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# Standing Committee on Finance

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Thursday, December 9, 2021

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Chair: Mr. Peter Fonseca





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• (1105)

[*English*]

**The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)):** I call this meeting to order.

Welcome to meeting number five of the House of Commons Standing Committee on Finance. Pursuant to the House of Commons order of reference adopted on December 2, 2021, the committee is meeting on Bill C-2, an act to provide further support in response to COVID-19.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. The proceedings will be available via the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

Today's meeting is also taking place in webinar format. Webinars are for public committee meetings and are available only to members, their staff and witnesses. Members enter immediately as active participants. All functionalities for active participants remain the same. Staff will be non-active participants and can therefore only view the meeting in gallery view.

I'd like to take this opportunity to remind all participants in this meeting that screenshots or taking photos of your screen are not permitted.

Given the ongoing pandemic situation and in light of the recommendations from the health authorities, as well as the directive of the Board of Internal Economy of October 19, 2021, to remain healthy and safe, all those attending the meeting in person must maintain two-metre physical distancing, wear non-medical masks when circulating in the room—and it is highly recommended that the mask be worn at all times, including when seated—and maintain proper hand hygiene by using the provided hand sanitizer at the room entrance. As the chair, I will be enforcing these measures for the duration of the meeting, and I thank members in advance for their co-operation.

To ensure an orderly meeting, I'd like to outline a few rules to follow.

Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of floor, English or French. If interpretation is lost, please inform me immediately, and we will ensure interpretation is properly restored before resuming the proceedings. The “raise hand” feature at the bottom of the

screen can be used at any time if you wish to speak or alert the chair.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room. Keep in mind the Board of Internal Economy's guidelines for mask use and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. For those in the room, your microphone will be controlled as normal by the proceedings and verification officer. When speaking, please speak slowly and clearly. When you're not speaking, your microphone should be on mute. I remind you that all comments by members and witnesses should be addressed through the chair. With regard to a speaking list, the committee clerk and I will do our best to maintain a consolidated order of speaking for all members, whether they are participating virtually or in person.

It's now my pleasure to welcome our Deputy Prime Minister and Minister of Finance, Chrystia Freeland.

Minister, we know how busy you and your department are, and we appreciate your being here with us today for these proceedings. I know that you're joined today by your assistant, associate deputy minister Nicholas Leswick.

Welcome, Minister and Nicholas.

We also have some of your staff here virtually from the Department of Employment and Social Development and the Department of Finance. I won't go through the list of names, but they are available if information is needed from them.

With that, Minister, we now are going to hear from you in your opening statement. After your opening statement, we will move to questions from members for a two-hour period.

Minister, the floor is yours.

**Hon. Chrystia Freeland (Deputy Prime Minister and Minister of Finance):** Thank you very much, Mr. Chair.

Thank you, all members of the committee and committee staff. I know how hard you work. It is great to be here.

I wouldn't call Nick "my assistant", or anyone else's. He's a very senior Department of Finance official. In fact, he's the second most senior. Greg McLean will be interested to know he's also originally from Alberta, from outside Calgary, so we have a strong Alberta presence in the department. My chief of staff is from Edmonton. She went to the same high school that I did, but many years later.

Mr. Chair, congratulations on assuming the chair, and thank you for your invitation.

I'd like to say to all the members here that I imagine we may have some robust exchanges, but congratulations to everyone on being elected and thank you for your hard work.

Since the House has returned, the emergence of a new COVID variant has forced new travel restrictions in a number of countries, including Canada, and created renewed uncertainty in global markets. The emergence of the omicron variant is a reminder that the best economic policy remains finishing the fight against COVID. That fight isn't over yet, and that really underscores the need for us to continue to protect Canadians and Canadian businesses and, in fact, the need for this bill.

• (1110)

[*Translation*]

When the COVID-19 crisis hit, our government rapidly rolled out a historic set of broad-based programs so that we could save lives, ensure our economy could withstand public health restrictions, and have the backs of Canadian workers and Canadian businesses so they could get through the pandemic.

Our income, wage, and rent support programs have helped keep food on the table, protect millions of jobs, and keep hundreds of thousands of Canadian businesses going through the darkest days of the pandemic.

[*English*]

Having said that, our support measures were always designed to be temporary emergency support measures. As many members of this committee have noted, the emergency nature of this support meant that there have been bumps along the way.

Unfortunately, some seniors who received COVID supports have seen their GIS benefits affected. Our government—very much including me, personally—is very aware of this issue and is actively seeking a solution. Our most vulnerable seniors should not be penalized, particularly those who lost income due to the pandemic.

We know that many seniors rely on GIS payments to help make ends meet, and I am confident that the government will have more to say on this issue in the next few days. Today, with high vaccination rates, over a million jobs created, children back in school and businesses across the country reopening, the time has come to adapt the business and income support measures to these new and improved circumstances.

Across the country, businesses are reopening. As of last month, more than 106% of the jobs lost in Canada in the depths of the recession have been recovered. This is compared to just 83% of jobs recovered in the U.S.

Thanks, in part, to our government's support measures, we have avoided the sort of deep economic scarring that followed the 2008 recession and that would have done permanent damage to our economy. Just last Friday, Statistics Canada reported that strong job growth continued in November, with 154,000 new jobs created. This outpaced market expectations. These new jobs lowered the unemployment rate to 6%, the lowest since the pandemic began, and only 0.3% above pre-pandemic levels of February 2020.

However, some areas of the country and some sectors of the economy are slower to reopen and continue to need targeted support. That's why, in October, our government announced a pivot from the broad-based support that was appropriate at the height of lockdowns to more targeted support that will provide help where it is still needed, while also prudently and carefully managing government spending.

On November 24, I introduced legislation in Parliament to deliver this more targeted support and that's what we're going to discuss today.

[*Translation*]

Bill C-2 allows us to move forward while keeping in mind that the recovery is still uneven and that public health measures that save lives continue to restrict certain economic activities.

Given the fears caused by the new Omicron variant, Bill C-2 is more important than ever. That is why I am here today to ask you to act in the best interests of Canadians and Canadian businesses by helping them through the pandemic and these uncertain times.

Bill C-2 will provide critical support for the economic recovery and protect workers in the hardest hit sectors, including tourism. As outlined in the list of eligible tourism and hospitality entities released with Bill C-2, we have ensured that businesses in the arts and culture sectors, including those offering live performances and art exhibitions, as well as museums, will be eligible. In practical terms, this means that the bill includes significant measures to support the jobs of artists and cultural workers.

That being said, our government recognizes that the arts and culture sector remains disproportionately and negatively affected by the pandemic. That is why, during the election campaign, we made a commitment to provide targeted support to cultural workers and technicians, including the self-employed. While we want to quickly deliver the support measures included in this bill, we are working hard to keep our promise to artists so that they can continue to shine here and around the world. We will be able to give you more details soon.

For artists in Quebec and across Canada, we must move quickly to pass Bill C-2 while working together to introduce new measures that will directly support artists and the cultural sector. Among the measures included in Bill C-2 is the Canada worker lockdown benefit, a new income support benefit that will take into account the decisions of the public health authority, which remain uncertain and unpredictable.

The Canada worker lockdown benefit will provide \$300 a week to workers who are directly affected by a COVID-related local lockdown and will be available to eligible workers retroactively from October 24, 2021, to May 7, 2022.

● (1115)

[*English*]

We're taking this step because we want to make sure that no one is left behind, including workers who are unable to do their jobs due to future public health restrictions, should they be required.

Bill C-2 is also designed with an understanding that some workers may require income support if they need to take time off because they're sick, under quarantine or have caregiving responsibilities. That's why the bill proposes to extend eligibility for both the Canada sickness benefit and the Canada caregiving benefit.

We want to make sure that businesses can continue to grow and recover and drive up Canada's labour force participation rates and our level of employment. That's why we're proposing to extend the Canada recovery hiring program until May 7 and increase the rate of support to 50%.

[*Translation*]

We also know that there are some businesses that have been most deeply affected by the pandemic and that continue to face significant pandemic-related challenges. The new tourism and hospitality recovery program will deliver wage and rent subsidies to employers such as hotels, restaurants, travel agencies, and tour operators. The bill includes details of the types of businesses that would be eligible. The subsidy rate for this highly targeted group of tourism and hospitality businesses will start at 40% for applicants with a 40% loss of income and increase based on their loss of income, up to a maximum of 75%.

[*English*]

For businesses in all sectors, the hardest-hit business recovery program will provide support through wage and rent subsidies to employers who have experienced deep and enduring losses throughout the pandemic. The eligibility for these programs will be a two-key system. One key will consider whether the employer has faced a significant revenue loss over the course of the first 12 months of the pandemic. The second key is revenue loss in the current month.

The local lockdown program will be there to provide employers facing temporary new local lockdowns with a subsidy rate of up to 75% through the wage and rent subsidy programs. This is important because it will ensure that local authorities and public health officials can continue to make the right public health choices, knowing that support will be there for workers and businesses if needed.

While we are all hoping that lockdowns will not be necessary in the future, recent developments related to the omicron variant serve as a reminder that the fight against COVID is not yet over, and to underscore a key aspect of Bill C-2, it would enable the government to take immediate action to support workers and businesses directly affected by local lockdowns should the public health situation require it.

I will note that we will continue to have measures in place such that any publicly listed corporation that chooses to increase executive pay while receiving government support will have the wage subsidy support clawed back.

The broad-based set of business and income support measures, which we introduced at the height of the pandemic and which came to an end, as we committed, on October 23, had an estimated cost of \$289 billion.

Mr. Chair, I can today report that the Department of Finance has estimated, on October 21, that the total cost of the measures in Bill C-2 would be \$7.4 billion, and it would come from the consolidated revenue fund. The government will account for the potential economic impact of the omicron variant, including the increased possibility of the need to use the insurance policy, which is the lockdown support measures in Bill C-2, in our economic and fiscal update on Tuesday.

Fighting COVID-19 and the subsequent lockdowns we put in place to save lives required unprecedented government spending in Canada and around the world. Canadians supported that extraordinary spending because they understood that it was not only the compassionate thing to do, but the right thing to do economically.

● (1120)

[*Translation*]

With Bill C-2, we will continue to have Canadians' backs while delivering support that is more targeted—and prudently manages public finances.

I hope all parliamentarians will vote to pass this legislation so that Canadians who need support can access it without undue delay.

[English]

Finally, Mr. Chair and fellow members of Parliament, I'd like to reiterate as clearly as I can that the single most important economic policy for Canada continues to be making sure that everyone who can get vaccinated does get vaccinated. We have one of the highest vaccination rates in the world, with 89% of Canadians 12 and older having received at least one dose of the vaccine. We have the second-lowest mortality rate in the G7. Children between five and 11 started getting vaccinated last month. Many of our parents and grandparents are now getting their booster shots, and the rest of us will start getting them soon too.

I have to say, speaking as a daughter, what a relief it is that our parents and grandparents are getting their boosters. I think that feeling is one common to many Canadians.

[Translation]

We can be proud of how we have come together to fight COVID-19. Our battle is not quite finished yet but we are getting there. The measures in this legislation are an important part of what we need to do to get the job done.

On that note, I am pleased to answer any questions you may have.

[English]

**The Chair:** Thank you very much, Minister, for that opening statement and the information. I know the members thank you for coming before our committee, and I know they're very eager to ask you questions about Bill C-2 and our recovery supports for those affected by COVID-19.

Now we're going to move into our first round of questions. Each member will have six minutes. We're going to start with the Conservatives.

We have Ms. Bergen for six minutes.

**Hon. Candice Bergen (Portage—Lisgar, CPC):** Thanks very much, Mr. Chair.

Thank you, Minister, for being here. It's good to have you at our committee.

Minister, I want to take you back to something you said in October 2020 in a speech you were giving to the Toronto Global Forum. At that point, you stated that deflation and subpar growth would be a greater risk to Canadians than the threats of inflation and spiralling debt. That was well after COVID had begun. The markets were rebounding. The housing market was heating up. Our own finance critic, Mr. Poilievre, warned back in May and many more times that inflation was going to be the threat, and it truly is the threat that Canadians are facing right now. We just heard today that Canada's food price guide said that, again, food prices will be going up.

You are asking us today to look at Bill C-2. You are asking us to approve more money that's going to be inserted into the economy. We're not sure where that's coming from—if you're going to be borrowing or if you're going to be cutting other programs—but we do know that Canadians are dealing with an inflation crisis, one that up

until even about a week and a half ago you were not admitting was even happening.

My question is with regard to your comments back in October of 2020. Were you ill-informed? Did you believe that deflation was going to be the problem? Were you trying to manipulate—maybe not viciously, but were you trying to manipulate? I'm trying to get to the bottom of what you were thinking when you said deflation was going to be a problem in October 2020, when we saw, between March 2020 and October 2020, the signals in the economy that things were already roaring and heating up. What were you thinking? Were you ill-informed? Why would you say that?

• (1125)

**Hon. Chrystia Freeland:** Thank you for the question. Actually, I have before me the speech that I gave then, which I reviewed this morning. Let me say that the challenges of secular stagnation, as it has been called by people like Larry Summers and Olivier Blanchard, were significant challenges to western industrialized economies prior to the COVID recession and continue to be a serious medium-term risk.

What the secular stagnation we experienced showed us, and the longer-term challenge there, is that western industrialized economies face a challenge in the medium term of subpar growth with an aging demographic. That challenge of subpar growth, of deflation, which probably prior to COVID we saw most notably in Japan, is indeed something that policy-makers who think about the medium and long term, as we certainly do at the Department of Finance, need to be concerned about. I think it's absolutely appropriate to be thinking about those medium-term structural challenges of subpar growth, of deflation. That actually is one of the reasons that I think we as a country really need to focus on how we can bring in structural policies that will structurally improve Canada's long-term growth trajectory.

I would like to return to some recent comments made by an economist I respect very much and I know Prime Minister Harper respected very much, and that is Stephen Poloz. When he was interviewed a couple of weeks ago, he said, and I'm quoting him now, that “what the stimulus did was...keep the economy from going into a deep hole in which we would have experienced persistent deflation”. On the issue of deflation, I think it's important to divide it into two parts. There's the medium-term pre-COVID trend. I think it's actually a consensus of mainstream economists that there was a long-term challenge of secular stagnation.

**Hon. Candice Bergen:** Thank you.

**Hon. Chrystia Freeland:** Then there's the immediate extreme challenge posed by the COVID recession—

**Hon. Candice Bergen:** Yes. Thank you.

**Hon. Chrystia Freeland:** —which, absent government action, would indeed have posed a threat of deflation, as Governor Poloz pointed out. Fortunately, we acted decisively, averting that challenge.

**Hon. Candice Bergen:** Thank you. I have six minutes, so I'm going to try to match my question with the timing of your answer. Thank you for that.

I have two things on that, quickly.

Mr. Poloz is the same man who said, in May 2021, "I can say flippantly not to worry about inflation". I don't think we want to be going to his quotes.

Here's what I'm going to tell you, Minister. Your discussion around deflation is very interesting, and certainly I think shutting down our Canadian oil and gas sector sure doesn't help long-term growth in Canada, but right now what Canadians are worried about is the massive increase in everything. We have a two-decade high inflation increase.

About a week and a half ago, we couldn't even get your government to admit that inflation was a problem. Then you did admit it was a problem, but you said, "Well, it's not Canada's problem. It's happening globally." You basically have no solution for it. When you're coming to our committee and defending your statement by saying that deflation is going to be the problem, not inflation, you're not admitting that you were wrong.

It's having a major effect on Canadians. You offer no solutions. You're saying, "Well, it's not really our problem. We're in government, but we're not going to do anything and maybe pump \$7.2 billion or more into this problem." That does not give comfort to Canadians who are dealing with high gas prices, high food costs and higher housing prices. These are real problems that everyday parents and seniors are dealing with. There's—

• (1130)

**The Chair:** That's your time, Ms. Bergen.

**Hon. Candice Bergen:** There's a confidence problem with you, Minister.

Thank you.

**The Chair:** We're now moving to the Liberals for six minutes.

Thank you.

**Ms. Julie Dzerowicz (Davenport, Lib.):** Thank you so much, Mr. Chair.

A warm welcome to you, Deputy Prime Minister and Minister of Finance, and through the chair, to your officials, I thank them for their extraordinary work throughout this pandemic to support Canadians during this unprecedented time.

The omicron variant is a stark reminder that our battle with COVID is not over. You've talked about that. We also know that the best economic policy for Canadians is a strong health policy. Right now what that means is that it's important for as many Canadians as possible to be vaccinated. Can you elaborate on where you feel the Canadian economy is at?

**Hon. Chrystia Freeland:** Thank you very much, Ms. Dzerowicz, for your question and your hard work. It's nice to have here today a member of Parliament whose riding borders my own.

I think that is a really important question. I'm going to start by saying something that perhaps politicians and indeed even

economists don't say often enough, which is that we are still today—we have been since COVID hit—travelling in uncharted waters. This is an unprecedented crisis, and I do think it's important for everyone to acknowledge the high degree of uncertainty that we continue to face.

What I think that requires of us as policy-makers, as people who have the privilege and the responsibility of steering the Canadian ship through these uncharted waters, is that we have to have a lot of humility. We have to acknowledge that there is great uncertainty about economic forecasts and great uncertainty about what's going to happen with the virus. Acknowledging that actually is a strength.

What we need to do, having acknowledged that, is to really have tremendous agility, have a lot of our tools in our tool box and be able to respond quickly as the circumstances change. The emergence of the omicron variant is an example, so I want to start with that.

Having said that, I think it is also really important for us as Canadians to set the record straight and to really take some quiet Canadian pride in the reality that we have done a really good job in handling this, the worst crisis since the Second World War and the deepest economic blow to the country since the Great Depression. The Canadian economy is recovering strongly. That is due to the hard work of all Canadians, and it is due to the work that we've done in the House of Commons.

Let me give you some numbers to back that up. Our GDP in the third quarter grew by a robust 5.4%. That beat market expectations. It was stronger than in the U.S., the U.K., Japan and Australia. Our jobs recovery has been very, very strong, with 154,000 jobs in November and 106% of jobs compared to pre-COVID. I really want to emphasize that, for our government, focusing on the jobs recovery has been at the core of everything we've done, because we understand that for every Canadian, or the vast majority of Canadians, the way to make life affordable, the way to have a good life, is to have a job. It starts there. I am really pleased to share with this committee and with all Canadians how strong our jobs recovery has been.

Canadian households have weathered the storm remarkably well. Savings in the third quarter were 11% and that compares to an average of 3.4% between 2010 and 2019. Deposits are at \$105 billion—4.3% of GDP—and that is above pre-pandemic levels. Canadian households have been wise and prudent, and they have handled this crisis very, very well. Our exports surged to \$56.1 billion in October, the highest level ever.

Yes, there are challenges ahead. Yes, there is a great deal of uncertainty and unpredictability. We need to be prudent and keep the insurance policy of lockdown support and keep this targeted support for the hardest-hit sectors, but I also think that Canadians should take some quiet Canadian pride in how well we have handled this historic challenge.

• (1135)

**Ms. Julie Dzerowicz:** Thank you so much.

Maybe, in the last 30 seconds—because you almost ended on this when you talked about the pivot from broad-based to more targeted, but you also talked about how we have to prudently and carefully manage government spending—do you want to talk about why that is so important for us to do at this moment?

**Hon. Chrystia Freeland:** Thank you for the question.

The short answer is that Canada has a track record of prudent management of the national finances. That was reaffirmed this fall by the AAA rating from Moody's and S&P. That is the basis of strong federal fiscal policy and of a strong economy.

**The Chair:** Thank you.

Thank you, Ms. Dzerowicz.

Now we're moving to the Bloc and Monsieur Ste-Marie.

[*Translation*]

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

Madam Minister, thank you for being here and for your opening remarks. I also appreciate your willingness to answer our questions.

The Bloc Québécois believes that it is important to follow up on the support measures for the sectors, for the workers and for the businesses that are still experiencing difficulties because of the pandemic. Bill C-2 will address that, which is important to us.

As we have said time and time again, we could have started work on Bill C-2 earlier if the House had been called back sooner after the election, instead of waiting two months. Nevertheless, we supported the principle of the bill. We are here to study it, and we are very pleased to do so.

As you know, the leader of the Bloc Québécois, my colleague Ms. Sinclair-Desgagné and I sent you a letter expressing our concerns about Bill C-2. You addressed the issues in your remarks, and I thank you for that effort. I appreciate that very much. I would like us to go back to it together, to determine your position and the government's position on it.

As you mentioned, our biggest concern is for self-employed cultural workers. We are very pleased to see that Bill C-2 targets the cultural sector with more generous measures. This is what we have been asking for.

We are very disappointed that the bill does not provide income support for self-employed workers in the cultural sector. In Quebec, a few years ago, these people, particularly artisans in the sector, were asked to become self-employed, freelance workers. At the outset, we wondered why they were not offered the Canadian recovery benefit (CRB). We were told that the department and the federal government would not be able to properly target people working in those sectors. What are you offering those people?

We don't want them to find a job in another sector, to retrain. In recent decades, in Quebec, we have managed to consolidate the cultural sector, and we want to maintain the expertise. That is why I am asking you this question.

Thank you, Madam Minister.

**Hon. Chrystia Freeland:** Thank you for the question and for your co-operation. Let me also thank you for our work together over the last few years and our work together on Bill C-2.

I am very pleased that you noticed the effort I made at the beginning of my remarks to respond to your letter. That was intentional. We read your letter and discussed those themes. You raised the issue of the cultural sector. I want to start by saying that our government is also concerned about the cultural sector.

It is an important economic sector, both socially and in terms of the national identity of Quebec and Canada. As we were negotiating the new NAFTA, we stressed this aspect and we defended the cultural sector because our government understands the importance of the sector, especially, but not only, in Quebec. We agree on that. We also agree that the cultural sector is particularly affected by the COVID-19 pandemic. It is a sector that cannot completely reopen. So we agree on what needs to be done.

That being said, we must determine how it needs to be done. In October, we made a decision, and today I am completely convinced that it was the right one. We decided to change the way we do things and convert general support programs for all to targeted programs. We made that decision because the situation had changed, because our fairly successful fight against the virus allowed us to change our approach. We also did so because it is important for us, as it is for everyone around the table, to take a fiscally prudent approach. So we have moved from a broad approach to a targeted approach.

In order to have a targeted approach, we are going to do three things. First, the programs in Bill C-2 will help many businesses in the cultural sector. We need to see that. Second, Mr. Ste-Marie, I agree with you on the importance of the issue of self-employed cultural workers. Finally, we believe that a targeted program must be created for those workers because they are in a special situation.

During the election campaign, we made a commitment to help those workers. We are working out the details of the program that will be rolled out. I am absolutely ready today to reiterate publicly that we are doing that. We will be rolling out that program.

• (1140)

**Mr. Gabriel Ste-Marie:** Thank you.

**The Chair:** Thank you, Madam Minister and Mr. Ste-Marie.



[English]

That's your time.

We're moving now to the NDP and Mr. Blaikie for six minutes.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Thank you.

It's good to see you at committee, Deputy Prime Minister.

As you know, I only have six minutes and I am hoping to get in more than one question, so if the answers are long, I may cut in a little bit.

Working middle-class Canadian families are certainly feeling the pinch at the grocery store, as are the financially vulnerable, like people living with disabilities and seniors on fixed incomes. It's not because Canadians are suddenly buying way more food than they did before. In other words, it's not too much money chasing too many goods in the grocery sector. There are other factors at play.

One of the roles the government can play is to support people financially in what continues to be a difficult time because of the pandemic. In fact, a lot of vulnerable people—whether they're low-income families on the CCB, recipients of the Canada worker benefit or GIS recipients—are seeing their benefits being clawed back. I know you talked a little bit about the GIS issue in your opening remarks.

Bill C-2 doesn't actually include any provisions that would prevent the clawback that we're seeing. It's one thing to have to address it retroactively for the CERB and for the CRB. The Canada worker lockdown benefit is a forward-looking benefit, but there's nothing in there that would prevent the kind of clawback that we're seeing.

Why did your government choose not to include anything that would prevent a similar clawback in this legislation?

**Hon. Chrystia Freeland:** First of all, thank you very much for the question.

Just to reiterate, on the GIS, because that's a point you have raised in the past and that the Bloc has also raised—the GIS and the CRB clawbacks—we recognize that this is a challenge and we recognize that we need to address it. It is pretty technically complicated, but we will address that challenge.

I also want to point out that I accept your core contention that there is an affordability challenge, especially for the most vulnerable Canadians. That is certainly true, and it's something that we're thoughtful about. It's one reason that it is a good thing that some of the benefits that go to the most vulnerable Canadians—the GIS, the CCB, the GST tax credit—are inflation linked. I think one piece of assurance that we can collectively offer to the most vulnerable Canadians is that the benefits they depend on are actually going to be linked to the costs they face in their lives.

I want to say one last thing because of your union background, if I may. I do really think the single most important thing for working people is to be able to work. That's why, if you had asked me at the beginning of the pandemic, what did I worry about the most, I would have told you it was the three million jobs lost. If you asked me today what the core thing is that I'm most worried about.... Ac-

tually, I would say the core thing is that we can't let COVID get a hold of us again. It's just too painful. It costs too much money and too many people die, but the second thing I'm the most worried about is getting jobs back.

• (1145)

**Mr. Daniel Blaikie:** I'm going to take this moment to jump in.

**Hon. Chrystia Freeland:** Yes.

**Mr. Daniel Blaikie:** I certainly agree. We want jobs for Canadians to be able to work, but we also want to remember that there are Canadians who, for reasons beyond their control, are not able to work, or they've taken their retirement because they worked all their lives. We need to make sure that they're able to continue to live with dignity, whether it's in their retirement or in their adult life when they're not able to have a job.

When we talk about the financially vulnerable, some of those folks are being pursued despite reassurances from government that, if they had applied for the CERB in good faith, they wouldn't be punished. The clawback is one way that's happening.

For instance, I think of the example of kids in Manitoba who were in the foster system and who graduated out of foster care. They were told by the provincial government in Manitoba—I mean, there were no jobs available that summer—“You can't apply for social assistance until you've applied for every other possible form of financial relief and, by the way, here's the website to CERB.” They went, they did what they were told and they applied for that. They weren't eligible, but they were being told that was what they had to do, on pain of not being able to receive any other benefits. Now they're being asked to pay back up to \$14,000 to \$16,000.

That's why people like those in Campaign 2000 have been calling for a low-income CERB repayment amnesty. It's not something the government has indicated they're prepared to move on, although we believe you should. How much money does the government expect to get back from these financially vulnerable Canadians who clearly don't have the means to pay it back? What is the value in pursuing them if the government isn't going to realize any significant revenue from that?

**Hon. Chrystia Freeland:** Look, it's a very good question, and the specific case in Manitoba is a very particular one that I think deserves particular attention.

What I will say about these programs is that they were designed to provide massive broad-based support to millions of people very quickly in an emergency. In delivering the programs, we had to balance two things, and by “we”, I actually mean “we collectively”, because we all did debate them and think about them a lot. We knew we needed to get the support out there really fast, because people were vulnerable, and we couldn't let people lose their homes and we couldn't let people go hungry.

**The Chair:** Minister, thank you.

**Hon. Chrystia Freeland:** Okay. I'll say more next time if you want to talk about it more. I have more to say there.

**The Chair:** Thank you, Mr. Blaikie.

We are moving into our second round of questions. You will have further opportunities.

We now have the Conservatives and Mr. Poilievre for five minutes.

**Hon. Pierre Poilievre (Carleton, CPC):** Thank you.

Minister, will Canada face a housing crash?

• (1150)

**Hon. Chrystia Freeland:** I don't think that it is wise for anyone with economic responsibility to make predictions about what's going to happen, but what I do want to say is that what is very imprudent, and actually very irresponsible, is to speculate—

**Hon. Candice Bergen:** On a point of order, I just want clarification: Is there not a conventional agreement that the length of the answer will be equivalent to the length of the question?

**The Chair:** We have to allow the minister the opportunity to answer the question. The minister was answering the question.

**Hon. Pierre Poilievre:** But I had a five-second....

**Hon. Candice Bergen:** I'd like some clarity on that just so that we're all aware of what the conventional agreement would be.

**Ms. Julie Dzerowicz:** On a point of order on the point of order, there is usually not a conventional agreement.

**Hon. Candice Bergen:** In my years.... I've been here for over 13 years and there actually is a conventional understanding.

**The Chair:** The minister has all the right to answer the question.

**Hon. Pierre Poilievre:** On a point of order, just to be clear on that point, there is a convention. I can quote the great Liberal chair Wayne Easter on that point, who said the following:

...each member is allocated so much time. We will stick to six minutes for the first round and five for the second [round], for questions and answers. As for the process, if there's an eight-second question, we expect the answer to be eight seconds.

That is a convention. It is practised in all committees, including committee of the whole yesterday. Witnesses are entitled to make opening speeches, and then we move to questions.

**Ms. Julie Dzerowicz:** Mr. Chair, can we ask the clerk whether there is a convention here, and whether you can weigh in?

**The Chair:** It is to the chair's discretion.

I would say, Minister, that you have the right to answer the question.

A question could be asked in two seconds or three seconds, and that will not give sufficient time to answer the question. Allow the minister to answer the question.

**Hon. Pierre Poilievre:** The minister, I guess, has given her answer.

**Hon. Chrystia Freeland:** I actually wasn't finished. I was cut off, in fact.

**Hon. Pierre Poilievre:** All right.

The question was whether she thinks there will be a housing crash.

**Hon. Chrystia Freeland:** Let me just say that I think it is really incumbent on everyone in this committee.... We're all members of Parliament. We have a higher responsibility as members of the finance committee. To speculate irresponsibly and to make assertions that could damage confidence in the Canadian economy is highly irresponsible.

Let me just assure Canadians that our banks are very, very stable. Our government took measures last summer to further stabilize the housing market and to ensure that Canadians were not taking undue risk. OSFI did the same thing.

**Hon. Pierre Poilievre:** Is our housing market stable today?

**Hon. Chrystia Freeland:** As I said, I have great confidence in Canada's regulators. I have great confidence in OSFI.

**Hon. Pierre Poilievre:** Is it stable?

**Hon. Chrystia Freeland:** I have great confidence in the prudent measures that the government and OSFI put in place last summer to ensure that Canadians did not take on undue risk.

**Hon. Pierre Poilievre:** Is it stable?

**Hon. Chrystia Freeland:** I just want to reiterate that for anyone, particularly someone from a party that aspires to one day form government—

**Hon. Pierre Poilievre:** Is the housing market stable?

**Hon. Chrystia Freeland:** —to make such irresponsible assertions—

**Ms. Julie Dzerowicz:** A point of order, Mr. Chair...?

**Hon. Candice Bergen:** I have a point of order.

**Ms. Julie Dzerowicz:** On a point of order, can we please allow the Deputy Prime Minister and Minister of Finance to respond without repeating the question over and over again?

**Hon. Candice Bergen:** On a point of order, Chair, you've ruled that you want to give the minister the ability to respond, to answer the question. I think the minister is now wading into telling opposition members how to do their jobs. Respectfully, I've chaired a committee before—

**Ms. Julie Dzerowicz:** That's not a point of order.

**Hon. Candice Bergen:** It's absolutely a point of order.

**The Chair:** Ms. Bergen, what I'll say is that it is very difficult with crosstalk for the interpreters—

**Hon. Candice Bergen:** It is difficult.

**The Chair:** —for one, because I do hear from the interpreters—

**Hon. Pierre Poilievre:** Well, then, do your job, allocate the time accordingly and let us get on with the questioning.

**The Chair:** That is what is being done, Mr. Poilievre. Allow the minister to answer, and then ask your next question and allow the minister to answer. We will continue in that format.

**Hon. Pierre Poilievre:** All right.

We're not going to get an answer on whether the minister thinks the housing market is stable.

My next question is this: What is the total amount of public and private debt in Canada today?

• (1155)

**Hon. Chrystia Freeland:** We are going to give a full report on Canada's public finances on Tuesday, but I am happy to say that the net worth of Canadian households is up 22% from the beginning of the crisis. In Q3, the household savings rate was—

**Hon. Pierre Poilievre:** The question is about the total debt of Canadians today.

**Hon. Chrystia Freeland:** —11%, compared to 3.4%.

**The Chair:** I'm sorry, Minister. It is very difficult for the interpreters—

**Hon. Pierre Poilievre:** I agree.

**The Chair:** —with the crosstalk that happens when you interject and do not allow, at least, the finishing of a sentence. I'll allow the minister to conclude her remarks.

**Hon. Pierre Poilievre:** The question was what the total debt level, public and private, is in Canada today. I'm just looking for that particular number.

**Hon. Chrystia Freeland:** I'm happy to say that on Tuesday, just a few days from now, we're going to give a full public accounting. I am also pleased to remind the member that the savings rate of Canadians was 11% in the third quarter, up from 3.4% between 2010 and 2019.

**Hon. Pierre Poilievre:** I have a question for Mr. Leswick. Does he know the total debt, public and private, that exists in Canada today?

**Hon. Chrystia Freeland:** I believe the rule is that the questions go to me here.

**Hon. Pierre Poilievre:** He is a witness. I just thought he might have the number.

**The Chair:** Witnesses do have the...

**Hon. Chrystia Freeland:** Questions can be posed to him.

**The Chair:** Yes, they can.

**Hon. Chrystia Freeland:** Okay, Nick. Go ahead if you wish.

**Mr. Nicholas Leswick (Associate Deputy Minister, Department of Finance):** I apologize to the member. I don't have that number at my fingertips.

**Hon. Pierre Poilievre:** Well, it's a pretty important number. I'm amazed that a Minister of Finance and a senior finance official would not know how much debt there is in Canada today.

What would be the total cost if there were a 1% average increase of interest rates on Canada's national debt per year? I just want the number.

**Hon. Chrystia Freeland:** Just let me say that, when we publish the economic and fiscal update on Tuesday, we will include—as we did in the budget and as we always do—downside and upside risk scenarios. Those will include a careful accounting of the impact of higher than expected interest rates.

**Hon. Pierre Poilievre:** Thank you. I appreciate that.

The question was how much it would cost if interest rates went up even one percentage point on Canada's national debt. This is a number we would expect the government to know on any given day, not to have to wait for a report.

What would it cost for a one percentage point increase in interest rates on Canada's national debt? I want just the number, please.

**Hon. Chrystia Freeland:** The information that is published in the economic and fiscal update, which will be on Tuesday, is market sensitive. We publish it all at the same time. I have not come to this committee for an early reveal of the economic and fiscal update, but all of the numbers are there. I do want to say, because it is important—

**Hon. Pierre Poilievre:** Based on your most recent publication, what's the number?

**Mr. Yvan Baker (Etobicoke Centre, Lib.):** I have a point of order.

Mr. Chair, you made a ruling that the minister is to be allowed to answer the questions. Once again, Mr. Poilievre is not allowing the minister to answer the question.

**The Chair:** There is decorum, Mr. Poilievre, and your time is actually up.

We are going to be moving now to the Liberals.

Mr. Baker, you have the floor for five minutes.

**Mr. Yvan Baker:** Thank you very much, Mr. Chair.

[*Translation*]

Madam Deputy Prime Minister, thank you for being with us today to answer our questions.

Since the beginning of the COVID-19 pandemic, the government has protected Canadians with public health measures and vaccines. Canada has one of the highest vaccination rates in the world. The government has also provided support to Canadians and businesses to the tune of approximately \$289 billion, as of the end of October 2021.

[English]

All of these measures have saved lives, kept businesses going through an incredibly challenging time and protected workers. They protected their jobs and they protected their incomes. In my riding of Etobicoke Centre, people express to me constantly that they are grateful and appreciative that the Government of Canada stepped up and provided that support. We had their backs during COVID-19.

You described the measures in Bill C-2 in your remarks as the final pivot. For the constituents of Etobicoke Centre, who are eager to know about C-2 and what supports will be offered, could you explain what the “final pivot” means?

**Hon. Chrystia Freeland:** Thank you very much for your hard work, Yvan, and for your constituents in Etobicoke.

The reason we are describing Bill C-2 as the final pivot is that we have come a long way in our fight against COVID. We have come a long way in our fight against the COVID recession, and that is a really good thing.

Notwithstanding some irresponsible partisan posturing, which we hear sometimes in the House and sometimes in committee, it is really important for the economy for Canadians to understand that we have made real progress and that we're going into the end of the year and the beginning of next year with a strong economy and strong economic growth underpinning that with a real tailwind. Keynes talked about animal spirits and their importance in the economy, and that continues to be true today.

I do really want people to come away from today with an understanding that we have done a really good job as a country dealing with what was a devastating economic crisis and what could have been much worse, particularly on jobs but also on a strongly recovering GDP. Canadian households, on average, are in a strong financial position right now. They're in a stronger position than they were before COVID hit on a number of measures. That is good news.

Why, then, is Bill C-2 necessary? It's necessary for two reasons.

First, we know that there are some sectors which, through no fault of their own, are particularly hard hit and just cannot fully reopen. There's tourism and hospitality. We spoke earlier today about the culture sector as well. Our philosophical approach in putting together our COVID support programs has been that we did not want to permit economic scarring. We didn't want Canada's economic muscle to atrophy during the COVID recession, because we knew that if it did, coming back from that recession would be even harder. Bill C-2 is designed to provide that targeted support to the sectors that need it.

The second part of it, which omicron has made even more important, is an insurance policy. We still don't know what's ahead. We're all going to hope—I'm going to knock on wood here—that the smart public health measures that have served us well, and the border measures, will keep omicron under control. Please get vaccinated. Please get your boosters. That's so important as well. However, I think it is really prudent to have lockdown support in our tool box, in case that is needed.

That's the thinking behind Bill C-2, and that's why it is a pivot. It's different from the support needed at the height of the crisis. It does cost less money and that is very important to me, to Nick and to the whole Department of Finance, but it is still necessary to have that little bit of extra support.

I really hope and believe this is the final push.

● (1200)

**The Chair:** Thank you, Minister.

That's your time, Mr. Baker.

We're moving to the Bloc and Monsieur Ste-Marie for two and a half minutes.

[Translation]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

Madam Minister, I'm going to ask my two questions at once, and you can answer them afterwards.

In your opening remarks and in your discussions with my colleague Mr. Blaikie, you talked about the importance of addressing the issue of seniors who receive the guaranteed income supplement (GIS), and who have received the Canada emergency response benefit (CERB) and the CRB. This is also one of our concerns. In fact, we are asking you to treat the CERB as working income, to allow for recalculation in the current year and to allow for repayment over a number of years rather than in the current year.

In your remarks, you also mentioned that, in the next few days, you would be unveiling what the government will do to address the situation. Can you confirm that my understanding is correct?

My second question is this. You said that the government is committed to supporting self-employed cultural workers and that it is currently working on a program that targets those workers. Can you confirm that the program will be put in place in a timely manner and that it will meet the needs of those workers? I would like to see that commitment made here today.

Thank you, Madam Minister.

● (1205)

**Hon. Chrystia Freeland:** Thank you for the question.

With respect to the GIS and the CERB, as I said, in terms of the capacity of our technology system, we have found that it is a little complicated. However, I am willing to make a public commitment to you. I agree with you that this is an issue for the most vulnerable seniors. We really are putting a solution in place for those whose GIS benefits were reduced because they received the CERB. We agree that this is a problem, and we are fixing it. I won't go into the details, because—

**The Chair:** Thank you, Madam Minister.

[English]

We are now moving to the NDP.

Mr. Blaikie, you have two and a half minutes.

**Mr. Daniel Blaikie:** Yesterday here at committee, we heard the story of a senior in the Northwest Territories who lost her apartment because of the GIS clawback and who is living out of her car. I want to take a moment to really impress upon you the sense of urgency with which your government has to solve a problem that they've been aware of. I mean, we raised it at the very beginning of August, right in the middle of the summer, and there were some media reports that there were briefings within government as early as May of this year. It's not a new problem. We really do need to solve it before more seniors are out on the street.

This question is with respect to the Canada worker lockdown benefit. Can you tell us, for the period from October 24 to today, what regions in Canada would meet the criteria for a public health lockdown that would trigger the Canada worker lockdown benefit?

**Hon. Chrystia Freeland:** I want to quickly talk about the senior you mentioned, because I do think it's an important point and something that I try to think about quite a bit. I try to remember, and I think we all should, that we all have pretty comfortable lives. It's on the public record how much money each one of us makes. I think it's really important for all of us to remember that there are people struggling, and we have to act with an urgency based on an appreciation of those struggles.

You make a good point. I do feel that urgency, and I am personally committed to getting this fixed.

Second, on the lockdown support, that will come in place, and I hope we never have to use the lockdown support. I see it—

**Mr. Daniel Blaikie:** It is a retroactive benefit, but is there any region in the country that would qualify?

**Hon. Chrystia Freeland:** I see it as something like the insurance you buy in case your house burns down. That's my feeling about the lockdown support. It is in case public health authorities need to go back to the kinds of lockdowns we had when COVID first hit. I'm an Ontario MP, and the kinds of lockdowns we had in Ontario a year ago and the kinds of lockdowns we had last spring—

**Mr. Daniel Blaikie:** Is there a region, retroactively, that it would apply to?

**Hon. Chrystia Freeland:** We will always be open to regions saying, "Hey, we qualify."

**The Chair:** Thank you, Minister and Mr. Blaikie.

We will move to the Conservatives for five minutes.

Mr. McLean, you have the floor.

**Mr. Greg McLean (Calgary Centre, CPC):** Minister, welcome to the finance committee. I hope we have some good debates here over the next little while.

For my first question, I'll go back to housing. I'm going to quote you in this meeting, where you talk about the net worth of Canadians being "up 22%" since COVID. You realize that the price of housing is up 24% in the last year alone, so of course if 72% of

Canadians own houses, it's only going to be indicative that their net worth is going up, in that case. As well, about one-third of Canadians have stock portfolios that have gone up by 62% in the last year.

Inasmuch as it looks like Canadians' net worth is going up, it is purely inflation that is driving that up, and it is asset inflation. People with assets pre-COVID are actually doing very well on a relative basis, but people without those assets, and there are a lot of Canadians without those assets, are not doing nearly as well. You're creating a huge divide between the haves and the have-nots in society. I don't know if you've thought about this in your approach of continuing to flush money into the system, but it is causing a problem.

I'll let you respond to that and what you're going to do to address that. I know the big easy issue, the easy button, is just to push some more money into different programs in society, but that will actually create more inflation throughout society. What do see the endgame being here?

• (1210)

**Hon. Chrystia Freeland:** That is a good and thoughtful question. I actually do think a lot, as I'm sure you and I hope all members of this committee do, about the income distribution effects of various policies that we put in place. In my previous life, before I became a politician, income inequality was something that I wrote about a lot. It is a real challenge.

When it comes to where Canadian households are right now, it is worth pointing out what has been happening with savings. That is not purely about assets; it's about what people are saving. In Q3, the savings rate was 11%, as opposed to a 3.4% rate between 2010 and 2019.

Finally, I know, Mr. McLean, of your own financial background. I hope that you would not think that appreciation in the value of stocks is a sign of problems in the economy.

**Mr. Greg McLean:** I think an irrational increase in stocks is actually a bit of a bubble. If you call a bubble when stocks go up by 62% in one year, we call reversion to the mean, which means that, eventually, it will come back down.

Likewise with housing, if anybody in the history of Canada could have foreseen that their houses would increase in value by 24% in one year, we would be building houses at a far faster pace than we are or ever have. That is an aberration. House prices should go up 2% to 3% per year. We're 10 times that at this point in time, because we flushed over half a trillion dollars into the Canadian economy.

If you want to talk about the savings rate, perhaps you're misallocating some of the money that's gone into the system, so that people who have the ability to save are actually saving. People without that ability don't have the wherewithal to get by.

Those are interesting things, but I'm going to ask you one question here, because you did talk about the export surge to \$56.1 billion—the highest ever—in the third quarter. What else was the highest ever in the third quarter, Minister? It was the export of natural resources from Canada. That's something that your government seems to continue to want to restrain. Some acknowledgement of the importance of this export industry to Canada would be very pertinent at this point in time at this committee.

**Hon. Chrystia Freeland:** I'm happy to acknowledge that.

You know my own personal background. I have often reflected on the reality that I, personally, owe a lot to the strength of the energy sector in building the Canadian economy and in building so many public services in your province—and my native province—of Alberta.

I'll give you a specific example. You know the Alberta heritage savings trust fund as well as I do. Maybe everyone around this table will share in paying some respect to Peter Lougheed. I benefited a lot from Alberta heritage trust fund scholarships. That whole fund was created thanks to the energy sector in Alberta. I absolutely acknowledge the critical role it has played in building not just the Alberta economy but the Canadian economy, in making the lives of so many Canadians better, in creating really good-paying blue collar jobs—

**The Chair:** Thank you, Minister.

Now we're moving to Madame Chatel for five minutes.

[*Translation*]

**Mrs. Sophie Chatel (Pontiac, Lib.):** Thank you, Mr. Chair.

Madam Deputy Prime Minister, thank you for joining us today.

I would like to come back to Bill C-2.

Madam Deputy Prime Minister, what are the consequences if we don't pass this bill by the holidays, if there's a delay, or if we never pass it? This has been one of my concerns since the beginning of the study.

• (1215)

**Hon. Chrystia Freeland:** Mrs. Chatel, I am very pleased to answer your question. In addition, I think that Mr. Leswick is happy to see a former colleague again. Finally, I thank you for your hard work in the Organisation for Economic Co-operation and Development.

Bill C-2 is very important for our government. I also think it's important for us all for three reasons.

First, there are sectors of the economy that still need help. Think of the tourism industry, hotel industry and cultural industry. I am extremely proud to see that Canada's economic recovery is robust. We have been able to fight back against the COVID-19 and the recession that it caused. However, we must not forget that some sectors of the economy cannot fully reopen, as restrictions are still in place. This is the case at the border, for example. Our approach is to preserve Canada's economic capacity through subsidies. To be preserved, these sectors need a little more help.

Second, we offer subsidies to people who are ill and to those who have to stay at home to care for a loved one. These measures are very important, and they are more important than ever since the arrival of the Omicron variant. We need to encourage people to stay at home when they are ill.

Third, it is a measure to ensure that the government will be able to put tools in place very quickly, if lockdown measures are still needed to combat COVID-19. I hope this won't be the case, of course. However, we must be prepared for any eventuality.

For all these reasons, I hope everyone will vote in favour of the bill.

**Mrs. Sophie Chatel:** Mr. Chair, how much time do I have left?

[*English*]

**The Chair:** You have about a minute and 20 seconds.

[*Translation*]

**Mrs. Sophie Chatel:** Okay.

I would like to make a brief follow-up, Madam Minister.

Earlier, you said that in some cases, certain sectors were at risk of bankruptcy. In addition, the Omicron variant could lead to another lockdown. As you mentioned earlier, some people who are sick could be forced to go to work if they don't have sick leave.

This week, we heard that if we don't pass the bill by the holidays, some of the most vulnerable people and businesses won't receive financial support in time, even if we pass the bill next year. Can you confirm this?

**Hon. Chrystia Freeland:** Yes, I agree with that Mrs. Chatel.

As Mr. Blaikie mentioned, there are vulnerable people and businesses that can't wait.

**The Chair:** Thank you.

[*English*]

Thank you, Madame Chatel.

We're going to move now to the Conservatives. This is going to be our third round, members.

For five minutes, we have Mr. Poilievre.

**Hon. Pierre Poilievre:** Thank you.

I'll go back to Ms. Bergen's point about the minister's mistake when she claimed that Canada's greater risk was deflation, rather than inflation. Six months earlier, Conservatives had begun warning about the inflation threat, yet she went out in October of 2020, when house prices were already rising.... They were up 12% in half a year, mortgage lending was ballooning and stock markets were rising. Since she made her prediction about deflation, there has not actually been a single month of deflation in Canada. In fact, now we have the highest inflation in two decades, and we have a housing price inflation of 20% since she took office, including a 20% increase in land prices, which of course are not linked in any way, shape or form to supply chains.

This mistake that she made, against our warnings, has great consequences. Food prices are going to go up a thousand dollars this year for single mothers who can't afford to pay their bills. Young people are living in their parents' basements because they can't afford homes—something the minister was celebrating a moment ago, when she thought all of this asset price inflation was a good thing. Today, her only defence is that it's great that the stock market is up.

Sure. For the plutocrats, that is great news. Their assets have been inflated by the minister's excessive spending and money creation, as have millionaire mansion owners in her social circles. However, for working-class folks who can't afford stocks, houses, bonds or the other things that she's inflating, all they have is a real—

• (1220)

**Ms. Julie Dzerowicz:** I have a point of order, Mr. Chair.

Is there a question in there somewhere?

**Hon. Candice Bergen:** That's not a point of order.

**The Chair:** I will allow the member to continue.

**Hon. Pierre Poilievre:** These sorts of mistakes have consequences.

I notice that the minister, to defend her faulty prediction of deflation, said she was just relying on Larry Summers. Actually, Larry Summers made the same prediction I did, which was that deficit spending would lead to this inflation. I'll quote him. He said:

First, while there are enormous uncertainties, there is a chance that macroeconomic stimulus on a scale closer to World War II levels than normal recession levels will set off inflationary pressures of a kind we have not seen in a generation....

If she had even listened to a Liberal economist, who has been predicting that there would be inflation as a direct result of government spending and central bank money creation, then she would not have gotten us in the mess that she has created today.

Would she agree with Larry Summers—whom she just quoted—that, in fact, deficit spending is contributing to inflation here and in the United States, and in other places where governments have behaved similarly irresponsibly?

**Hon. Chrystia Freeland:** Mr. Chair, let me just start by saying that it's really important for Canadians not to be misled by a false narrative about where we are in the Canadian economy. That is important, because confidence, people's attitudes, have a very real impact when it comes to our future prosperity. Confidence, animal

spirits and a certainty about where we are going in the future are a very real economic factor.

It's really incumbent on me to correct the entirely misleading impression that Canadians are being given here, which is that, somehow, our economic policies aren't working and that, somehow, our country is not doing what is in fact the case, namely that we are in the midst of a really strong recovery from a really dreadful external event. The external event was a global pandemic. Our government responded at scale and appropriately. The result is GDP growing robustly, jobs being all back, strong exports and household finances in good shape.

That is a good story, and that is what Canadians need to feel confident about.

**The Chair:** Thank you. That is your time, Mr. Poilievre.

**Hon. Pierre Poilievre:** Thank you.

**The Chair:** We are moving now to the Liberals with Mr. MacDonald for five minutes.

**Mr. Heath MacDonald (Malpeque, Lib.):** Thank you, Chair and Deputy Prime Minister.

It's great to be here. I'm new to this committee, but I'm finding it very interesting, obviously.

Escalating issues around the world are taking a toll on economies everywhere. I want to touch base with you in regard to how Canada continues on a positive trajectory. The numbers speak for themselves. We could argue all day that “this economist said this” and “that economist said that”, but it's proven in the labour force survey that just recently came out and so forth.

Can you expand on the particulars of why we're on this trajectory?

• (1225)

**Hon. Chrystia Freeland:** First of all, welcome to this committee and welcome to the House, Mr. MacDonald. It's great to have you here. I think colleagues would probably agree with me that this is one of the livelier and more consequential committees, so it's really good to see you here.

As I said earlier in my testimony, one of the principles on which our government based everything that we did in this crisis was the idea that a job is the most important thing for working Canadians, that a job is the basis of a person's and a family's economic well-being. Having a job is actually also really socially and psychologically important.

Probably the moment that got me the most worried when COVID hit was in the immediate aftermath of the lockdown when we saw that we had lost three million jobs. That was devastating to the lives of three million people and probably a lot more than three million people, because it also meant the lives of the families and friends of all of those people who lost their jobs. That was the deepest hit the Canadian economy had taken since the Great Depression, so we knew we had to act and we had to act quickly.

We acted with the CERB because we wanted to be sure that vulnerable people could pay their rent or pay their mortgage and could buy groceries. We also acted with the wage subsidy. I want to emphasize how important, in my view, that was, because it allowed people to stay connected to their jobs and it prevented economic scarring.

We see what that has meant in the numbers today. Canada's jobs recovery has been outpacing market expectations. We're at 106%. That is strongly outpacing what we're seeing in the U.S., which has had only a 83% recovery of jobs.

I don't want to give Canadians the impression that I think our work is finished or that I think there are no concerns left with omicron or that I am blind to the very real challenges of opening up the Canadian and global economies. These are real challenges, but for me the single most important economic number, which gives me a lot of comfort, is our very strong jobs recovery. That's down to Canadians. It is down to the small businesses that have hung in there and kept their workers on.

I am sure you have talked to a lot of small businesses in your constituency. I certainly have. Some people decided to take home less money for themselves so they could keep their workers on. There are so many people across the country who did that, who have shown remarkable resilience, as have the workers who kept on going into work even maybe when they had to take a pay cut during the worst of the crisis.

This is really important. The Canada recovery hiring benefit is going to put some further wind in the sails of that jobs recovery.

**Mr. Heath MacDonald:** I have thirty seconds, so I will just make a statement.

I totally agree with you, Deputy Prime Minister. I come from Prince Edward Island, where 6.4% of our economy is through the tourism industry, involving 15,000 to 17,000 jobs. It's a seasonal industry. This bill is so important to our society in Prince Edward Island. I can't stress enough that I certainly hope everyone around this table ensures that this bill is passed.

I thank you for your time.

**The Chair:** Thank you, Mr. MacDonald.

We're moving now to the Bloc.

Monsieur Ste-Marie, you have two and a half minutes.

[*Translation*]

**Mr. Gabriel Ste-Marie:** Thank you, Mr. Chair.

Madam Minister, you confirmed to us that the government is currently working on a targeted program for self-employed cultural

workers, as Bill C-2 doesn't include any measures to support them. Could you confirm that the program can be implemented within a time frame that will satisfy these people and that it will be sufficient to ensure an acceptable standard of living?

Thank you.

• (1230)

**Hon. Chrystia Freeland:** Thank you for the question, Mr. Ste-Marie.

I really want to thank you for the work that you and the Bloc are doing for workers in the cultural sector. I agree with you that it is an important sector and that it has been particularly affected by the COVID-19 pandemic. I also agree that this sector is not only important economically, but also culturally, socially and I would even say politically. So we must support this sector.

We made a commitment during the election campaign, and I am very happy to say today that we have a program. We are consulting on how to provide this much-needed help. We are talking to cultural organizations to ensure that the assistance will be appropriate.

I also want to say that Bill C-2 is also important, because the cultural organizations will be able to benefit from the subsidies that are provided for in it. It isn't enough in the sense that Bill C-2 will not address cultural workers, but many cultural organizations need it.

**Mr. Gabriel Ste-Marie:** Can you confirm that the program for self-employed workers in the cultural sector could be put in place within a time frame that they will find satisfactory?

Thank you.

**Hon. Chrystia Freeland:** We are going to work very hard to ensure it is.

**Mr. Gabriel Ste-Marie:** Okay.

Thank you.

**The Chair:** Thank you, Mr. Ste-Marie.

[*English*]

That's time. Thank you.

We'll move now to the NDP.

Mr. Blaikie, you have two and a half minutes.

**Mr. Daniel Blaikie:** Thank you.

I think it's pretty clear in the legislation, on a go-forward basis, how the lockdown benefit works. I want to restrict our exchange to just the period between October 24 and now. Are there any regions in Canada that have requested to be considered under a lockdown order in terms of the legislation, or are there any that you would proactively recommend to cabinet be considered to have been under a lockdown order in that period?



**Hon. Chrystia Freeland:** I'm not aware of any that have requested it. If there are some and somehow the request didn't make it up to me, I'm happy to say to any MPs that if there are areas you represent that have requested it, send me an email. I think everyone here has my email. Most of the premiers text me regularly, so you know....

**Mr. Daniel Blaikie:** Fair enough, so there have been no texts from the premiers yet saying that they have an area in their province or territory—

**Hon. Chrystia Freeland:** No one has yet, but it's open to review, if people would like.

**Mr. Daniel Blaikie:** Sure.

In part 1 there's a pretty comprehensive list of the industries that your government considers to still be in pretty significant economic distress as a result of the pandemic. We know that there are a lot of self-employed folks who work in those industries, whether it's independent travel agents in the tourism industry or whether it's people in the arts and culture sector. Why is it that your government didn't consider making the Canada worker lockdown benefit accessible to self-employed workers in those sectors that are so well defined in part 1 of the act, notwithstanding whether there's a specific lockdown order in the place where they happen to live?

**Hon. Chrystia Freeland:** If I'm understanding you correctly, Mr. Blaikie, you're asking whether, absent a lockdown, self-employed workers should have access to a benefit. Is that the idea?

**Mr. Daniel Blaikie:** Yes. I mean, we know that in those industries defined in part 1 of the bill, there is still considerable economic disruption, in the opinion of your government. Why not make the lockdown benefit accessible to people who are self-employed and who, your government is pretty clear, will continue to have trouble earning income in their sector that is in distress? Why not make the lockdown benefit available to them independent of whether there happens to be a lockdown?

We know, lockdown or not, their employment income is going to be affected by the pandemic.

**The Chair:** I'm sorry, Minister, but that is the time.

We are now moving to the Conservatives and Mr. Chambers for five minutes.

• (1235)

**Mr. Adam Chambers (Simcoe North, CPC):** Thank you very much, Mr. Chair.

Welcome, Minister. It's nice to see you and nice to have you here.

We heard testimony yesterday about 4.7 million CEWS applicants and 2.2 million recipients of CERB. Can you let us know how many of these applications have been checked for eligibility?

**Hon. Chrystia Freeland:** Welcome to the House, and welcome to the committee, Mr. Chambers.

If the question is about whether we are being careful that people who receive government benefits are eligible for those benefits and whether we are careful about ensuring—

**Mr. Adam Chambers:** I think the question is how many of them have been checked.

**Hon. Chrystia Freeland:** —there is no fraud, I want to assure you that we are careful.

I also want to say that the scope and scale of these programs is unprecedented, and that is a reality as well.

**Mr. Adam Chambers:** Thank you.

You mentioned a couple of times the extension of the Canada recovery hiring benefit. We have not been given any details about how effective that benefit has been. Can you let us know how many people have taken advantage of the Canada recovery benefit today?

**Hon. Chrystia Freeland:** The Canada recovery hiring benefit is a relatively new program. It started only during the summer. We think that it is a program worth continuing and indeed increasing, because of our focus on jobs, jobs, jobs. We understand that it's hard for businesses in these very uncertain times to bring on another person. That's a difficult, risky decision. With the Canada recovery hiring benefit, we're making that a little bit easier.

The other thing the Canada recovery hiring benefit is designed to address is hours worked. One of the things we saw during COVID was that hours worked declined, and there were some people who wanted to work full time who found themselves working only part time. I think in many circumstances this was because of good employers, employers who didn't want to fire someone but couldn't afford and couldn't justify keeping them on full time.

**Mr. Adam Chambers:** Thank you.

**Hon. Chrystia Freeland:** This Canada recovery hiring program is going to help encourage employers to bring people back to full hours, which is what they need.

**Mr. Adam Chambers:** Thank you.

To be clear, we're being asked to further extend a benefit from a program for which we don't have details on how effective it has been. We're also being asked to extend additional benefits for individuals through a process of which we are unable to ascertain how effective it's been in detecting fraud or ineligibility.

I have a fairly simple question. What was the GDP growth rate in Q2 of this year? Because we like to talk about the Q3 GDP, as I've heard you mention a number of times....

**Hon. Chrystia Freeland:** I sure do.

Of course in Q2, GDP did contract. That was to do with the very necessary lockdown in the second quarter to contain a surge in COVID. I think we are all familiar with the measures that were taken, including in the province that I represent as a member of Parliament for Toronto, Ontario. Those lockdowns did impose—

**The Chair:** Excuse me.

Member, you have a minute and 15 seconds.

**Mr. Adam Chambers:** That's wonderful. Thank you.

That was one of the largest contractions we've actually seen in quite some time. As a new member, I appreciate, Minister, your providing some feedback and lessons to new members about irresponsible political posturing and caution about talking down the market, but since I used to advise a minister of finance, I would perhaps offer some advice.

We can cherry-pick stats to show how good or how bad some things are, and if we're intent on comparing the record of response to economic crisis, post-2008, which you seem to talk down, Canada led the G7 in growth. We led the G7 in unemployment for most of those years. We also had very low inflation.

If you compare that to some of the stats today, we've spent as much and more than most other countries, we lag our peers in growth and we have the second-highest inflation in the G7, so I think we need to understand that we can cherry-pick stats that show a particular narrative. I would maybe just caution against that.

Thank you.

• (1240)

**The Chair:** That's your time.

We're now moving to the Liberals, with Ms. Dzerowicz for five minutes.

**Ms. Julie Dzerowicz:** Thank you so much, Mr. Chair.

Before I ask my next question to the Deputy Prime Minister and Minister of Finance, I want to make a couple of statements because deflation seems to be a bit of a topic today.

If I recall correctly—because I was part of all of the meetings as COVID started—a number of economists indicated that deflation could be an issue, but no one could know because the pandemic was so unprecedented. I wanted that on the record.

I also wanted to indicate that a lot of concern was raised by a number of our witnesses last year that the suite of supports we offered would be stronger and more effective than what was offered in 2008 under the Harper government. There was a strong desire to make sure that we tied workers more closely to their jobs and their employers, and that the supports would be generous enough to provide a strong foundation from which companies would be able to pivot as our economy tries to come out of COVID.

I also want to put on the record that former Bank of Canada Governor Poloz did indicate that government spending—and I think this was just over the last week or two, on November 28—and stimulus are not to blame for increased inflation. I just want to make sure that we continue to counter the false narrative that the Conservatives are proposing.

Deputy Prime Minister and Minister of Finance, we've been talking quite a bit about Canada's economic future, and you have been an absolutely ardent champion of national child care. We often talk quite a bit about the social good that comes from such a program, but I wonder if you could elaborate on the positive economic impacts of such a program that we're trying to put into place.

**Hon. Chrystia Freeland:** Of course, I could.

We put in place our plan to bring in universal, affordable, high-quality child care because we knew that it was a powerful driver of economic growth. That's not a theory. That is based on the experience of Quebec. What we've seen in Quebec is that putting in place affordable, high-quality early learning and child care has hugely increased the labour force participation rate, particularly of mothers of children who are three and younger. Before child care was introduced in Quebec, it had one of the lowest rates in Canada. Now it has the highest, and that has delivered economic growth.

Actually, I spoke with Madame Marois to get some advice from her because she was the minister who put this into place. She said something really interesting to me, which was that the initial genesis of the program in Quebec—which has been such an inspiration for us now across the country—was actually economic. It was because there were great concerns about Quebec's structural economic growth capacity, and child care was seen as a way of building that. I see the Quebec members of Parliament nodding their heads.

It's nice when, with hindsight, you can look back on a decision you made and see that it is even more appropriate. I think all of us know that a challenge we're facing in many parts of the country is with the labour force. Early learning and child care is a really powerful, structural, long-term way of increasing Canada's labour force. It's a very important driver of jobs and growth.

**Ms. Julie Dzerowicz:** Thank you.

I think I have a minute left, so I'll ask you a quick question. One of the key measures you have put into place as part of this bill is that, if a publicly listed corporation chooses to increase executive pay while receiving government support, the wage subsidy would be clawed back.

Could you explain why it was important for you to do so?

**Hon. Chrystia Freeland:** Yes, for sure.

I'm going to say that members of this committee from many parties contributed to our appreciation that this was important to do, and I want to thank members, obviously from the Liberal caucus but from other parties too, for working on that.

These measures were initially put in place in an emergency to provide support for the economy to prevent economic scarring. We understood as time went on that it was important that the measures do what they were intended to do, which was to support workers—

• (1245)

**The Chair:** Thank you, Minister.

That's your time, Ms. Dzerowicz.

This will be our fourth round, and the Conservatives have the floor.

Mr. Poilievre, go ahead for five minutes.

**Hon. Pierre Poilievre:** I'm going to let Mr. Chambers....

**The Chair:** Mr. Chambers, go ahead for five minutes.

**Mr. Adam Chambers:** Thank you. I'll use the first part of the time.

My honourable colleague just asked who could have predicted inflation. Actually, I have hot-off-the-press inflation warnings from May 12, 2020; June 11, 2020; June 16, 2020; June 18, 2020; July 20, 2020; November 26, December 3, December 7 and December 1, all in 2020; and April 20, April 27, April 29, May 6, May 11 and June 22 in 2021. Those warnings were from my honourable colleague Mr. Poilievre, so I'll perhaps turn the floor back to Mr. Poilievre.

**Hon. Pierre Poilievre:** I thank Ms. Dzerowicz for asking the question. We, over here, actually answer questions, so we were happy to provide you with that answer.

Of course, this minister has been trying to convince Canadians that prices would drop. Up until last week, that was her official position. Last week she finally acknowledged that we have inflation in Canada, but today she said not to worry about that because the stock market has gone up. Of course, the stock market goes up whenever governments flood the economy with cash. They create asset bubbles whereby the very rich get much richer, but then the very poor end up having to pay more as those dollars trickle down. It's one of the reasons why trickle-down economics never works, because it never trickles down. It stays with the rich at the very top. Then the people who do all the work on the ground end up paying the bills.

It's interesting. The Prime Minister was once asked what is middle class and what is rich. He said that middle class folks live off their incomes, whereas rich folks live off their assets. The minister comes here today and says that things are great because those who live off their assets have watched those assets inflate in value by 20%. She even marvelled at how the stock market had gone up so much, even though the economy is smaller today than it was before COVID.

We have a smaller economy but a much larger stock market, so if the folks who own all the stocks are significantly wealthier when the overall output of the economy is slightly down, that means there is less for everyone else. What we see here again is a government that is taking from the have-nots to give to the have-gots. Sure, if you're floating around on your yacht right now, if you're planning to get back to—

[Translation]

**Mrs. Sophie Chatel:** A point of order, Mr. Chair.

I'm new to the committee, but we have to discuss Bill C-2, and I'm having trouble seeing the connection between what Mr. Poilievre said and what we have to decide in committee.

[English]

**The Chair:** Thank you, Madame Chatel.

Mr. Poilievre, perhaps you can get to your question, and hopefully it will be relevant to Bill C-2.

**Hon. Pierre Poilievre:** Bill C-2 proposes another \$7 billion of inflation, so it is very relevant.

I just find it incredibly insulting that the day that a report comes out showing that it's going to cost an extra \$1,000 for average families to feed themselves, the government comes here and says, "Well, don't worry. The stock market is up." Frankly, the middle class folks who are walking down grocery aisles not able to buy nutritious food because it's too expensive can't afford stocks right now. Their concern is putting food on the table.

A 30-year-old called me from my community of Greely a couple of weeks back to say that he's still living in his parents' basement because he can't afford a townhouse, even though he has the same job that his mother—

• (1250)

**Ms. Julie Dzerowicz:** On a point of order, Mr. Chair, I'm very sorry to interrupt the video clip of Mr. Poilievre, but does he have a question?

**The Chair:** Mr. Poilievre, do you have a question? If you can get to the question, you have less than a minute left of your time.

**Hon. Pierre Poilievre:** I have a constituent who called me and said he has the same job his mother had, but while she was able, happily, to buy a bungalow on a half-acre lot in south Ottawa with that, he can't even afford a townhouse today. It's great that the minister's friends who attend the Davos conference have seen their stock portfolios balloon after she's pumped all this cash into the economy, but the working-class kids of our country are saying that their lives are worse off than their parents' lives. I asked her if we had a stable housing market, and she couldn't even answer that question. There are millions of young people asking that.

She likes to quote The Economist. Well, The Economist says that we, along with two other countries, have a housing bubble so big it could lead to a crash on the scale of the 2008 crisis, but will the minister finally start standing up for the people who do the work in this country?

**The Chair:** Mr. Poilievre, that is your time.

We are moving to the Liberals now with Mr. Baker for five minutes.

**Hon. Pierre Poilievre:** There's no answer.

**Mr. Yvan Baker:** Thank you, Mr. Chair.

I have an important question for you, Minister, but before I get to that, I can't help but respond to something that I heard here a moment ago. Even though we know—and we know from global economists and from world leaders on the right and on the left—that inflation is a global problem faced by countries around the world, Monsieur Poilievre says that excessive government spending has caused inflation in Canada.

**Hon. Pierre Poilievre:** On a point of order, Mr. Chair, the member is quoting me. I was saying Larry Summers has said government deficits are causing inflation. That is the minister's own economic source.

**The Chair:** Mr. Poilievre, it's the member's time.

Mr. Baker, you have the floor.

**Mr. Yvan Baker:** Mr. Poilievre may have quoted other economists, but he has said that. Mr. Poilievre has said that excessive government spending has caused inflation.

**Hon. Pierre Poilievre:** On a point of order, Mr. Chair, it was actually the minister who quoted that economist. Larry Summers is someone who inspired her thinking, not me.

**The Chair:** Mr. Poilievre, the member....

Mr. Baker, you have the floor.

**Mr. Yvan Baker:** Thank you, Chair. I hope this won't count towards my time.

**The Chair:** It has not counted towards your time.

**Mr. Yvan Baker:** Thank you.

Mr. Poilievre has said that excessive government spending has caused inflation in Canada, even though we know there's a global problem acknowledged by economists around world on the right and on the left. My colleague Ms. Dzerowicz highlighted one of those economists, Stephen Poloz, who, when he was interviewed recently and asked about that, said "that's not right". He said, "In fact, what the stimulus did was to keep the economy from going into a deep hole in which we would have experienced persistent deflation." That was Mr. Poloz.

MP Chambers highlighted that Mr. Poilievre warned about inflation a number of times, as though Mr. Poilievre is an oracle of inflation, and I look forward to hearing what other predictions he makes about the economy. The only problem with that is that at the same time as he was issuing those warnings, he voted for that spending. His entire caucus voted for that spending, so Mr. Poilievre's credibility on this matter, to me, is shot. I think we should take note of the fact that, on the one hand, he's saying spending caused inflation, while, on the other hand, he supported that spending.

MP McLean said we "flushed...half a trillion dollars into the...economy". I could not disagree more. Calling the support that we provided to Canadians, things like the CERB and the wage subsidy, something that we "flushed" into the economy so that Canadians could put food on the table, so that businesses could survive and so that we could avoid bankruptcies is not only inaccurate but massively disrespectful to those Canadians who—

**Mr. Greg McLean:** On a similar point of order, Mr. Chair, I don't hear his question.

**The Chair:** Let's find decorum and respect for all members.

Mr. Baker, you have the floor.

**Mr. Yvan Baker:** It's part of my preamble, Mr. Chair.

I think what both Mr. Poilievre's and Mr. McLean's statements underline is what the Conservatives would have done had they been in government in response to COVID-19 to support Canadians through the pandemic. What they would have done is nothing.

My question to you, Deputy Prime Minister, is that, in Ontario at least, where my riding is located, cases are up. On December 7, it was reported that new modelling from the science table forecasts a rise of 250 to 400 intensive care admissions in January, even with-

out omicron. The science table said, "Case numbers count, because too many Ontarians remain un/under vaccinated & will end up in hospital". I think that's a good reminder for all of us to work hard to make sure everyone gets the vaccines they're eligible for, and a good reminder that, as you have said, "the single most important economic policy for Canada continues to be making sure that everyone who can get vaccinated does get vaccinated."

In light of this new modelling, Minister, and in light of the emergence of omicron, what could be the potential impacts for constituents of Etobicoke Centre and businesses should the measures in Bill C-2 not be in place soon?

• (1255)

**Hon. Chrystia Freeland:** Thank you for the question.

I want to start by pointing out that, in the last Conservative round, no question was asked or no time was left for me to answer. It only leads me to think that maybe the Conservatives are afraid of our answers. That would be surprising.

I want to be serious for a minute, because we're talking about the Canadian economy and we're talking about the lives of Canadians, and that is serious. I want to say to Canadians that we're very aware of the affordability challenges that people face. It's something we take seriously, and it's something we're concerned about.

I also want to say that when it comes to the extraordinary measures we put in place both to fight both the coronavirus and to fight the recession it caused, it was absolutely the right thing to do. We were hit by the deepest crisis since the Second World War in terms of a national emergency, and the deepest economic recession since the Great Depression. Things were bad. They could have been so much worse absent extraordinary, agile government action that put a floor under the losses and prevented economic scarring.

Today, we are seeing the positive results of that emergency action. We are seeing the GDP growing. We are seeing a very strong job recovery. We are seeing strong exports. We are seeing that the economic muscle of Canada has not atrophied and that Canadian families are still solvent. This is really important.

**The Chair:** Thank you, Minister.

We are moving now to the Bloc for two and a half minutes.

Go ahead, Madame Sinclair-Desgagné.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ):** Thank you, Mr. Chair.

Good afternoon, Madam Minister. Thank you for your speech.

I am delighted to have the opportunity to ask you a question today. I will get straight to the point. In your speech, you talked about the hardest-hit sectors, including the tourism sector, which we welcome in Bill C-2. When you say "particularly the tourism sector", it also means that other sectors are being hit very hard, and have been since the beginning of the pandemic.

It isn't only inflation that is a global phenomenon, supply chain issues are as well, as you know. There have been international plant closures and a decline in the production of key parts in some sectors, including microprocessors, which are essential for many sectors of the economy.

In addition, due to problems with maritime transport, some companies are being hit very hard, especially in the aerospace sector. We would like a clear commitment from you. Will these companies be able to receive at least as much help as the tourism sector can get, especially if we present you with the figures and see how badly these companies are affected?

Thank you.

**Hon. Chrystia Freeland:** Thank you for the question, as well as your serious approach and your co-operation on these issues, which are very important to the people who elected us. I really appreciate it. We may not always agree, but we can have a concrete and productive conversation.

In the budget, we have taken a particular approach to the aerospace sector, for which we have earmarked a contribution of \$2 billion. Canada's regional development agencies will receive \$250 million to help revive the sector. There is also the strategic innovation fund, under the leadership of Minister François-Philippe Champagne, who knows the sector very well. Under this fund, the aerospace sector will receive \$1.75 billion.

I want to stress that we understand the specific and strategic importance of this sector. We also understand, as you have just explained—

• (1300)

**The Chair:** Thank you, Madam Minister.

[*English*]

We have to move to the NDP for two and a half minutes now.

Go ahead, Mr. Blaikie.

**Mr. Daniel Blaikie:** Thank you very much.

I think one of the aggravating factors in terms of people's frustration and anger over the benefit clawbacks is that they look at some of the companies that received assistance under the Canada wage subsidy, whether that be Bell or Chartwell or others—we could go into some of those examples, if you like—who increased significantly the dividends they paid to their shareholders. In some cases, there were share buybacks. The government hasn't so much as even asked for any of that money back, let alone pursued them in the way that some of the financially vulnerable have been pursued by the government.

Bill C-2 was an opportunity to incorporate some of the advice that this committee gave to government in the last Parliament around dividends and around share buybacks and ensuring that recipients of the wage subsidy wouldn't engage in those kinds of activities. Why did the government choose not to incorporate those restrictions around dividends and share buybacks in addition to executive compensation in the new legislation?

**Hon. Chrystia Freeland:** Thank you for the question.

As you have pointed out, we have included what I think is the very appropriate restriction on executive compensation. That, you're quite right, was indeed based in part on work done by this committee and the members of it, and I want to thank them for it. I think that is an important restriction to put in place. We are always interested in continuing to evaluate additional ideas that people want to put forward, and I'm happy to have further conversations about them. In—

**Mr. Daniel Blaikie:** In this case, it's not a new idea. It was out there. In fact, we have been calling for that to apply to previous pandemic benefit legislation. Here was an opportunity to take that feedback and implement it. Why did you choose not to do that in this legislation?

**Hon. Chrystia Freeland:** One of our objectives in putting in place this legislation is to balance.... Let me maybe put it a little bit differently. These are programs that are unique to the COVID moment. In putting them in place, we try to strike a balance between simplicity of administration, between the ability to deliver the programs—

**The Chair:** Thank you, Minister. That's the time.

We are moving to the Conservative.

Mr. McLean, you have five minutes.

**Mr. Greg McLean:** Thank you, Mr. Chair.

Mr. Leswick, some time ago you were asked about the outstanding debt in Canada. Did you come up with those numbers since you were last asked?

**Mr. Nicholas Leswick:** I don't have the answer to that question.

**Mr. Greg McLean:** Okay. I'm disappointed, and it follows along with the information we're getting from your department. Officials who were here the other day didn't seem to be able to answer any questions about the \$7.4 billion that we're going to spend on this, potentially. It might go to \$9 billion. They couldn't give us the modelling. They couldn't give us the assumptions. They couldn't give us anything, because they didn't know, much like it seems you don't know. These are basic numbers. These are real numbers that I would expect somebody at your level to have at their fingertips on a day-to-day basis about the net debt of Canadians. I'll let that go.

Minister, you talked about Canadians' balance sheets and Canadians' net worth. That's their household net worth, of course. In the last two years, the federal government debt that you're in charge of has gone up by 34% for each individual Canadian. That's up to \$42,000 per man, woman and child in Canada. How can you say that their household balance sheets have improved, when the country's balance sheet, to which they are directly responsible, has deteriorated so badly?

**Hon. Chrystia Freeland:** Thank you for the question. It might be worth reminding you, Mr. McLean, and all of the Conservative members that you have just been elected on an election platform that actually proposed to increase the deficit for 2021-22 to a higher level than what was proposed in the Liberal platform. The Conservative platform proposed a \$168-billion deficit for 2021-22, whereas in the Liberal platform we proposed a deficit of \$156.9 billion. Let me emphasize that this was our election platform.

I think it's important for Conservatives to be clear with Canadians about what it is you are actually proposing. If Conservatives are indeed today saying that they believe it was wrong to support Canadians and Canadian businesses during the pandemic, and if Conservatives are saying that they believe it is wrong to provide support to tourism and hospitality, which still cannot fully reopen—

**Mr. Greg McLean:** Okay, Minister. Okay—

**Hon. Chrystia Freeland:** —you should be clear and honest with Canadians.

• (1305)

**Mr. Greg McLean:** Minister, thank you.

**Hon. Chrystia Freeland:** No, I'm not finished, Mr. McLean.

**Mr. Greg McLean:** You're not answering the question.

**Hon. Chrystia Freeland:** I certainly am.

**Mr. Greg McLean:** You're deflecting, so if I can get you to wrap that up, I have more questions.

**Hon. Chrystia Freeland:** I certainly am—

**The Chair:** Just wrap up the answer.

**Hon. Chrystia Freeland:** Yes.

Are Conservatives saying it was wrong to provide the CERB in support of nine million Canadians? Was that a mistake, Mr. McLean?

**Mr. Greg McLean:** Let me ask a question—

**Hon. Pierre Poilievre:** I have a point of order, Mr. Chair. The problem with the approach you're taking is that everyone is forced to just engage in speech-making, because you're not imposing any limits on the question or answer time.

If you could clarify, both for questioners and for answerers, what is the time frame? The reason we're getting so much chaos is that you have not told us the speaking time, unlike your predecessor, who was very clear about how much time we had to ask and to answer.

**The Chair:** Mr. Poilievre, it's at the discretion of the chair. What I'm allowing for is that when there is a question—when there is a question and not just a statement that's being made—I listen to the question and then I listen to the answer. I allow for an answer to be had by the minister so that there is time for the minister to provide that answer.

Go ahead, Mr. McLean.

**Mr. Greg McLean:** I did interrupt, because my question was not being answered and I wanted to move on.

**The Chair:** Your time was stopped.

Go ahead, Mr. McLean. You have two minutes.

**Mr. Greg McLean:** Thank you very much.

You talked about the deep economic scarring that followed the 2008 recession. I appreciate the narrative you build about the Conservatives' plan versus your plan, what we would have done and what you did. Talk, talk, talk.... Okay, let's talk about the deep economic scarring from the 2008 recession, when the country got back to balance within a handful of years.

How do you see balance coming back to the amount of debt you've piled on Canadians in the last two years? Six hundred billion dollars' worth of debt, large amounts of it on the government's own balance sheet, and that's not going to cause economic scarring...? We didn't have quantitative easing in 2008. This is a line we've crossed that is going to cause scars for a generation. A generation of Canadians is going to have to pay that back. How can you say that there was scarring in 2008 and not significant scarring now?

**Hon. Chrystia Freeland:** Okay. There are a lot of points in there.

First of all, it's probably worth reminding Conservatives of the difference between monetary and fiscal policy. Quantitative easing is the province of the Bank of Canada, and I certainly respect those boundaries.

Second of all, in terms of the recovery between 2008 and today, we now have exceeded 100% of jobs recovered. It took eight months longer, eight months of pain and suffering for unemployed Canadians, to hit that level after 2008. We are on track for a full recovery of GDP in the first quarter of next year, if not sooner. That is three months faster than after the 2008 recession, which was less deep.

In terms of the stability of Canada's finances, let me just say, Moody's and S&P have reaffirmed our AAA rating. We have the lowest debt-to-GDP ratio in the G7.

**The Chair:** Thank you, Mr. McLean.

We're moving to the Liberals and Ms. Chatel for five minutes.

[*Translation*]

**Mrs. Sophie Chatel:** Thank you, Mr. Chair.

If I may, I would like to respond to some of the points that have been raised and ask questions about them.

Some of my colleagues say that it isn't a good thing that our financial markets are healthy and that this only benefits the wealthiest people. I would like to remind them that many workers in Canada need healthy financial markets to preserve their pensions. Therefore, I'm a little surprised to hear that. In my opinion, it's very important for Canadians and their pension funds that we have healthy financial markets.

Another comment also surprised me a lot. I don't know where Mr. Poilievre lived, but the stimulus package was very important for the economy. It has prevented many small- and medium-sized companies from going bankrupt. These are the most vulnerable companies and they are also job creators, so I am very concerned about that. These stimulus measures were very important during the pandemic. It helped the most vulnerable, and it helped the middle class to survive. So I'm glad it was this government that was in power.

That said, I think it is very important to inform the witnesses today of a discussion we had yesterday with the representative of the Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC. It was clearly understood that the standards that have been put in place by Canada in recent years have really paid off. They have ensured that entities such as banks and financial institutions report any suspicious transactions to FINTRAC immediately. This information is immediately analyzed and sent to either the Canada Revenue Agency or organized crime agencies for investigation. Subsequently, there may be audits and consequences.

There was a lot of talk in our program about a Canadian financial crimes agency. The efforts have paid off, Madam Deputy Prime Minister. I encourage us to continue to do so, because we need to make sure that our programs are applied to those who need them, while at the same time fighting fraud. As we heard yesterday, we are very well equipped to deal with that.

Madam Deputy Prime Minister, my question is this: Is there a sense that the government has the necessary tools to ensure that programs are offered to those who need them most?

• (1310)

**Hon. Chrystia Freeland:** That's an excellent question and an excellent observation.

I think so. In fact, I'm convinced that Canadians understand the importance of this support. They know that it is necessary and sensible, not only for moral reasons but also for economic ones, to preserve economic capacity.

At the same time, Canadians understand that this is expensive and that it is very important to make sure that the money is spent for the purpose it was intended. That's why there are, precisely as you said, measures in place to control that.

In closing, I want to say that I am also convinced that the vast majority of Canadians are honest and don't like asking the government for help. They only do so when they need it.

**Mrs. Sophie Chatel:** Thank you, Madam Minister.

[English]

**The Chair:** Thank you.

Members, we have about 10 minutes left with the minister. This will take us into a fifth round.

First up are the Conservatives.

Mr. Chambers, you have five minutes.

**Mr. Adam Chambers:** Thank you, Mr. Chair.

Minister, you just quoted the debt-to-GDP ratio in the G7. If you combine provincial debt with the federal debt, how do we rank with our peers?

**Hon. Chrystia Freeland:** Ratings agencies look at a number of different factors. They look at provincial debt, they look at federal debt and they look at the net debt-to-GDP ratio. I would also point out that the federal government.... Let me point out two more things, please.

The federal government is not responsible for the fiscal decisions made by provinces, but thanks to the significant direct transfers made to provinces and thanks to the significant support we provided to the Canadian economy, the fiscal picture of the provinces is looking much better now than it did when the pandemic first hit.

• (1315)

**Mr. Adam Chambers:** Thank you.

We're not responsible for the spending decisions, but we are responsible for significant challenges, so if a province were to go bankrupt, I suspect the first place they would come to for support is the federal government. I think we would all agree that would be the case.

You also mentioned federal net debt, which includes the value of the CPP. I think Canadians would be surprised to understand that the government is taking credit for the value of the CPP and the federal net debt-to-GDP ratio.

We heard yesterday testimony on job vacancies. We have a record number of job vacancies. Has the department or have you looked at some of the potentially distorting effects that some of these supports have had in the job market? We did hear some concern on that yesterday from some of the witnesses.

**Hon. Chrystia Freeland:** I would like to clarify two things.

The calculations of net debt-to-GDP do not include the CPP. They take into account that our pensions obligations are fully funded, but they do not take into account the CPP and they do include the provinces.

In terms of the jobs market, we are very aware of the importance of having a strong labour force and labour force participation. That's why early learning and child care is so important, and that is why Canada is investing so much in immigration. In fact, we're one of the only countries that has a plan to make up for the immigration that was lost during COVID.

**Mr. Adam Chambers:** Thank you very much.

I appreciate also the interventions of my colleague from the NDP in asking questions about dividends and share buybacks. I would submit to you, Minister, that you would have an open door to talk about what other restrictions we could put on entities that are maybe receiving support but are paying dividends and buying back shares.

In terms of the projections or the anticipation, how many publicly traded companies do you expect would take advantage of the supports in the \$7 billion?

**Hon. Chrystia Freeland:** I'm not going to put a precise figure on that because the situation with omicron really means that we're in a very uncertain environment. As you know, new border restrictions have been put in place just now. We need to have a little bit of time to see data from the impacts of omicron on travel and on border restrictions.

**Mr. Adam Chambers:** Okay, but presumably there are some projections to get to the \$7 billion. I'd point out that the previous aid packages provided at least \$6 billion and likely more—\$7 billion—to publicly traded firms in terms of the aid subsidy, and this package is about \$7 billion.

Had we actually had some restrictions on the first aid package, we could have paid for this aid package instead of asking Canadians or the federal government to take on more debt to pay for this package. Will you consider additional restrictions in addition to the executive compensation restriction for receiving wage subsidies?

**Hon. Chrystia Freeland:** To the point about the calculations we have around the likely take-up of the C-2 benefit, because it is a good one, I want to reiterate to members that in view of omicron, which is a new factor that has emerged since we initially announced these measures, we are making some additional calculations. We'll have more to say on Tuesday when we present the fall economic update, but we are making some calculations and provisions to take into account the possible...although right now, you know, it's impossible to fully specify the impact of omicron—

**Mr. Adam Chambers:** I'm sorry. Is that number of \$7 billion not the right number to be projecting?

**Hon. Chrystia Freeland:** —but it will have a direct impact on tourism.

**The Chair:** Thank you, Mr. Chambers and Minister. That is the time.

We're moving to the Liberals.

Mr. MacDonald, you have five minutes.

**Mr. Heath MacDonald:** Thank you, Mr. Chair.

It's interesting to sit here and see what we've gone through in the past two and a half years. It was unprecedented, and we had to react very quickly. The subtext from the opposition continues to pose that they would choose austerity over supporting Canadians during the pandemic, and that's unfortunate.

We're positioned very well. Coming from a small province of 160,000, Bill C-2 is so necessary. I can't stress enough how important it is. I think with 56% of the tourism labour force in rural Canada, every riding across this country, including the ones represented at this committee today, should be pushing pretty hard for Bill C-2.

As I'm the last speaker, Mr. Chair, I'll let the Deputy Prime Minister have the last say.

• (1320)

**Hon. Chrystia Freeland:** Thank you, Mr. MacDonald. I've had the very good fortune to spend some time in P.E.I., and I'm familiar with the great tourism businesses you have there. I've heard directly from them how this virus has hit them—through no fault of their own.

P.E.I. also very admirably put in place some strong coronavirus protection measures that inevitably had an impact on your tourism industry. Bill C-2 is a very necessary measure to support tourism businesses in P.E.I. and across the country in view of the fact that they can't fully reopen. I must say that when we announced these measures at the end of October, we didn't know omicron was coming, but we knew there was uncertainty and we knew it was still impossible for those businesses to fully reopen. I'm very glad we're able to provide this support.

**The Chair:** Mr. MacDonald, is that your time?

**Mr. Heath MacDonald:** I'm good. Thank you.

**The Chair:** Minister, we thank you very much on behalf of the Standing Committee on Finance. We thank you for coming before us and for answering many fulsome questions on Bill C-2, a very important piece of legislation that we all want to see passed in the House as quickly as possible.

On behalf of this committee, we thank you and also, of course—

**Hon. Chrystia Freeland:** Can I say one final thing that's just very specific?

**The Chair:** Sure. I know you're pressed for time, Minister.

**Hon. Chrystia Freeland:** For sure, but I do think it's important to be precise. I want to say to Mr. Chambers that, in the heat of the moment and the flurry of different specific measures of debt that we were discussing, I will be precise. The federal net debt, what we report in the budget on behalf of Canada, our own net debt calculation, does not include the CPP. However, when international comparisons are made of Canada's net debt-to-GDP, as compared to other countries, of course the CPP is quite rightly included.

That makes sense, because we're really lucky in Canada, due to wise decisions by previous governments, that our pensions are fully accounted for and paid for through the CPP. In other countries, payments of pensions going forward is a much greater ongoing fiscal problem.

**Mr. Greg McLean:** A point of clarification, Mr. Chair—

**Mr. Adam Chambers:** Mr. Chair, I appreciate the clarification from the minister.

**The Chair:** Thank you, Minister, Mr. Leswick and your officials.

We'll conclude our meeting for today. Thank you.









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