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To: Canadians Concerned about COVID-19's Economic Impact

Date: April 21, 2020

Re: **SOME PRINCIPLES FOR AN ECONOMIC RESTART**

We have learned a great deal over the past month about the interaction between the coronavirus pandemic and the economy. This is a recession unlike any other, driven by a forced supply-side shutdown of many business sectors and firms, in the global effort to contain the pandemic.

The required shutdown has focused on sectors that rely on direct contact with and among consumers and clients, such as hospitality, retail, accommodation, and entertainment. Despite massive government supports, its impact on Canada's economy will be dire, with soaring unemployment and GDP projected to fall by six percent or more in 2020.

The recovery will also differ from the past. It will likely be step-by-step, extended, and prone to setbacks – notably the risk of additional pandemic waves until a vaccine is widely available.

How can the economy be reopened while containing the threat of later waves? It will require a shift in mindset, strategy, and tactics, from broad intervention to more targeted action. The first phase has been about widespread containment by shutting large portions of the economy. It is beginning to flatten the curve, but with huge economic and fiscal costs.

The next phase of policy response should be about risk management. It will require a combination of phased reopening, smart public health practices in the workplace and specific locations, testing as much as possible, and constantly assessing the possible risks and the impacts on containment. Successful implementation of phase two will require more granular local and workplace data on the rate of spread and the risk of severe cases to calibrate the speed and nature of the path to a new normal.

At this point, it would be helpful to have close alignment around a few principles that could help guide policy and business decision-making in the months ahead. We suggest the following.

Public transparency: Canadian leaders have largely been open and transparent about how the pandemic has progressed, and how the public health and economic policy response is evolving. Even more transparency during the recovery phase would help to reduce uncertainty and encourage buy-in from both the public and business.

Pan-Canadian principles with provincial implementation. The best approach for moving forward would be to develop principles that apply across the country, providing a consistent operating platform for business and the public. Each province and territory would then implement a recovery plan that reflects local conditions and expectations.

Be clear on the conditions: A key element of transparency would be to provide clarity on conditions for reopening the economy. Each province would be progressively reopening as its case curve declines, drawing on lessons from other jurisdictions, and ensuring the provincial healthcare system's ability to manage severe cases.

Consider business attributes that would promote a quick restart: A number of business attributes could be considered, such as the ability to start up quickly, notably by firms that retained access to their core workforce; ability to limit the number of employees in a workspace and the number of customers served at a time; the ability to shift business to a virtual platform; meeting market gaps where there are few substitutes; and the reliability of supply chains and access to key inputs.

Meet demand for the basics: While there will be pent-up demand from consumers who have maintained their jobs and income streams, it should be recognized that many Canadians continue to face heightened insecurity. Meeting the demand for basic goods and services from all consumers, by ensuring adequate supply is available, should be a priority.

Reopen public institutions: Other segments of the economy, notably our education and childcare systems, can prepare for reopening by defining the right conditions and timing. Susceptibility to the virus, ability to respect some degree of personal distance, and ability to test for the virus, are key criteria.

The next stage in managing the coronavirus will require a careful balancing act, aiming to restart the economy without sacrificing containment and population health. The principles and conditions suggested here would help to provide a foundation for sustained recovery.

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