

Department of Finance Canada

Budget 2022: Address by the Deputy Prime Minister and Minister of Finance

Speech

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Mr. Speaker, we all remember that Thursday in March, just over two years ago, when our travel plans were hastily cancelled, when our children came home from school, when we rushed to the grocery store to buy toilet paper and hand sanitizer. We knew then that this virus would disrupt our lives. But few of us realized quite how much or for quite how long.

And yet, here we are. We bent but we did not break.

Canadians have done everything that has been asked of them, and more, Mr. Speaker.

And so, to all of them—to all of you—I want to start by saying thank you!

I now have the honour of tabling my second federal Budget.

I tabled my first in April 2021. In the year preceding it, the Canadian economy had teetered on the brink.

Our economy contracted by 17 per cent—the deepest recession since the 1930s. Three million Canadians lost their jobs.

It was a shattering blow. The Great Depression scarred this country for a generation or more. It was entirely reasonable to fear that the COVID-19 recession would likewise hamstring us for years; that millions of Canadians would still today be without jobs; and that the task of rebuilding our country would be the work of decades.

We knew we could not let that happen. And so we provided unprecedented emergency support to Canadian families and Canadian businesses. Our relentless focus was on jobs—on keeping Canadians employed, and on keeping their employers afloat.

It was an audacious plan. And it worked.

Our economy has recovered 112 per cent of the jobs that were lost during those awful first months, compared to just 90 per cent in the United States. Our unemployment rate is down to just 5.5 per cent—close to the 5.4 per cent low in 2019 that was Canada's best in five decades.

Our real GDP is more than a full percentage point above where it was before the pandemic. Think about that: after a devastating recession—after wave after wave and lockdown after lockdown—our economy has not just recovered. It is booming.

Today, Canada has come roaring back.

But Canadians know that fighting COVID and the COVID recession came at a high price.

Inflation—a global phenomenon—is making things more expensive in Canada, too. Snarled supply chains have driven prices higher at the checkout counter. Buying a house is out of reach for far too many Canadians. And now, Putin’s barbaric war is making food and gas even more expensive.

The money that rescued Canadians and the Canadian economy—eight out of every ten dollars invested—was deployed chiefly and rightly by the federal government.

But our ability to spend is not infinite. The time for extraordinary COVID support is over.

And we will review and reduce government spending, because that is the responsible thing to do.

On this next point, Mr. Speaker, let me be very clear: We are absolutely determined that our debt-to-GDP ratio must continue to decline. Our deficits must continue to be reduced. The pandemic debt we incurred to keep Canadians safe and solvent must—and will—be paid down.

This is our fiscal anchor. This is a line we shall not cross. It will ensure that our finances remain sustainable.

Canada has a proud tradition of fiscal responsibility. It is my duty to maintain it—and I will.

So now is the time for us to focus—with smart investments and a clarity of purpose—on growing our economy and on making life more affordable for Canadians.

That is what our government proposes to do. And here is how we propose to do it.

Pillar one of our plan is investing in the backbone of a strong and growing country: our people.

Let me start with housing.

Housing is a basic human need but it is also an economic imperative. Our economy is built by people, and people need homes in which to live.

Our problem is simply this: Canada does not have enough homes. We need more of them, fast.

This Budget represents the most ambitious plan that Canada has ever had to solve that fundamental challenge.

Over the next ten years, we will *double* the number of new homes we build.

This must become a great national effort, and it will demand a new spirit of collaboration—provinces and territories; cities and towns; the private sector and non-profits all working together with us to build the homes that Canadians need.

We will invest in building more homes and in bringing down the barriers that keep them from being built. We will invest in the rental housing that so many count on. We will make it easier for our young people to get those first keys of their own.

And we will make the market fairer for Canadians. We will prevent foreign investors from parking their money in Canada by buying up homes. We will make sure that houses are being used as homes for Canadian families, rather than as a speculative financial asset class.

But on housing, I would like to offer one caution: There is no silver bullet which will immediately, once and forever, make every Canadian a homeowner in the neighbourhood where they want to live.

As Canada grows—and as a growing Canada becomes more and more prosperous—we will need to continue to invest, year after year after year, in building more homes for a growing country.

A growing country and a growing economy also demand a growing workforce.

A lack of workers—and of workers with the right skills—is constraining the industrialized economies around the world.

But there is good news, Mr. Speaker.

In 2020, Canada had the fastest growing population in the G7. At a time when the world is starved for workers and talent, our country's unique enthusiasm for welcoming new Canadians is a powerful—and particularly Canadian—driver of economic prosperity.

This Budget will make it easier for the skilled immigrants that our economy needs to make Canada their home, and to do the jobs they are trained for.

We will also invest in the determined and talented workers who are already here.

We will make it more affordable for people working in the skilled trades to travel to where the jobs are. Programs like the enhanced Canada Worker's Benefit will make it more worthwhile for people to work, and will make life more affordable for our lowest paid—and very often most essential—workers.

We will invest in the skills that Canadian workers need to fill the good-paying jobs of today and tomorrow, and we will break down barriers and ensure that *everyone* is able to roll up their sleeves and get to work.

And yes: One of those barriers is affordable childcare.

When we promised—less than a year ago—to make high quality, affordable childcare a reality for all Canadians, our plan was certainly welcomed. But the cheers were muted by justifiable skepticism. After all, similar promises had been made and broken for decades—five decades, in fact!

That's why, as I stand here today, I am so proud to say we have delivered. We have now signed agreements on early learning and child care with every single province and territory.

This is women's liberation. It will mean more women no longer need to choose between motherhood and a career.

This is feminist economic policy in action. And it will make life more affordable for middle class Canadian families.

Fees are already being slashed across the country. By the end of this year, they will be reduced by an average of 50 per cent.

And in three years, child care will cost an average of just \$10-a-day, from coast-to-coast-to-coast.

Housing and immigration and skills and child care. These are social policies, to be sure. But, just as importantly, they are economic policies, too.

Our strategy is what Janet Yellen, the US Secretary of the Treasury, has recently dubbed “Modern Supply-Side Economics.”

Modern supply-side economics borrows the supply-sider’s key insight—that increasing supply is fundamental to growth—but takes a progressive, people-centred approach.

At a time when our chief economic problem is that we have too much demand chasing too little supply, this set of policies provides exactly what Canada needs right now.

This pillar will create supply-led growth that helps satisfy the demand today driving inflation. It will help our economy grow sustainably and it will make our lives more affordable.

Our second pillar for growth is the green transition.

In Canada—and around the world—climate action is no longer a matter of political debate or personal conviction. It is an existential challenge. That means it is also an economic necessity.

This is the most profound economic transition since the Industrial Revolution. The world economy is going green. Canada can be in the vanguard, or we can be left behind.

That is, of course, no choice at all—which is why our government is investing urgently in this shift.

Our plan is driven by our national price on pollution—the smartest, most effective incentive for climate action. This budget launches a new Canada Growth Fund which will help crowd in billions of dollars in private capital we need to transform our economy at speed and at scale.

We will invest in Canada’s remarkable abundance of critical minerals and metals. These are essential to the green transition, and the world’s democracies must be able to produce them for ourselves and each other.

As auto-makers urgently re-tool their assembly lines to build zero-emission vehicles, we will make it more affordable for Canadians to buy them. We will build the batteries that power zero-emission cars and trucks, and we will invest in building charging stations from coast-to-coast-to-coast.

For our children, the green transition will mean cleaner air and cleaner water tomorrow. And it will mean good jobs for Canadians today.

Our third pillar for growth is a plan to tackle the Achilles heel of the Canadian economy: productivity and innovation.

Canadians are the best-educated people in the OECD. Our scientists win Nobel prizes, and our cities are outshining Silicon Valley in creating high-paying technology jobs.

But we are falling behind when it comes to economic productivity. Productivity matters because it is what guarantees the dream of every parent—that our children will be more prosperous than we are.

This is a well-known Canadian problem—and an insidious one. It is time for Canada to tackle it.

We propose to do so, in part, with a new innovation and investment agency—drawing on international best practices from around the world—that will give companies all over the country and across our economy the tools and incentives they need to create and invent, and to take risks and to grow.

We will encourage small Canadian companies to get bigger.

We will help Canadians and Canadian companies to develop new IP—and to turn these new ideas into new businesses and new jobs.

These three pillars, Mr. Speaker—investing in people, investing in the green transition, and investing in innovation and productivity—will create jobs and prosperity today, and build a stronger economic future for our children.

They will make life more affordable, and they will ensure Canada continues to be the best place in the world to live, work, and raise a family.

From the first day we started working on this Budget, this growth agenda was always going to be our focus.

And then, Vladimir Putin invaded Ukraine.

On that dark morning of February 24—a day of infamy—we woke up to a world utterly transformed.

When Putin opened fire on the people of Ukraine, he also turned his guns on the unprecedented era of prosperity that the world's democracies had worked so diligently to build over more than 76 years.

Our rules-based international order—born from the ashes of the Second World War—today confronts the greatest threat since its inception.

And so our response has been swift and strong. Canada and our allies have imposed the toughest sanctions ever inflicted on a major economy. Russia has become an economic pariah.

But the mutilated people of Bucha, shot with their hands tied behind their backs, have shown us that this is not enough.

Putin and his henchmen are war criminals. The world's democracies—including our own—can be safe only once the Russian tyrant and his armies are entirely vanquished.

And that is what we are counting on the brave people of Ukraine to do.

Because they are fighting our fight—a fight for democracy—it is in our urgent national interest to ensure that they have the missiles and the money they need to win.

And that is what this Budget helps to provide.

Russia's invasion of Ukraine has also reminded us that our own peaceful democracy—like all the democracies of the world—depends ultimately on the defence of hard power. The world's dictators should never mistake our civility for pacifism. We know that freedom does not come for free, and that peace is guaranteed only by our readiness to fight for it.

That is why we are making an immediate, additional investment in our armed forces, and propose a swift defence policy review to equip Canada for a world that has become more dangerous.

This Budget will help provide the fiscal and the physical firepower we need to meet any threat that may rise to confront us.

And security includes energy security, which Canada must work to ensure for ourselves and our democratic partners.

The convoys of Russian tanks rolling across Ukraine did not change the fundamental goal of this Budget, Mr. Speaker.

But Putin's attack on Ukraine, and that country's remarkable and valiant resistance, has reinforced our government's deepest conviction—a line that runs through everything in this Budget, and in each of the Budgets that have preceded it: That the strength of a country does not come solely from the vastness of the reserves of its central bank, or from the size of the force in its garrisons.

Those do matter, to be sure. But they matter less than democracy itself.

They can be defeated—they are being defeated—by a people who are united and free.

Because it is the people who are every country's real source of strength.

That is true in Ukraine, and it is true in Canada.

So let me explain what we need if we are to build a strong country here at home:

We need housing that is affordable for everyone, and investments that ensure an entire generation is not priced out of owning a home.

We need to fight climate change so that we can leave our children with a livable planet.

We need to face up to the sins of our past, and ensure that Indigenous peoples in this country are able to live dignified and prosperous lives.

We need a health care system that allows people to see a doctor or a dentist, and to get mental health care, too.

We need a society that is truly equal for everyone, because the colour of your skin, or who you love, or where you were born should not dictate whether you get to share in the opportunities that Canada provides.

We need a robust tax system that ensures everyone pays their fair share.

And we need an economy that allows businesses to grow and create good middle class jobs, where everyone can earn a decent living for an honest day's work.

The brave people of Ukraine have shaken the world's older democracies out of our 21st century malaise. They have reminded us that the strength of a country comes from the strength of its people.

And they have reminded us that there should be no greater priority for everyone in this House than to build a country that we would all be willing to fight for.

That is what we have worked to do these last seven years. And that is what we will continue to do today.

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