

From: Paul Jenkins
To: Canada's Policymakers
Date: June 18, 2020
Re: **BUILDING CONFIDENCE: THE CRITICAL INTERSECTION OF HEALTH AND THE ECONOMY**

We are at another important juncture in our pandemic fight.

Initially we were focused, and still are today, on measures to deal with the virus and get control of the situation.

On the economic front, quick and impressive action provided broad-based support for the economy in a context of unmeasurable uncertainty. In effect, we had to assume the worst outcomes, calling for extraordinary health and economic measures from governments listening to and acting on the best advice available. The judgment call was to act boldly on infection control and economic support; there was neither the time nor information to calibrate risks to fine-tune policy actions.

Now, we have reached a point where our political leaders are starting to open up the economy. Caution on both the health and economic front is still the order of the day, as there remains a high degree of uncertainty.

However, we now have some four months of experience and data from which we can begin to calibrate risks, or at least better understand the risks, to make informed judgments.

The interplay between health and the economy has become critical as we make those judgments – not the two independent of one another.

Why is this important? In a word: confidence.

Confidence that we have the virus under control bolsters our confidence to re-engage in the economy and begin spending. Confidence in employment and incomes strengthens our resolve to stay the course with measured, responsible behaviour. Each feeds on the other to bring us out the other side, healthy and economically strong.

This is easier said than done. But that is surely the point.

It is the role of our political leaders to build confidence and in doing so generate the public trust that will be vital to maintain vigilance against the virus and support the opening of the economy. This requires clarity of analysis, connecting the dots and being open and transparent. The high degree of uncertainty that persists means that our political leaders need a narrative that integrates all relevant information (what we know and what we don't know) in a way that tells a story to help Canadians understand and be confident of the path forward and their part in it.

Let's look at a highly illustrative scenario and timeline that governments could share with Canadians on the dual objectives of getting COVID-19 under control and an economy regaining its lost ground.

- **By end of May:** The number of infection cases has slowed, and the number of deaths has fallen. Hospital capacity (number of ICU beds, PPE, etc.) has been able to handle the number of infection cases throughout (notwithstanding the tragedy in certain LTC facilities).
- **Through June:** With (i) the progress through May in controlling the spread of COVID-19, (ii) continued vigilance in social distancing and other preventative measures (masks, contact-free transactions, and hand washing), (iii) the supportive economic measures in place, and (iv) the ability of some employers to adapt quickly to new workplace protocols, some sectors of the economy begin to open up.
- **Through the summer and early fall:** With testing and tracking continuing to ramp up and an increasing number of employers having established proper workplace protocols, we keep the spread of the virus under control (further flattening the curve and reducing death rates) and regain even more economic footing as more sectors open up.
- **Through the fourth quarter (October-December):** With the experiences, resolve and successes we will have gained through the summer, we will be in a position to handle any second wave, amidst a broad-based economic recovery already underway. Whether the recovery is in the shape of a V, or U, or W, or a Nike Swoosh is secondary to having underlying confidence firmly in place. Some of the early emergency economic policies can then begin to be unwound.
- **Into 2021:** Development of a vaccine will lag and only be available well into 2021. As a result of this lag and an inoculation period, the virus will be with us through much of the year, but manageable. Even so, it will take some sectors of the economy – air travel, sporting events, in-person entertainment – well into 2021, or even longer, to get back to pre-COVID-19 levels.

To be clear, this is just one of a number of possible scenarios, though one with some resemblance to our current situation. It is not a projection. The objective is to highlight the health and economic interplay important for building and sustaining confidence through a narrative.

In summary, we now need to look at and discuss the two together. Our health and economic endpoints and the paths to those endpoints are intertwined. We need a narrative from our leaders that explains this and in doing so builds the confidence needed to get us to those endpoints.

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