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A TACTIX Commentary

The COVID-19 Speech from the Throne: A Near-Run Thing?

Following his defeat of Napoleon's Grande Armée at Waterloo in 1815, the victorious Duke of Wellington is said to have exclaimed that the bloody battle was "...a damned near-run thing." The outcome was uncertain, wavering back and forth throughout the day.

Perhaps the same could be said for a Speech from the Throne (SFT) delivered in a minority Parliament. The continued existence of the government of the day hangs in the balance until the vote of confidence in the government's direction and goals set out in the SFT is taken in the House of Commons.

Will Prime Minister Justin Trudeau's Liberal government, like Napoleon, meet its Waterloo and be defeated in a vote of non-confidence on its September 23 Throne Speech? For the reasons we explore below, it is highly doubtful.

SPEECHES BY THE NUMBERS

2015 Throne Speech – 1673 words

Most used policy words:

Work – 11
 Economy – 7
 Economic – 7
 Support – 6
 World – 6
 Trust – 6
 Public – 6
 Open – 6

Economy World Public
Work Trust Open
 Economic Support

2019 Throne Speech – 3348 words*

Most used policy words:

People – 30
 Work – 27
 Indigenous – 19
 Continue – 19
 Communities – 15
 Nations – 14
 Help – 12
 Better – 12

Work Communities
 Continue
People Better Help
 Indigenous Nations

2020 Throne Speech – 6783 words

Most used policy words:

Work – 45
 People – 43
 Support – 37
 Investments – 29
 Pandemic – 28
 Jobs – 27
 Communities – 27
 Continue – 25

Support Jobs
Work Communities Investments
 Pandemic People
 Continue

*about 500 of which written by Governor General Julie Payette, not the Government

In Search of a Poison Pill

The Prime Minister has stated repeatedly that he is not interested in triggering a general election with his government's STF. For their part, opposition leaders do not appear overly eager to go the polls this fall either, amidst what appears to be a second wave of the virus, and in light of pending provincial elections in Saskatchewan and British Columbia. This

that is required to ensure the government lives on to fight another day.

Despite their traditional need to fulfil their role in opposition to the government and vote against the SFT, newly installed Conservative leader, the Hon. Erin O'Toole, and Bloc Quebecois leader Yves-Francois Blanchet, both of whom have tested positive in recent days for COVID-19, would, in truth, also prefer to avoid an election this fall.

We examined the SFT closely to see if the PM, despite his public assertions to the contrary, nevertheless included a measure or two – a political poison pill – that would be sure to upset all of the opposition parties sufficiently to ensure they could not vote in favour of passing the Speech.

The key partner the government is looking to for support, the NDP, should not find anything in the Speech from the Throne for which they could not hold their nose and vote in favour. Measures such as: increased child care spending; extending the Canada Emergency Wage Subsidy through next summer; reiterating a commitment for national Pharmacare; taxing extreme wealth inequality; limiting the stock option deduction for wealthy individuals; addressing systemic inequalities in the justice system; bringing forward a plan to exceed Canada's 2030 climate goals; and addressing corporate tax avoidance for digital giants, are all designed to obtain NDP support. These promises may not go as far as the NDP would want, but they make it extremely difficult for them to vote against.

Instead of planting a political poison pill in the SFT, the Prime Minister dared NDP leader Jagmeet Singh to vote against his plan. Mr. Singh will be hard-pressed to do so.

The Pivot

In the days and weeks following the prorogation of Parliament on August 18th, the Prime Minister and several of his cabinet Ministers described the challenge of dealing with a global pandemic as an “unprecedented opportunity” for “bold new solutions” to “build back better”, making Canada greener, healthier, competitive, welcoming and fair. Visions of a bottomless pit of dollars disguised as sugar plums danced in their heads, while the

In the days leading up to the SFT, however, the PM was speaking as if he had taken a cold shower or, more likely, been paying attention to internal public opinion polling. His statements became more reflective of the reality that Canadians are feeling high anxiety over the impact of COVID-19 on their personal health, jobs, businesses small and large, and on the healthy restoration of Canada's economy. They are less interested in a government that would leverage a global pandemic into boldly remaking the country.

Although the SFT includes three references to "build back better" and two to "building back better", "bold" appears only once. Despite early indications of a Throne Speech centring on a 'green agenda', the focus is clearly on addressing Canadians' near-term anxiety about the global pandemic. For this, most Canadians will be grateful.

So, What Does This Mean for Me?

By design, Throne Speeches are not laden with details about the government's priorities and objectives. Broad signals are sent, with details to follow in legislation, regulations and policy announcements.

The following is our initial assessment of the signals sent out by the government, and how the SFT might affect our clients in a number of key business sectors.

Agriculture and Rural Communities

- Recognize farmers, foresters, and ranchers as key partners in the fight against climate change, supporting their efforts to reduce emissions and build resilience.
- Address food insecurity and strengthening local food supply chains in Canada.
- Expand the Canada Emergency Business Account to help businesses with fixed costs.
- Stay the course on the carbon tax.
- Support and protect the Canadian and migrant workers who produce, harvest, and process our food.

- Ensure that those in supply-managed sectors receive full and fair compensation for recent trade agreements.
- Commit to ensuring access to a family doctor or primary health team “including in rural and remote areas.”
- Accelerate the connectivity timelines and ambitions for the Universal Broadband Fund to guarantee access to high-speed internet.

Defence, Aerospace, Security, and Procurement

- No mention was made to *Strong, Secure, Engaged*, defence issues, or related defence procurements.
- Support regional routes for airlines.
- Increase diversity on procurement.

Environment, Climate Change, and Energy

- Ban harmful single-use plastics next year and see to it that more plastic is recycled.
- Modernize the Canada Environmental Protection Act.
- Legislate Canada’s goal of net-zero emissions by 2050.
- Make zero-emissions vehicles more affordable and invest in charging stations.
- Support investments in renewable energy and next-generation clean energy and technology solutions.
- Establish a new Clean Power Fund.

Infrastructure; Manufacturing

- Build zero-emissions vehicles and batteries.
- Cut the corporate tax rate in half for companies making zero-emissions products, and launch a new fund to attract investments in making zero-emissions products.
- Support manufacturing to transform to meet a net-zero future.
- Invest over the next two years in all types of infrastructure, including public transit, energy-efficient retrofits, clean energy, rural broadband, and affordable housing, particularly for Indigenous Peoples and northern communities.
- Build more resilient water infrastructure.

Indigenous Communities

distinctions-based mental health and wellness strategy.

- Accelerate work on the National Action Plan in response to the National Inquiry into Missing and Murdered Indigenous Women and Girls' Calls for Justice, as well as implementing of the Truth and Reconciliation Commission's Calls to Action.
- Continue to close the infrastructure gap in Indigenous communities, working on a distinctions-basis with First Nations, Inuit, and the Métis Nation to accelerate the government's 10-year commitment.
- Support additional capacity-building for First Nations, Inuit, and the Métis Nation.

Anchors Aweigh!

Canada's business community has been rightfully concerned about the federal Liberals' discarding of their long-held fiscal anchor of gradually reducing the debt-to-GDP ratio. This ratio has skyrocketed in the wake of COVID-19. It is broadly accepted that the massive government spending undertaken over the past six months was an essential, immediate response to the global pandemic. Having said that, there is, nevertheless, a desire for the government to establish a new fiscal anchor, setting a notional ceiling on public spending, deficits and debt.

Grizzled veterans of Ottawa's political and policy bubble have urged the government to establish a new fiscal anchor to guide its policy initiatives and spending plans going forward:

- The Hon. John Manley, a former Liberal Minister of Finance and Deputy Prime Minister, in his role as co-chair of the C.D. Howe Institute's Fiscal and Tax Working Group, recommended that the government either restore the debt-to-GDP ratio or put program spending targets in place as a new fiscal anchor.
- David Dodge, former Deputy Minister of Finance and Governor of the Bank of Canada, suggested in a recent *Globe & Mail* article that the government set a 10 per cent debt servicing target as its new fiscal anchor, in aid of ensuring that Canada's growth rate remains higher than interest rates.

agencies, and Canadian citizens that there is a plan in place to anchor fiscal policy in the months and years ahead. Instead of a concrete fiscal anchor, the government pointed to being “guided by values of sustainability and prudence” and “maintaining a commitment to fiscal sustainability and economic growth” as a way to “preserve Canada’s fiscal advantage.”

DID YOU KNOW THAT

- This STF is the 150th in Canadian history?

- The average number of words in the first 10 Throne Speeches was 854?

- This Throne Speech numbers almost 7,000 words?

- Immediately following the STF, the Senate follows tradition by introducing Bill S-1, an Act relating to railways? This Bill, which is never intended to be passed, is designed to reinforce the independence of the Senate from the Crown.

In Summary

It is highly doubtful that the Trudeau government will meet its Waterloo when a vote is taken in the House on the Speech from the Throne. While the Conservatives and Bloc Quebecois will pursue a vote of non-confidence in the government, they will do so with the reasonable belief that the NDP will find enough reasons to support the STF.

The SFT is only the first shoe to drop in the government’s agenda this fall. The second shoe will be the update to its COVID-19 Economic Response Plan. Newly-installed Minister of Finance, the Hon. Chrystia Freeland, will be front and centre as she places her stamp firmly on the Finance portfolio, outlining the government’s economic and fiscal condition, offer new fiscal projections, and put meat on the SFT bones by setting out new measures needed to implement the spending required to meet the Throne Speech commitments.

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