by modernizing key gaps in the existing EI system. We need to adopt best practices from the CERB delivery to turn EI into a more agile delivery mechanism that gets benefits out quickly, expands access to be more aligned with the reality of Canada's labour market, requires lower thresholds for access, and increases benefits to meet income adequacy standards.

Finally, COVID-19 knows no borders, and Canada's response to the pandemic should be truly global in nature. Through our international assistance, Canada should invest an additional $2 billion in COVID-19 interventions that focus on feminist programming, supporting sexual and reproductive health and rights, combatting gender-based violence, investing in the care sector and supporting women's and feminist movements. In the longer term, we should fast-track implementation of Canada's feminist international assistance policy, doubling our international assistance envelope from $6.2 billion to $12.4 billion over five years.

● (1705)

By playing to our strengths and focusing our international assistance on feminist interventions, Canada can show critical global leadership in defending and sustaining important gains on gender equality that are threatened by the pandemic.

Thank you again so much for the opportunity to speak with you today.

The Chair: Thank you very much, Ms. Higgins.

We'll turn now to Jeffrey Booth, entrepreneur and author.

Mr. Booth, you're on.

Mr. Jeffrey Booth (Entrepreneur and Author, As an Individual): Thank you.

I want to thank the finance committee for inviting me to speak to you again.

On my last invite to this committee, I explained that, as outlined in my book, an economic policy that requires inflation is incompatible with exponentially advancing technology. They are opposite forces. Entrepreneurs using technology are trying to deliver more value for less to society, which equals deflation, whilst inflation is moving in the opposite direction. While it is easy to get fooled looking backwards, most of the technology gains are in front of us, which means getting more for less—deflation—is a completely natural process that embraces human innovation in the free market.

In other words, policy that is unmanipulated allows an abundance gain from technological progress to be broadly distributed to society instead of concentrated. By failing to recognize the root problem and instead dealing with symptoms, policy-makers become unknowing participants in a game that will have disastrous consequences for us all. I'll try to illustrate what's happening through a simple game.

In the game of Monopoly, once enough properties are owned by a single player, renters can't afford to pay their rents and are therefore forced into bankruptcy. The game ends. For those of you who have played, you will notice how systems work. Once you have an early advantage, the game becomes easier. You have the rents to acquire more properties and add more houses and hotels. A positive feedback loop is created, concentrating wealth. You might also notice that the wealth in the game might be due to luck. Landing on the right squares early in the game gives you a massive advantage—right place, right time. Conversely, missing out on acquiring those assets early creates a negative feedback loop, which also reinforces itself. The poor become poorer until they become insolvent, as they move around the game board paying higher and higher rents.

Fortunately, it's just a game. The game ends. Somebody gets bragging rights. All are given a fresh chance to win when the game begins anew, with everyone being equal. But what would happen if the same positive and negative feedback loops happened in life, with the winners acquiring more because they had the assets first, concentrating their wealth and enjoying privileged access to the best of education, medical and other services?

For the sake of argument, let's imagine in this life game that there was this giant force—let's call it a central bank—that required inflation and therefore wouldn't let prices fall, which only concentrated wealth faster and wouldn't allow a reset of the game where new players had a chance. How long would the losers of the game play the game when they realize that the game was rigged against them? What if they couldn't pay their rent, education or food with the game continuing to get worse? What if the game wouldn't end for them? What would those people do? More importantly, if you were them, what would you do?

I would suggest you might do one of three things. Number one, you might listen to and elect leaders who tell you they will give you free money. The irony of that free money is that it comes at a huge cost in perpetuating the system of inequality. The debt is too big to ever be paid back with higher taxes. That free money must come through the printing of money and higher inflation. Inflation is the worst tax of all for society. It's a hidden tax. It's levied upon society's most vulnerable because they don't have the assets that rise with inflation and they don't know better. Inflation is a process by which the purchasing power of their real wages and savings gets destroyed.

Two, you might rise up against the winners and burn the game to the ground. I think you're seeing this all over the world.

Three, you might play a new game, one where your money couldn't be confiscated by inflationary policies. That's what you're seeing with the rise of Bitcoin today.

The societal consequence of changing the rules of the game to stop the natural clearing function of markets and lock new players out is concentrating wealth and power, and in doing so it is making the world ever more dangerous. The consequences are very predictable. The crazy thing is that the same thing the central banks and governments are trying so hard to prevent—prices falling naturally because of exponentially advancing technology—might be the best game we ever played.

● (1710)

My message is non-partisan. I fully comprehend the severity of the choices the policy-makers on both sides of the aisle are grappling with in trying to save the system while only making the problem worse. These are difficult choices with no easy answers, but instead of platitudes, I do believe Canadians deserve the truth with respect to something so important as their money: where it comes from and why the manipulation of money is a requirement of the existing system.

Manipulation of money has consequences. Those consequences are far more severe than the monetary theorist policy-makers seem to realize. Technology's progress has changed the rules. Ignoring that structural change by printing money is coming at a great cost to our society, our environment and our children. On the current path, it will get much worse.

For the sake of all Canadians, I encourage the government to investigate this more deeply. There is a much better path, one that's congruent with where human innovation and technological progress are taking us, a path that will lead to broad-based abundance.

Thank you.

The Chair: Thank you very much, Mr. Booth.

We'll turn to Jack Mintz, president's fellow at the School of Public Policy, University of Calgary.

Mr. Mintz, we could at least touch elbows last time. We can't even do that today.

The floor is yours.

Dr. Jack Mintz (President's Fellow, School of Public Policy, University of Calgary, As an Individual): You can hear me now, right?

The Chair: Yes, we can hear you now. You'll have to go a little slower than normal, Jack, due to the translation.

Dr. Jack Mintz: Thank you very much.

Thank you for the invitation from the House of Commons finance committee to appear again. I hope you won't be disappointed.

One of the important trends mentioned in the fiscal update that deserve more attention is the effect of the pandemic on structural unemployment. On page 52, we see that temporary unemployment has fallen dramatically but permanent unemployment is gaining ground. With labour force exits, we now have a roughly 3.5% decline in employment since February 2020. Over one million workers are unemployed or are working at less than 50% of normal hours. In fact, 90% of the latter category are working zero hours but are not counted as unemployed in part due to the wage subsidy that keeps workers attached to their companies.

Structural unemployment reflects the pandemic's supply shock as people were told to stay home. Supply shock has led to a steep loss in jobs and hours worked in certain sectors, especially in hospitality, travel, retail and commercial real estate. After the pandemic is no longer with us, probably in 2022, many workers will not be able to go back to their original employers in certain sectors, in part reflecting long-term changes in consumer and business behaviour. This type of unemployment is different from cyclical unemployment when jobs disappear in a recession but come back in a boom stimulated by demand. Even if the government tries to prop up demand through stimulus programs, it won't help those who no longer have skills for new employment. Structural unemployment is one issue.

The other is labour productivity, which has been virtually flat since 2015, prior to the pandemic. It is well accepted that countries with high levels of labour productivity tend to also have higher personal incomes per capita. Labour productivity is particularly important since the output generated per hour of work provides income available to pay wages, taxes and other income to Canadians. Our social programs are not affordable if our productivity performance lags.

One of the leading factors affecting productivity is investment. It enables businesses to adopt the latest vintages of capital, typically reflecting innovative ideas being adopted in business practices. Non-residential, public and private capital formation in Canada has declined by 12% from 2014 to 2019. While the biggest decline has been in mining and oil and gas with 53%, investment per worker in other industries fell by 10%. Even intellectual property product investments have declined by 10%, with per capita pharmaceutical research and development dropping by half since 2007.

If we're going to build back better, we will need to address both structural unemployment arising from the pandemic and productivity investment problems that were already in place before the pandemic. In the immediate term, while COVID still haunts us, we have focused on helping businesses keep workers through wage subsidy programs, similarly adopted by seven other OECD countries. While there have been good reasons to keep workers attached to their companies, we should recognize that the wage subsidy is biased against capital-intensive industries, an issue partly addressed by the rental subsidy program.

Other countries have taken on other short-term policies that also help business investment besides the deferral of corporate tax payments; 28 OECD countries, including Canada, have provided deferrals. These policies include investment or research and development tax credits or enhanced deductions, 14 countries; accelerated depreciation, five countries—although we introduced that in 2018; and capital subsidies, nine countries.

● (1715)

Besides deferrals, the most frequently used corporate tax policy, among 18 countries, was to enhance the use of corporate tax losses by extending periods for carrying back or carrying forward losses, lowering limits on loss utilization or, in a few cases, providing some refundability. These policies were sensible, in that carrying back losses gave more cash to past profitable companies; loss companies cannot use carrybacks. On a longer-term basis, enhanced tax loss utilization provides a more neutral treatment for start-up companies compared to established companies and has reduced the tax penalty on risk.

Canada was one of the few countries not to use the corporate tax or other policies to support companies with capital investment directly during the pandemic. This should not continue in the recovery period, since our investment performance must be improved to spur both innovation and growth.

The update, surprisingly, had little to say about private investment, even though it is so important. As we have seen with this pandemic, it is the private sector that delivers technology, vaccines and even groceries to people. Government programs should enable, and not obstruct, private investment.

Let me provide some policy examples.

The federal government should have a greater focus on regulatory reform to spur investment. For example, policies such as pharmaceutical drug price controls are hurting Canada’s capacity to develop its own drugs and vaccines.

Another one is the following. The time taken to obtain project permits for infrastructure is one of the slowest amongst OECD countries. Even the recently amended regime for resource regulatory approvals has failed to shorten the time taken for a pipeline approval, such as in the case of the $2.3-billion Nova Gas Transmission Ltd. project, which was unduly delayed by a year.

The federal government should also be taking a stronger leadership role in achieving an internal economic union in Canada. Current interprovincial obstacles to trade and even regionally based federal tax, regulatory and employment policies undermine the free flow of capital and labour in Canada. The cost of internal trade barriers alone is estimated to be 4% of GDP.

● (1720)

The Chair: Jack, could you sum up fairly quickly, please?

Dr. Jack Mintz: Actually, I'm pretty well done.

The Chair: Okay.

Dr. Jack Mintz: I'll just mention one more, and that is the following. We should make sure that any social policies do not increase our already high marginal tax rates on the working poor due to income-tested programs. This discourages work, education and training, even if the resulting income is taxed more heavily.

I could go on at length. However, I'll stop here and take questions later.

The Chair: Thank you, Mr. Mintz. I hate cutting people off, but it's my job, I guess, today.

We'll turn to Mr. Rocha, president of 4 Pillars Consulting Group Inc.

Mr. Rocha, go ahead.

Mr. Reg Rocha (President, 4 Pillars Consulting Group Inc.): Thank you, Mr. Chair and committee members, for having me here today to represent 4 Pillars Consulting Group.

[*Translation*]

Thank you for giving us this opportunity.

[*English*]

4 Pillars Consulting Group is a franchise network of small business owners who provide debt consulting, financial education and credit rehabilitation services to those facing insolvency. We have been in business for 20 years, with 50 offices located throughout Canada. Over our long history, we've assisted tens of thousands of Canadians to navigate the complexities of the insolvency system as they face crushing debt loads. We support them through their unique situations by providing debt relief and recovery solutions.

We appreciate that this committee has been taking testimony for months now on the post-pandemic economic recovery. You're more than aware of the statistics, and many have expressed concerns for the pre-pandemic rise in debt levels being held by Canadian households. Today I want to focus my remarks on what these statistics look like on the ground for the tens of thousands of clients we serve.

The people who come through our doors every day are often overwhelmed, ashamed and without hope. Overwhelming debt negatively affects a person's mental health, family stability and productivity. I have a deep concern for this moment Canadians currently find themselves in, but our concern has been growing for many years.

Canada's Bankruptcy and Insolvency Act is intended to provide honest Canadian debtors with the right to a fresh start, the right to deal with and move beyond overwhelming debt. What we have observed, however, is that the legislation and the system that supports it have some significant systemic challenges that make their fresh start far from certain.

Given that the recovery of our national economy will require Canadians to achieve a sustainable and solid financial footing, our main recommendation to this committee is to undertake a thorough review of the Bankruptcy and Insolvency Act from the viewpoint of the debtors. In particular, I have three areas of focus that I believe require your consideration.

Number one is the debtor's right to an equal playing field. The current system is preferentially weighted towards the creditor. Banks have extensive resources and a mandate to make money for shareholders. They have considerable ability to access legal and financial advice on how to pursue claims against debtors.

The Office of the Superintendent of Bankruptcy is charged with being a fair, transparent arbitrator between creditors and debtors. The agents of the OSB, licensed insolvency trustees, are presently the only entity prescribed by federal law to administer proposals and bankruptcies under the BIA. However, trustees are compensated by the size of the debt settlement debtors pay back to creditors. The trustee is also not responsible for the financial rehabilitation of the debtor. In our credit-driven society, debtors are the little guy, but unlike in Canada's judicial system, there is presently no entity assigned to be a sole advocate for the debtor.

Number two is the debtor's right to make informed financial choices. The ability to make informed choices is fundamental to the right of choice. Within our current regulated debt and insolvency system, no one is really responsible for the crucial step that 4 Pillars has come to call “aftercare”. Right now, insolvent debtors are required to take two mandatory counselling sessions that are administered by the trustee. In practice, this aspect of the legislation acts more as a punishment than as a support, and statistics show that it is not driving the desired results, as the recidivism rate continues to increase.

Number three is that we have very limited data on debtor behaviour, and what we do have is held by different entities and jurisdictions. If we do not collect the data that allows us to understand the various root causes of how Canadians come to carry excessive debt, we will be unable to design effective interventions. In addition, we have limited ability to forecast or insulate Canadians against the kinds of economic shocks we are now experiencing.

The Canadian Debtors Association, of which 4 Pillars is a member, advocates for debtors. As we all attest, access to credit is now a necessary part of our lives. Like 4 Pillars, the Canadian Debtors Association is also expressing the need for an overhaul of the BIA. Recently, some of its board members have been in touch with some of you to discuss ways to have a review at the parliamentary level.

4 Pillars believes the debate must shift towards a more debtor-focused approach. Should the sky-high debt loads that we're seeing today become tomorrow's insolvency crisis, then putting debtors at the centre of the solution is the only way forward.

In closing, please allow me to offer our support. We have experience and knowledge to contribute to this work and do not feel it is for the public sector to shoulder this burden alone. We look forward to the opportunity to work with you to improve Canada's consumer debtor outcomes.

Thank you.

● (1725)

The Chair: Thank you very much, Mr. Rocha.

Our last panellist will be Mr. Cross, from the Macdonald-Laurier Institute.

Philip, the floor is yours. You've been here lots of times.

Mr. Philip Cross (Senior Fellow, Macdonald-Laurier Institute): Thank you. I hope I've unmuted myself successfully.

I would like to start by recognizing Paul Rochon’s admirable service as deputy minister of finance for six years in the most trying of circumstances.

The fall economic statement suffers from cognitive dissonance, or what George Orwell in 1984 called “doublethink”, since it requires believing two contradictory ideas at the same time. On the one hand, its projections of government spending and deficits paint a picture of few long-term effects from the pandemic. At the same time, this benign long-term outlook is based on the assumption that interest rates stay low due to subpar growth for years to come.

Despite the pandemic’s unprecedented shock, government finances are forecast to essentially return to where they started. After doubling this year, the total government spending as a share of GDP in 2025 falls to 14.5%, slightly below where it started in 2019, despite a near doubling of debt in the intervening years. Government revenues are projected to rise about half a percentage point of GDP. As a result, the federal deficit as a share of GDP in 2025 is projected to be only marginally higher than it was in 2019.

However, this forecast of the negligible impact of soaring cumulative debt on annual deficits assumes that interest rates stay at record low levels and that higher government spending is temporary. The bond market says unequivocally that economic activity will remain subdued for a prolonged period. The fall statement does recognize that the pandemic lowers our potential GDP by $50 billion by 2025, yet despite slower potential growth and an aging population, government spending magically is not affected.

While markets have priced in an extended period of low interest rates, the fall statement ignores the effect on our financial and pension systems. Clearly, low interest rates have a significant impact. Most pensions are based on actuarial assumptions of real interest rates of 2% to 3% over the longer term, much higher than they have been for years.

The December 2019 fiscal update from the Department of Finance acknowledged the negative impact of the lower interest rates on its own employee pension plan. That update revised up the deficit partly because of “increased expenses related to actuarial revaluation of employee pensions”, totalling $33.4 billion over the next five years. This is only one of the many distortions caused by ultra-low interest rates, yet there is no discussion of the impact of lower interest rates on the viability and the risk-taking of pension plans.

The fiscal update acknowledges other ways that this recession differs from any seen before and has lasting consequences. It shows, on page 52—which Jack also was drawn to—the rising share of permanent layoffs in unemployment as the initial shock of the pandemic wears off. Jack has already covered that, but what I'll say is that the essence is that temporary layoffs accounted for 86% of the unemployed in April, and by October unemployment fell by more than half, but the share of permanent unemployment rose to 74%.

These data give an idea that the recovery inevitably was going to slow in the fall and winter as the rapid recovery of industries that easily adapted to social distancing gave way to the much harder case of other industries largely shut down as long as the virus circulates.

The document whitewashes policy errors made early in the pandemic as it attempts to repackage measures clearly intended for short-term relief as long-term stimulus. Canada is running the largest government deficit in the G20 because Canada enhanced household incomes more than any other nation. Much of Canada’s extraordinary increase reflected that benefits were poorly targeted, including 27% going to households that earned over $100,000, according to the Fraser Institute.

Not surprisingly, much of this money ended up being saved. However, rather than acknowledging that income support was excessive and poorly targeted, the fiscal statement labels these savings as “preloaded stimulus” and claims that “unleashing these savings will be a key element” of the recovery, as if that was the plan all along. This improvised rationale—it cannot be dignified as a plan—is problematic.

Still, the worst damage from the pandemic may well be on how we think and talk about the economy. Recall the uproar in 2015 over preliminary estimates of GDP falling 0.1% and 0.2% because of the oil price shock. This sent much of the commentariat of this country into a frenzy about whether the economy was in recession and led some to insist that we needed to run deficits to lift growth at least temporarily back into positive territory.

● (1730)

Today we are dealing with declines in real GDP literally 89 to 177 times greater, but the same word, “recession”, is used as if the two episodes are equivalent. The only blessing of this pandemic may be that we will be inoculated for years against allowing trivial movements in GDP or jobs to dictate policy.

Words count, and for a lot. Recessions in the 1950s and 1960s were frequent, mostly inventory cycles, but usually did not result in job losses. After the 1974 recession, the public and policy-makers began to associate recessions with major losses of incomes and jobs and, increasingly, did everything possible to delay them. The result was twofold. One was a chronic overuse of stimulus that lowers long-term growth and, ironically, makes the economy more vulnerable to recessions. The other was that recessions became severe once-a-decade events, often involving financial crises that also significantly dampen long-term growth.

Similarly, the increase from a $39-billion to a $381-billion deficit has been made banal in public parlance by sheer repetition. Before 2020, a deficit of even $100 billion was unimaginable, but now many shrug as if it has become the norm. Instead of treating a $39-billion deficit as unusually large, the fall statement holds it up as a satisfactory goal to pursue.

The unrelenting focus on monetary and fiscal short-term stimulus to the economy has been at the expense of ignoring the negative long-term impacts on potential growth. It is little wonder that economists increasingly call slow growth the “new normal”.

Thank you.

● (1735)

The Chair: Thank you very much, Mr. Cross.

Mr. Peter Julian: I have a point of order, Mr. Chair.

We've organized something so that we can go through to 6:15. Mr. Poilievre has accepted taking the second two-and-a-half-minute NDP round.

The Chair: We'll do that. Thank you, both, for coming up with that.

Let's get right to questions. I have on my list Mr. Kelly, Ms. Dzerowicz and Mr. Fraser splitting, then Mr. Ste-Marie and Mr. Julian. After that, it's Mr. Poilievre and Mr. McLeod.

Mr. Kelly, the floor is yours.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I think I'll actually split my time, then. If I am going to go first, I'll split my time with Mr. Poilievre. I know he needs to get in on this.

I will start with Mr. Bewick. Thank you very much for the presentation.

We have 13 provincial and territorial leaders who agreed that fairness demanded that Alberta receive a one-time retroactive stabilization payment. The announcement ignored this unique moment, where 13 provincial and territorial leaders agreed—not that they should get more money, but that fairness demanded one province receive it.

Could you comment on the stabilization announcement?

Mr. Bill Bewick: I think it's known that it's not always that hard to get premiers to agree to ask Ottawa to give them all more money. In this case, it was a unique situation. All the premiers agreed to give one province a special retroactive payment in recognition of all that Albertans had contributed to maintain the balance sheet of the country for 15 years.

To have that not at all acknowledged in Monday's announcement is very disappointing. It's a case where there was an opportunity to show recognition that Albertans have contributed so much to the federal coffers, but it wasn't taken up.

Going back to 2015, Albertans contributed $25 billion that year in taxes that went to Ottawa, versus spending that came back to Alberta. By the end of the year, though, the revenues had dropped by $8 billion. The $250 million that we got as a fiscal stabilization, a kind of insurance program for provinces to be able to maintain services when they have a sudden drop in revenues, that $250 million that came back was 1% of the $25 billion that Albertans sent to help Ottawa.

Mr. Pat Kelly: It's absolutely staggering. These are staggering figures. Thank you for sharing that.

I'm going to leave the rest of my time for Mr. Poilievre.

Hon. Pierre Poilievre: I will send it over to Mrs. Jansen.

Mrs. Tamara Jansen: Thank you.

I'd like to direct my question to the ALS group.

I had a round table with an ALS group of sufferers, and they were very clear that they don't have time. It looks as if the changes to the PMPRB are going to make it even more difficult for them to get the medicines they need.

Could you speak to that challenge? Will the changes to the PMPRB affect their access to the new treatment for ALS that's available?

Ms. Tammy Moore: We have significant concerns about what it will do in terms of access. We do believe that it is going to cause concern within the pharmaceutical companies in terms of Canada as a marketplace, which in fact will restrict access, both when we look at clinical trials and the potential to come to Canada, as well as when we look at Canada as a marketplace for the new therapies we do see coming down the pipeline.

Mrs. Tamara Jansen: Thank you.

I have a quick question for Mr. Mintz.

Given how much has been deferred in terms of delayed taxes, about $124 billion, which has come out of consumers' pockets, is there any room for tax increases like the NDP wealth tax or the new proposed streaming taxes? Would you recommend holding off on CPP increases started in January, given the problems of small businesses?

Dr. Jack Mintz: First of all, I think that in the midst of the pandemic—and I actually have said this several times—we should not be increasing any tax at this point. I would suggest that CPP should be delayed, but also I think we should have avoided carbon tax increases and we should have avoided anything else, including—even though I support them—the GST that's going to be put on digital services. I would do that after the pandemic is finished.

With regard to your other question at the beginning, the pent-up taxes....

● (1740)

Mrs. Tamara Jansen: The delayed or deferred taxes.

Dr. Jack Mintz: Yes, the deferred taxes. I think we're going to need to think of serious tax reform. We have a serious competitiveness problem. We're losing capital to other countries. We have our Canadian companies that are investing abroad. We've had poor investment performance. We really have to worry about making sure that we get people back to jobs and that we have some growth in this economy.

With just throwing a lot of money out through spending programs, my view is that eventually they're going to need to have tax increases that are broad-based ones. A wealth tax will not raise that much money. It's a very small revenue earner. You're going to need broad-based taxes.

We have to be honest with Canadians. You're going to see a GST increase. You might see payroll taxes and other things if we try to start generating a lot of new programs that weren't affordable before COVID but now all of a sudden become affordable, which they're not.

Mrs. Tamara Jansen: Mr. Mintz—

The Chair: You have a minute left, Tamara.

Mrs. Tamara Jansen: Mr. Mintz, you also mentioned the PMPRB and those kinds of regulatory issues. Could you maybe speak to that as well?

Dr. Jack Mintz: I think we have to be concerned that we've seen this significant decline in pharmaceutical spending in Canada over the past.... I took that off the ISED website and corrected for inflation and growth in the population, and we've had a significant reduction in per capita spending.

Many of the pharmaceutical companies are really concerned about two regulatory issues, one being intellectual property and their protection of patents. I happen to know that a very large company was going to invest in Canada recently and decided not to because of that.

The price control issue is also a very significant thing. If we talk about having vaccine manufacturing capability and other things, I think it's going to be very important to make sure we are attractive for pharmaceutical company investments. We have to be careful, then, with the way we frame our policies.

The Chair: Thank you, all.

Ms. Dzerowicz and Mr. Fraser are splitting their time.

You have six minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair. Please cut me off at three minutes.

I just want to thank everyone for their very important presentations and for being here today.

I'm going to start off with Mr. Saras.

Mr. Saras, I'm going to cut you off at one minute. I apologize. It's because I have to get to two other people.

I want to particularly thank you for your presentation. In my riding of Davenport, I have at least six or seven ethnic media, and they provide information not only to new Canadians but to Canadians who've been here for decades. It's the way they get their local media, and it's also the way they actually stay in touch with their home countries in their own language.

Your top request was for $7 million. Could you please explain what the $7 million would go for?

Mr. Thomas Saras: There are about 900 outlets. We are going to support some of the stronger ones in order to maintain the ability of having people working with them. Right now, about 15,000 are laid off because the outlets cannot afford to keep workers working with them. There are students of the schools of journalism, and they cannot work anymore. This is the worst part, because someone is going to finish journalism school—

Ms. Julie Dzerowicz: I'm so sorry, Mr. Saras. Thank you so much for that. I will read your brief, but know that your recommendations are very important.

My next question is to 4 Pillars, with Mr. Rocha.

Mr. Rocha, you've made a very powerful presentation. What is your top recommendation for supporting Canadians at this time when we are coming out of this pandemic and expecting bankruptcies to go up? Regulatory change or legislative change may take a long time. What would be the one thing that we could do that would be helpful to Canadians?

Mr. Reg Rocha: From our point of view, debtors need to be fairly represented. We need to have, ideally, parliamentarians get involved to help represent the constituents, but more importantly, for the players in the insolvency industry to work together collectively. Right now, it's creditor-driven, as I mentioned in my brief. I think that debtors need more representation. Have people who work with debtors accepted.

● (1745)

Ms. Julie Dzerowicz: Thank you.

My last question is for Mr. Mintz, very quickly in the 15 seconds I have.

Mr. Mintz, do you believe that we should be eliminating interprovincial trade barriers to allow for the free movement of people and goods?

Dr. Jack Mintz: We have something in the Constitution—section 121—which was intended to try to remove trade barriers. I think we should, but we also have to remember that the federal government itself has some regional policies that interfere with free trade.

If you look at the European Union rules on permanent establishment, etc., some of those things the federal government is doing—never mind the provinces—would never be done in Europe.

Yes, I think the federal government should try to do more.

Ms. Julie Dzerowicz: Thank you.

The Chair: Thank you both.

Mr. Fraser, go ahead.

Mr. Sean Fraser (Central Nova, Lib.): Thank you, Chair.

In the limited time, I will jump into questions. I do hope to get to two witnesses, so I ask that you keep your answers tight, if possible.

My first question is for the ALS Society. When it comes to ALS in the public narrative, I find there's a lot of focus on how difficult the illness can be for people who live with it and their families. I want to draw attention to the quality of life that people who live with it have. I lost an uncle to ALS in September. His name was Leo Duggan. He was the most interesting guy you will ever meet, and a terrific volleyball coach. He organized the Terry Fox Run in Upper South River, and he worked the horse barns in Sherbrooke Village for years. He was terrific guy and made a world of difference.

In addition to the asks you outlined in your presentation, when I talk to your local chapters, one thing is the importance of supporting the ordinary needs to help people be comfortable in their homes, and the attention—or the lack of attention—that their families give. I'm sure my Aunt Janet, for example, who was an absolute saint, could have used additional support.

Are there things that we can do to help improve the quality of life for people who continue to live with ALS and the people who take care of them?

Ms. Tammy Moore: Absolutely, there's much that can be done. The societies across the country are helping to fill the gaps in the health care system in each province, because it can vary vastly from province to province in terms of the needs. In some provinces, our societies are actually providing very basic things like hospital beds, wheelchairs and ceiling lifts, so people can stay in their home safely. This has been even more critical during this time of COVID—being able to make sure that people and their caregivers are safe.

A lot also needs to be done in terms of personal support workers. Mr. Fraser, just as you have mentioned what your aunt is doing, that kind of support is necessary. There's a great deal that we need to be thinking about when it comes to the overall health care system. That's only going to intensify now as we are seeing therapies starting to come to market and what that could mean for our population.

Mr. Sean Fraser: Thank you.

That's a perfect segue on the basis of care workers. I have a question for Ms. Higgins.

Thank you so much for your articulate testimony. I want to ask you a quick question about investments in early learning and child care across Canada. One of the chief complaints that opponents of investments of this nature have is the immense cost. There is no question that it is expensive to establish a proper national early learning and child care system.

In your view, and in the experience of jurisdictions that have implemented such a system, have you actually found that the increased revenue for more women taking part in the workforce, which you refer to in your testimony, is sufficient to cover the cost of that upfront investment?

The Chair: Can you do it in about 30 seconds, Ms. Higgins?

Ms. Kate Higgins: The answer is yes. The YWCA has recently published a report. Figures from the Centre for Future Work show an increase of government revenue of up to $29 billion, an increase in employment for child care workers and associate suppliers of child care and early learning spaces of up to 725,000 jobs, and an increase in Canada's GDP of around $100 billion a year. It is very significant. I do think the return is there.

Thank you very much, Mr. Fraser.

Mr. Sean Fraser: Thank you, Chair. Those are my questions.

The Chair: Thank you, both.

Mr. Ste-Marie, you have six minutes, followed by Mr. Julian and then Mr. Poilievre.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

I want to start by acknowledging all the guests who have come to speak. It's always very informative.

My questions are for Ms. Higgins from Oxfam Canada.

I'll pick up from where you left off in the discussion with Mr. Fraser.

In Quebec, we have a family policy with subsidized early childhood centres. Studies show that this pays off for the government. The investment in the early childhood centres and in the entire family policy results in a higher rate of participation of women in the labour market. These women then pay more taxes. This not only creates social change in the very structure of society, it pays off, even though it requires money up front.

If the federal government were to implement this type of program, we would ask for a right to opt out with full compensation for Quebec. This would enable Quebec to improve its system, which is already working.

I've said enough.

Ms. Higgins, I want you to elaborate on your request for changes to employment insurance.

In concrete terms, what are you suggesting and what can be changed?

Is it the waiting periods, the premium rates or the number of hours?

I'd like you to elaborate on the changes that you're asking for.

● (1750)

[*English*]

Ms. Kate Higgins: I think the bottom line for us is that our EI system needs to be modernized. There is lots that we can learn from the CERB rollout that we should be transferring to an EI modernization.

Our point is that, with the nature of the labour market and particularly the nature of jobs where many women are working in very precarious, low-paid work, these jobs are not necessarily covered by employment insurance or the benefits are not good enough, and they have to move from one job to another.

What we are saying is that it needs to be more agile. It needs to require lower thresholds for qualification and engagement in the employment insurance system, and it needs to have improved benefits that meet income adequacy standards. What we really mean by this is that EI should be providing a living wage to those who are claiming it.

It's very important, and I think that if there's anything that COVID has shown us, it's that our EI system needs to modernize, to get with the times, in order to make sense for the sort of labour market we have, to really give employment protection to those who most need it.

[*Translation*]

Mr. Gabriel Ste-Marie: Ms. Higgins, thank you for that very clear answer.

On Monday, in its economic statement, the government announced a certain amount of money for a recovery plan that would come later, perhaps in the next budget. The pandemic is still ongoing. However, when we emerge from it, an economic recovery plan could be implemented.

I think that you're suggesting that the government invest in the green economy.

Would this be a good opportunity to invest in the green economy, as we emerge from the COVID-19 pandemic? How could this be done?

[*English*]

Ms. Kate Higgins: This is absolutely an opportunity for us to invest in the green economy.

[*Translation*]

Thank you for your question.

[*English*]

Let me focus first on the care economy. When we think about the care economy, we don't necessarily think about that as a green investment. Our point that we outline in our budget brief is that investing in the care economy is a really powerful way for us to drive our economy in a low-carbon way.

I think that would be the first point I would make, for us just to take a step back and make that link between investments in the green economy and investments in the care economy, and how the care economy is a fantastic opportunity for us to drive low-carbon jobs.

There is lots else I could say, but I'll leave it at that.

[*Translation*]

Thank you for your question.

Mr. Gabriel Ste-Marie: You can continue. The chair will cut you off.

● (1755)

[*English*]

The Chair: If you have anything further to add, Ms. Higgins, go ahead.

Ms. Kate Higgins: Sure.

My second point would be that I think investment in the green economy is absolutely critical. What we are calling for is that investment in the green economy take into account the diversity of people who need jobs. We need to ensure that the investment in a low-carbon economy, in a green economy, is taking into account indigenous jobs and jobs for people from racialized backgrounds and Black Canadians, so we can really ensure that our investment in the green economy also provides an opportunity for us to tackle critical inequalities that we have in Canada.

The Chair: Thank you, all.

We'll turn to Mr. Julian, who will be followed by Mr. Poilievre.

Mr. Julian, go ahead.

Mr. Peter Julian: Thank you very much, Mr. Chair.

Thank you to all of our witnesses for their excellent presentations. We hope that you and your families are all safe and healthy during this pandemic.

I have three questions. I'll try to go through them quickly.

The first is for Ms. Higgins. We are living with profound inequality that has been exacerbated during this pandemic. We've seen billionaires adding $53 billion to their wealth, and bank profit figures this week that were through the roof. Yet, as you point out, making investments in national child care would actually mean an economic boom for Canada.

Do you think it's a question of choices? Right now we have no wealth tax. We have no excess-profits tax as we had in the Second World War. We lose $25 billion a year to overseas tax havens. We spend billions of dollars on supports to the oil and gas sector. Do you feel that we should be taking a different set of priorities, investing in things like child care and putting in place a fair tax system so that the wealthiest and most privileged actually have to pay their fair share of taxes?

Ms. Kate Higgins: Yes, absolutely. Oxfam Canada and Oxfam are in favour of a wealth tax. We have seen, as you said, huge increases in inequality globally and in this country. In Canada, the top 1% own significantly more wealth than the bottom 70%, so we do think a wealth tax is one important strategy, one important tactic, one important tax that we can use to try to drive down this inequality that we have seen. That would be my first point.

My second point—and I do know that I sound like a broken record, but I am trying to be absolutely crystal clear—is that the opportunity that we have to invest in the care economy is here. It is now. The public understands that this COVID pandemic has shone a light on the criticality of the care economy to our families, to our communities and to our economy. I think there is really rising and very strong evidence that demonstrates that child care, investment in the care sector, will end up paying for itself.

As I said, it is a critical strategy for ensuring that women can reenter the workforce post-pandemic and during the pandemic. We have seen a huge reduction in labour force participation by women, so that is one strategy and one way that we can boost economic growth. It will also provide jobs to women who are our child care workers, who are our long-term care workers, who are our health care workers.

There are two points we outline in the brief that I would also like to emphasize—

Mr. Peter Julian: Sorry, but if you don't mind, I have to move on to the next question.

Ms. Kate Higgins: Please. That's it. Go.

Mr. Peter Julian: Your brief was excellent. As we've pointed out, very prosperous countries like Norway and Switzerland have wealth taxes, so it's about time Canada started being smart about its tax system. Thank you.

Ms. Moore, all of us can think of people we know with ALS. I'm thinking of my good friend Norm MacIsaac, whom I taught with. In one minute, could you tell us what would happen if you didn't get the $35 million over five years, and what would happen if you received more than that $35 million budget? What would you be able to do in addition?

Ms. Tammy Moore: Thank you.

I'm actually going to turn this question over to Dr. Taylor, as he represents our research program.

Mr. David Taylor: If we do not get the $35 million, then we will do as we always do, which is to fight for our community and scrap and scrounge until we do it, because this absolutely has to happen. But we feel that this is a tremendous gap that we have, and we've just heard about the support and the needs for support across the country. Our grassroots fundraising across Canada by the dedicated ALS community goes a long way towards support. We need to look to the government to be able to fill that gap in terms of research funding, especially so we can get to that point where pharmaceutical investment is profound here in Canada and can support ALS research in a prominent way.

In terms of what we could do with more money, with regard to CAPTURE ALS, we could make sure that every person diagnosed with ALS in Canada could be part of CAPTURE ALS. Right now we're looking at 1,000 people, but we could do so much more, and I think we could certainly turn this into a treatable disease much faster if we had more funds.

● (1800)

Mr. Peter Julian: Thank you very much.

Mr. Saras, I represent a riding with 150 different languages, so the ethnic press is the main press in my community as far as I'm concerned.

You've outlined the lack of supports you've gotten during the pandemic. Can you tell us a bit about the impact of competition from companies like Facebook that don't pay taxes in Canada? They are able to compete and run many of your associates and many of the media out of business because the government has never put in any regulations and never required them to pay income tax in Canada.

Mr. Thomas Saras: In the last few years, we tried to reach the government in order to solve this problem. The foreign companies receive about $170 million in advertisements from the Government of Canada and they don't pay a penny in tax. We are working day and night trying to survive without any advertisements from the Government of Canada, sometimes from the provincial government or even the local governments, and we try to survive the way we can.

The problem is that.... We employ Canadians; we are giving money to Canadians. At the same time, a member of the ethnic press is an unpaid civil servant. He is offering the ability to new Canadians to learn about the culture and the politics of the new country and to help them integrate into mainstream Canadian society. Unfortunately, we have been cut off from any help anywhere.

Mr. Peter Julian: Thank you.

The Chair: Thank you, all.

Mr. Poilievre, we're on with you, and because we are going to run into some time, I'm going to give you a six-minute round.

Hon. Pierre Poilievre: Thank you very much.

Dr. Mintz, the government seems to think, and so does the Bank of Canada, that we don't need to worry about the monstrous debts that the public and private sectors are building up. We now have the highest debt-to-GDP ratio by far in the G7, with the exception of Japan, at 384% debt-to-GDP ratio of public and private combined. This is far and away the biggest we've ever faced in Canada.

The bank and the government say, don't worry, interest rates are low and they won't go up until the economy improves. However, you know better than anyone that rates skyrocketed in the late 1970s from 8% to 22%, even though we had a miserably poor economy—bad growth, high unemployment. Interest rates rose to contain out-of-control inflation.

You've pointed out that we have a supply shock and that supply shock puts upward pressure on prices. Do you think there's a chance that we could be surprised by inflation in the medium term and that interest rates may rise more quickly than any of the decision-makers in the government tell us?

Dr. Jack Mintz: First of all, I think right now if spending was held down for the next number of years, to grow with population and prices as an example, and we were able to deal with some of our other issues that we need to deal with, I think we're okay.

However, if we keep running large deficits over the next number of years and debt continues to pile up where net debt.... Even the economic and fiscal update suggests it could rise by 2025 to 60%, which is starting to get very...and that's just at the federal level, never mind the provincial level.

Of course, you mentioned our household and corporate debt on top of that, but leaving that aside for a moment, we will get to a point where a highly indebted country may find all of a sudden that international investors are worried about holding that debt, and that could cause credit spreads to increase and interest rates to rise much more quickly than we expect.

So, yes, I think the threat is there, and the threat will become apparent over the next five years, especially if we repeat the period 1976 to 1985, roughly, when we ran very large primary deficits where we not only didn't cover any interest expense, but didn't cover our program expenditures. My biggest fear is that we're going to get into that.

● (1805)

Hon. Pierre Poilievre: Right, and as you know, the old saying is that compounded interest is the best servant and the worst master. It works in your favour if you're the one lending, but it can work against you if you're the one borrowing.

Do you think there is a chance that there will be medium-term increases in interest rates? If there are, would Canada find itself in some sort of a debt crisis?

Dr. Jack Mintz: Well, I think we also have to remember that we're building up debt very quickly, so the base is getting larger. Right now, we're at $1.2 trillion. I've worked out the forecast for 2025, assuming that the $100 billion of extra spending is adopted. We are going to end up having $1.6 trillion in debt, which doesn't include other provincial debt and doesn't include unfunded liability.

If you have a rise in interest rates, particularly on this very much larger base.... Let's say that on average they go up from 1.5% to 3%. That will double, plus we've more than doubled the size of the debt, so we've quadrupled the size of the debt. All of a sudden those interest expenses start becoming a much bigger part of the budget and much more expensive, and we end up putting more money of our tax dollars into paying interest than we do in trying to fund other—

Hon. Pierre Poilievre: In a heartbeat—because I'm running out of time—could that lead to a debt crisis?

Dr. Jack Mintz: Oh, it could potentially lead to a debt crisis, but we also have to remember that there could be potentially another bad event happening. A lot of people run these models assuming nothing will ever happen after COVID.

Hon. Pierre Poilievre: Right. I remember a journalist from the CBC telling me that there would not be a recession, that all the experts knew it. This was in December 2019. Sure enough, three months later, we were nearly in a depression. Unpredictable events happen.

On the issue of wealth inequality, our friends in the NDP are talking about a $6-billion wealth tax, but they're ignoring simultaneously the massive subsidized ballooning of the wealthiest people's assets through the quantitative easing program. The Bank of Canada is printing money and buying the assets of the very rich, ballooning asset prices and causing billionaires to make vast fortunes, regardless of what industry they're in, not because of their sales but because of the inflation of their asset values. That's $400 billion being pumped into the assets of very wealthy people.

The NDP is concerned about $6 billion. Fine, but I think all of us are asleep at the switch as the wealthiest people in the country gain the biggest increase in unearned wealth perhaps in my lifetime. I'd like to ask Mr. Booth if he can shine some light on this monstrous wealth transfer from wage-earners, whose wages are being devalued by this money-printing exercise, to wealthy asset owners whose stocks, bonds and real estate are ballooning in value.

The Chair: That's a tough question to do in a minute, Mr. Booth, but Pierre is considerably over already.

Go ahead. I'm sorry.

Mr. Jeffrey Booth: I can do it.

That's exactly what's happening, and a lot of the conversation that I hear today, while it's well intended, is dealing from within the system. Everybody is out to get their handout from within the system, while the system contributes to that overall inequality and makes it worse and worse. That's the problem. The system requires inflation and all the monetary easing.

The interest rates in a free market would be way higher. Canada wouldn't be able to get away with it. That's why there's the printing of money: to be able to drive that monetary experiment, which increases the wealth gap. It's way worse than that. This is important. Right now, there's a bunch of “let's fix the green economy.” Some of that might be right, but think about it more deeply.

What that means is that today, right now, with solar coming on, it's a cheaper form of energy, and it's supplying extra energy to the market. That extra energy coming into the market had a lower price. It's bringing down oil prices and everything else. The only way to be able to overcome that and grow our economies out of that is to manipulate money further.

In other words, a problem that is bigger by an order of magnitude for our entire climate is the printing of money. It's not the environmental one that people think it is. That's within the system. No matter how much innovation goes in, there has to be more printing of money to be able to stop that and keep the inflationary system in check.

● (1810)

The Chair: Thank you, Mr. Booth, for doing your best.

We'll split the six minutes between Ms. Koutrakis and Mr. Fragiskatos.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair, and thank you to all our witnesses today.

In the interest of time, I will try to get in two questions, both addressed to Dr. Mintz.

Dr. Mintz, as a percentage of GDP, interest payments are at historically low levels despite the COVID deficit. The Minister of Finance has stated in the fall economic statement that the government is moving more debt into long-term bonds, up to 30 years, which yields less than 2%.

At the same time, the Federal Reserve chair, Mr. Powell, a conservative Republican, is asking Congress to introduce another stimulus package as soon as possible to keep the U.S. economy from stalling.

Given the extremely low borrowing costs and the fact that we are not yet out of the woods even as the vaccines start to roll out, and given that we have lost growth potential, should the government not take this opportunity to help the economy get back to full employment levels of 2019 sooner rather than later?

Dr. Jack Mintz: I will answer your points quickly.

I think you should remember that.... True, the interest rates are low now. Canada actually had, among the advanced countries, one of the shortest-term structures in debt. Actually now moving towards a longer-term structure, I think, is helpful because that reduces the amount that we have to go to the international markets for to raise debt. Right now, every year 22% of our debt rolls over.

The other thing is that you can't forget the provincial government side, so that's important too. I totally agree that at this time we need to keep supporting the economy while we go through this health crisis. We're probably looking at 2021 being another bad year, in my view, because the vaccines are going to be coming too slowly and it will take until fall before we can really establish herd immunity.

If that is the case, then I think we really do need help, but I think we need to be much better targeted. My friend Michael Smart put out a very good piece today reminding people that the Canada wage subsidy, unlike the U.K. one and some of the others, is far less well targeted. We're giving money to companies that would keep on the workers anyway, and so we've made it very expensive. We could improve that quite a bit.

The CERB—and the CRB now—in my view, is not well targeted. We're giving the same money to part-time workers as we do to full-time workers. It's not that we shouldn't help people, but we shouldn't do it to the extent that Canada, unlike any other OECD country except for the United States, has. It has buoyed up household income so much during the recession that people actually made more money on average: 11% more under the OECD numbers, and in the update 13% more, which is a huge amount of money. We need to be a lot more careful.

Ms. Annie Koutrakis: Just one—

The Chair: It has to be a very quick one, then, Annie.

Ms. Annie Koutrakis: Had we not done these programs, would it not be more expensive...to slow down a sputtering recovery?

Had we not done what we did, wouldn't our economic recovery be worse?

● (1815)

Dr. Jack Mintz: No, you're thinking like demand was creating more growth.

We have a supply shock. You could throw tons of money at people and they won't go out and spend, which is what happened. Consumption actually declined and savings went up hugely, actually. It's really the opposite. What we've done is that we have mortgaged the future with overzealous spending, and we just went overboard. That's my point—not that we shouldn't have spent, but that we went overboard.

The Chair: Thank you both.

We have two minutes for you, Mr. Fragiskatos, and then we're done.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair.

Mr. Cross, you have written that there isn't a “she-cession” under way in Canada. In other words, the pandemic, in your view at least, has not disproportionately negatively impacted women. Is that correct?

I'm referring to a Financial Post piece that you wrote.

Mr. Philip Cross: Yes, that's what I said.

Mr. Peter Fragiskatos: I'm curious about that, because we've heard quite the opposite, not just at today's meeting but in previous meetings from noted economists like Armine Yalnizyan and many others out there out there who have studied this.

I'm just a bit confused, because in your Financial Post piece that I just referenced, the data that you used to say that there is not a “she-cession” under way in Canada ends in August. You take a small snapshot.

Ms. Yalnizyan wrote...and it's not my job to defend her. I just want to put it on the record, and I want to make sure that committee members, including myself, have accurate information in front of them. She wrote a rebuttal piece to you, in which she referenced what was going on in the month of September, the month that information is most recently available for, and I'll quote from that piece.

She says that, in the month of September, there were over 350,000 jobs “missing” from the economy, lost jobs because of COVID-19, and “women's [job] losses accounted for 85 per cent. There were actually 12,000 more prime-age men (aged 25-54) working in September than there had been in February.” She also says that in September “an additional 54,000 men joined the labour market [while] 57,000 women left it.”

I'm struggling with that, Mr. Cross.

The Chair: Peter, I have to give Mr. Cross time to answer, and I know we have a hard stop here.

Mr. Cross, do you want to respond?

Mr. Philip Cross: Yes. I put a rebuttal in the Financial Post that Armine was using data that wasn't seasonally adjusted. If you use seasonally adjusted data, the loss is 50:50 between men and women. If you use unadjusted data, it's 85:15, which is what she used. What she basically used—

Mr. Peter Fragiskatos: If I could, sir.... I don't mean to interrupt.

Mr. Philip Cross: Why ask me questions if you won't let me answer?

Mr. Peter Fragiskatos: Because I have limited time.... Go ahead and finish your thought.

The Chair: Finish your thought, Philip, if you could. It wouldn't be the first time there were disagreements in this committee.

Go ahead, Mr. Cross.

Mr. Philip Cross: All Armine showed is that men and women have different seasonal patterns to their employment. Men lose their jobs in winter because they tend to work more outdoors, so they recovered more over the summer. That's all her data demonstrated.

Mr. Peter Fragiskatos: Okay.

The Chair: We are going to have to end it there.

Hon. Pierre Poilievre: Point of order, Mr. Chair.

The Chair: What's your point of order? I thought we had agreement to end at 6:15.

Hon. Pierre Poilievre: Mr. Falk hasn't had an opportunity to speak. I understood that he was going to be getting Peter's two and a half minutes. I don't think anyone would object if Mr. Falk had an opportunity to make an intervention. It would take us to 6:20.

The Chair: Are you okay with that, Mr. Julian?

Mr. Falk, you're on. I'm glad you get two and a half minutes.

Mr. Ted Falk (Provencher, CPC): Thank you very much, Mr. Easter.

I have a question for Mr. Mintz.

Mr. Booth mentioned in his presentation the danger of inflation and how that disproportionately affects people of lower income. What we're seeing is that the Bank of Canada has committed to maintaining inflation at about 2%. They're doing that by adding hundreds of billions of dollars that they've given the government to disburse.

You talked about ineffective spending back in October in an article in the Financial Post. Can you elaborate a little bit more on that and also on the impact that this massive debt is going to have on people in the lower part of the economy?

● (1820)

Dr. Jack Mintz: What I tried to talk about earlier is the concern that I just mentioned about overzealous spending that can lead to more debt and then, of course, potentially more inflation. We don't have inflationary pressures right now, and we may not see them for several years or a couple of years, but it could happen.

When inflation takes off, you get serious devaluation in the dollar, and that's another problem that comes along with it. I will just very quickly tell you that one of the saddest situations I've ever been involved in was when I was working for the World Bank doing work in Bulgaria. It was just after their huge devaluation that they went into because they ran very large deficits during that period around 1998. The saddest thing was seeing very poor people, people on fixed incomes who tend to be pensioners and others who really suffered when prices doubled in just one year.

That's why economists often talk about inflation tending to be really hardest on lower-income people and people with fixed incomes, because they don't have an offset from that inflation.

The Chair: We have to end it there, folks.

Mr. Ted Falk: Thank you, Mr. Chair.

The Chair: I hate to have to rush meetings, as we did this one, but it's the world we live in, I guess.

Thank you to all the witnesses for coming and responding to our questions. As I said, this wouldn't be the first time we had some disagreements at committee. That's how we learn, by having a few disagreements.

With that, thank you very much. The committee will meet on Monday night.

The meeting is adjourned.