

Communicating Policy in a Crisis:

LESSONS FOR ONTARIO POLICYMAKERS¹

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Issue Statement

The economic impact of the COVID-19 pandemic has required Canadian governments, including Ontario's, to react quickly with new programs and policies.

Both the federal and provincial governments have designed a wide array of economic emergency programs to help people, businesses, and non-profit organizations weather the financial impacts of the COVID-19 crisis. But while the speed and creativity of these responses have generally been impressive, these efforts are being undermined by the way they have been communicated. The communications-related uncertainty around these programs harms their effectiveness and contributes to business closures and the exit of parents (especially women) from the workforce. This reflects a key point: communications is not tangential to public policy; it is crucial to public policy implementation, especially in a crisis.

There are three main components to the government response to the pandemic: the response within the healthcare system, the public health emergency measures, and the economic and fiscal rescue packages. While many have focused on the strengths and weaknesses of public health communications during this crisis, this analysis is focused on how governments have communicated their relief packages for people, businesses, and institutions. It finds that delayed and vague messages have undermined the effectiveness of those rescue efforts and exacerbated economic pain.

The traditional approach to government communications is inadequate for this crisis. As the Ontario government navigates the second wave of COVID-19 and adapts policy responses for the ongoing crisis and recovery, it must focus

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on building greater confidence and clarity for businesses and residents. Overcoming uncertainty will depend on a change in the way government communicates about economic policy; for example more regular and transparent communication, sharing scenario analysis and contingency plans, and outlining trigger points for changes in policy direction. This change in course is necessary for an effective response that protects businesses and households from economic scarring.

Decision Context

Communications in a crisis cannot be an afterthought — clear, timely, and transparent communications is a core part of the response itself. Even with a much more significant role for government in backstopping and directing economic activity than in normal times, our successes and failures in this crisis still depend on choices made by Ontarians. And that means that the podium is probably the most important tool in governments’ response.

Communications is often dismissed as political sales, with ribbon cuttings and press conferences for politicians to take credit for spending public money. But communication itself is core to the effectiveness of policy, from agenda setting through to implementation. It matters to inform, motivate, and listen to the people affected by the policy.

A 2019 review of government economic communications by the International Monetary Fund highlighted the importance of communications to public policy outcomes.² As the author (along with the IMF’s communications director) explains:

“Communications are increasingly seen as a policy tool in itself. To be sure, communications can never be a substitute for good policies. But economic reforms are more likely to fail or even be reversed unless they are understood, believed, and accepted by those whom they affect.”³

This perspective is reflected in a range of other research about public policy and administration. For example, a 2011 report published by the UK-based think-tank, Chatham House, on the role of public communications in defence and national security policy, highlighted “the role and potential of strategic communications as a means of delivering policy.”⁴ And Canadian public administration researcher Michael Howlett has also pointed to the different ways that communication serves as a critical policy tool.⁵

² Olga Stankova, *Frontiers of Economic Policy Communications*, International Monetary Fund, 2019. <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2019/05/20/Frontiers-of-Economic-Policy-Communications-46816>.

³ Gerry Rice and Olga Stankova, “Communications as a policy tool,” International Monetary Fund, May 22, 2019. <https://blogs.imf.org/2019/05/22/communications-as-a-policy-tool/>.

⁴ Paul Cornish, Julian Lindley-French and Claire Yorke, *Strategic Communications and National Strategy*, Chatham House, September 2011. <https://www.chathamhouse.org/sites/default/files/r0911es%E2%80%93stratcomms.pdf>.

⁵ Michael Howlett, “Government Communication as a Policy Tool: A Framework for Analysis,” *The Canadian Political Science Review*, vol. 3, 2009.

The key takeaways from this research are confirmed by the experience of this crisis: government communications must be viewed as a crucial component of policy design and implementation.

This is even heightened in a crisis. The importance of effective communications has been clear in the public health response to the crisis. Strong communicators have built public trust and helped people make informed decisions. They helped build a working understanding of asymptomatic transmission, aerosols, and testing sensitivity. British Columbia’s Chief Medical Officer Bonnie Henry’s accessible and direct communication has inspired no less than five musical tributes.⁶ The regular presence of government briefings in people’s information diet in 2020 reflects the importance of reliable, understandable guidance.

On the other hand, ineffective communication on public health has undoubtedly played a role in exacerbating the pandemic.⁷ Protracted confusion about mask wearing delayed widespread adoption and invariably led to a higher number of cases in the first wave. Here in Ontario, confusion over the role of “social circles”, mixed messages on testing protocols in schools and the relative safety of different behaviours have likely contributed to both “pandemic fatigue” and virus spread.⁸

But even while messages have conflicted at times within and across different orders of government, and even where efforts have fallen short, there is no question that regular and direct communication with the public has been a clear priority of the public health response.

The same cannot be said about the economic crisis response. In this case, both the Ontario and federal governments have resorted to more traditional messaging calendars and controlled “roll-outs” — communicating in talking points delivered

⁶ A Nanaimo barbershop quartet <https://www.nanaimobulletin.com/entertainment/nanaimo-barbershop-quartet-records-musical-tribute-to-dr-bonnie-henry/>; a White Rock band <https://www.peacearchnews.com/entertainment/white-rock-band-releases-tribute-tune-for-dr-bonnie-henry/>; a fiddle-infused folk tune written by an Order of Canada recipient <https://www.victoriabuzz.com/2020/04/local-jazz-musician-writes-the-ballad-of-bonnie-henry-in-tribute-to-b-c-s-top-doctor/>; a cover of a Hamilton! song <https://vancouversun.com/news/local-news/covid-19-vancouver-women-post-musical-tribute-to-dr-bonnie-henry/>; and a Beach Boys-inspired version from local healthcare workers <https://medicalstaff.islandhealth.ca/news-events/musical-tribute-dr-bonnie-henry>

⁷ Do Kyun David Kim and Gary L. Kreps, “An Analysis of Government Communication in the United States During the COVID-19 Pandemic: Recommendations for Effective Government Health Risk Communication,” *World Medical and Health Policy*, 2020, <https://doi.org/10.1002/wmh3.363>.

⁸ Andre Picard, “With Winter Coming and the Virus Spreading, a Feeling of Dread Is Setting In,” *The Globe and Mail*, October 5, 2020, <https://www.theglobeandmail.com/opinion/article-with-winter-coming-and-the-virus-spreading-a-feeling-of-dread-is/>; Liam Casey, “Mixed Messaging on COVID-19 Pandemic Is Leading to Distrust in Ontario, Experts Say,” *The Globe and Mail*, October 6, 2020, <https://www.theglobeandmail.com/canada/article-mixed-messaging-on-covid-19-pandemic-is-leading-to-distrust-in-ontario-2/>.

when governments are ready. That typical pattern includes an early but very general signal of policy direction — in this case a promise that “help is on the way” — followed by deflection of questions until government is ready for a more traditional political announcement with a podium, and even more significant outreach when the program is already live.

There is good reason for this pattern in normal times. It makes sense to take some time to get details right before announcing them, and governments also have a responsibility to respect parliamentary privilege for legislatures to weigh in where appropriate.

But, in normal times, most of the businesses and workers in the economy do not hinge their decision to stay open or to continue to work on a public policy decision.

We are not in normal times. Businesses and families are being forced to choose between the least bad of the options in front of them, based on the information available. As of early summer — when conditions were improving — one-third of businesses reported that they would have to reduce operations or look at closure or bankruptcy within a year at their current revenue levels.⁹ In businesses that cannot “pivot to online,” like restaurants, tourism, and personal services, the situation is more urgent. Even before the arrival of the second wave and closure of indoor dining in Ontario hotspots, 60 per cent of restaurants reported that they were at risk of closing in three months without aid.¹⁰

In this context, businesses cannot just wait to find out what kind of relief is available. Details matter, and the shape, size, and eligibility of those relief packages will shape decisions going forward. Smaller businesses, in particular, have burned through their cash reserves and exhausted lines of credit. Business owners are often forced to personally guarantee their leases, which means they could stand to not only lose their business but their homes if things go wrong.

The realities of operating a business, especially in the face of these risks, require some measure of clarity for advance planning. Businesses cannot easily turn operations on and off like a switch — supply chains and workforces depend on

⁹ Canadian Chamber of Commerce, “Highlights from Canadian Survey on Business Conditions,” August 6, 2020, <https://www.canadianbusinessresiliencenetwork.ca/resources/data-and-research/>.

¹⁰ Leslie Wu, “60 Percent Of Canadian Restaurants Could Close In The Next Three Months Due To COVID-19, Says Industry Group,” *Forbes*, August 31, 2020, <https://www.forbes.com/sites/lesliewu/2020/08/31/60-percent-of-canadian-restaurants-could-close-in-the-next-three-months-due-to-covid-19-says-industry-group/#a233bc728a2f>.

some advance notice. Businesses at risk are more likely to shut down while government is making up their minds, meaning that rent relief or wage subsidies offered retroactively are more likely to subsidize those who need it less urgently.

Parents too have been forced to make decisions about working while waiting for information to come from the provincial government and local school boards. The late confirmation of details for school re-opening plans (combined with the changing pandemic conditions) robbed parents of the runway to make choices for their families. Without clarity and confidence that there would be schools and childcare centres open in a safe and reliable fashion, many parents needed to make arrangements that would let them (and their children) stay home, pulling away from their jobs or businesses. The potential for protracted school closures in the second wave is repeating this cycle.

Some of the challenge of these delays is about the impossibility of making good decisions more quickly. These are complex challenges in new contexts, and the humans involved in designing the policies are also living through a pandemic. They are concerned for their families and are often juggling homeschooling and work themselves. But those delays have been amplified significantly by communication failures. In trying to tightly control their messaging, governments have in fact undermined the effectiveness of their own response.

This is not a question of “Monday morning quarterbacking” or trying to take lessons for the next crisis. Getting the economic crisis communications right is at least as important now as in the first wave of COVID-19. Even if the second wave of the virus is brought swiftly under control, economist Frances Donald has warned of an *economic* second wave that could be driven by uncertainty and the withdrawal of government support before a vaccine is in place.¹¹ For businesses and families that have already depleted their financial and mental reserves in the last seven months, clear and direct communication will be even more important in the months ahead.

¹¹ Frances Donald, “The Three Stages of Recovery,” Manulife Commentary, July 24, 2020, <https://www.manulifeim.com/retail/ca/en/viewpoints/asset-allocation/three-stages-global-economic-recovery>.

Decision Considerations

Economic response packages have come on timelines that suit governments, without regard for how businesses operate. While the idea that economic policymakers cannot understand the economy if they have never “made payroll” is overblown, the COVID-19 response would have benefitted from some grounding in how things work in practice, rather than textbooks.

Businesses need lead time for policy to shape their investment decisions. But relief packages and closure orders have generally been communicated with little to no notice period and mere weeks of “runway” until the next cliff of uncertainty. The cost of that fog is to push more businesses into hibernation or closure and more parents out of the workforce. The cost of greater uncertainty will be greater pain in the short-term and the long-term.

We know that this economic pain will not be equally distributed. We know, for instance, that the impact of the pandemic has been borne disproportionately by racialized and low-income communities. Through mid-September, 82 per cent of Toronto’s COVID-19 cases came from racialized communities (compared to 52 per cent of the population).¹² Lower-income workers are less likely to be able to work from home to reduce their exposure.¹³

The uneven impact also extends to the question of who bears the burden of economic policy uncertainty. That volatility is hitting small businesses harder than large ones, women worse than men, and younger workers more deeply than mid-career workers.

- Large business will be better positioned to weather the storm, with better ability to shift their businesses online or to rely on finance departments to provide forecasts and navigate the complicated details of government aid programs. Complexity of government programs is a much taller hurdle for a restaurant owner managing their own books while trying to pivot to takeout business. Large businesses also generally have greater access to financing to bridge the delay between the impact on their business and the arrival of relief. Combined,

¹² City of Toronto, “COVID-19 by Ethno-Racial Identity and Income by Proportionsn Toronto – City of Toronto,” 2020, <https://www.toronto.ca/home/covid-19/covid-19-latest-city-of-toronto-news/covid-19-status-of-cases-in-toronto/>.

¹³ Derek Messacar, Rene Morisette, and Zechuan Deng, “Inequality in the Feasibility of Working from Home during and after COVID-19,” Statistics Canada, June 8, 2020, <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00029-eng.htm>.

these factors give larger businesses more runway to stay open while waiting for clarity, while small businesses may be forced to shutter to stem their losses.

- The initial shutdowns in the spring hit women harder than men. Female full-time employment dropped by 834,400 between January and April; from 6.8 million to 5.9 million.¹⁴ Female labour force participation hit the lowest levels in 35 years, driven by a combination of economic job loss in women-led sectors and disproportionate share of childcare responsibilities as schools and childcare centres closed.¹⁵ Immigrant women have seen even sharper job losses.¹⁶ The uncertainty around back to school plans has continued to push women out of the workforce this fall, and employment recovery has been weakest for single mothers and weaker for mothers with young children than for fathers or for women without kids.¹⁷
- Young people have been hurt disproportionately by COVID-19 job losses. They are more likely to work in in-person services and are more likely to have precarious employment situations where they are first to be let go. The youth employment rate dropped from 58 per cent to 38 per cent between February and April 2020 and the number of youth not in education, employment or training doubled during that time.¹⁸ Beyond the impact on their education, uncertainty caused many summer jobs to evaporate. Post-secondary students headed into the academic year with little clarity about whether school would continue online or in person.

Much of this uncertainty is a product of a new virus and an unfamiliar pandemic that looks different than anything in living memory. But some of this uncertainty was created or exacerbated by policy decisions and the way they have been communicated. The roll-out of wage subsidies, commercial rent assistance, and school re-opening provide three examples of how these communication breakdowns have increased the cost of the pandemic.

¹⁴ Statistics Canada, Labour Force Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months <https://www150.statcan.gc.ca/tl/tbl1/en/tv.action?pid=1410028701>

¹⁵ Royal Bank of Canada, “Pandemic Threatens Decades of Women’s Labour Force Gains”, July 16, 2020, <https://thoughtleadership.rbc.com/pandemic-threatens-decades-of-womens-labour-force-gains/>

¹⁶ Ana Ferrer and Bessma Momani, “The Startling Impact of COVID-19 on Immigrant Women in the Workforce,” *Policy Options*, October 21, 2020, <https://policyoptions.irpp.org/magazines/october-2020/the-startling-impact-of-covid-19-on-immigrant-women-in-the-workforce/>.

¹⁷ Analysis of Labour Force Survey Data by Mikal Skuterud <https://twitter.com/mikalskuterud/status/1316020885891944448>; and by Stephanie Lluís <https://twitter.com/StephanieLluis/status/1313594314304434178?s=20>.

¹⁸ Sylvie Brunet, “Impact of the COVID-19 Pandemic on the NEET (Not in Employment, Education or Training) Indicator,” Statistics Canada, March and April 2020,” September 24, 2020, <https://www150.statcan.gc.ca/n1/pub/81-599-x/81-599-x2020001-eng.htm>.

Case Studies in Confusion

Making payroll: stumbles in emergency wage subsidies

Wage subsidies have been a core of the federal government’s emergency response package since the beginning of the pandemic. The initial decision-making was swift: a 10 per cent small business wage subsidy was announced on March 18th and the much more substantial 75 per cent Canada Emergency Wage Subsidy (CEWS) was announced on March 27th.¹⁹ The wage subsidy was intended as a cornerstone of the government’s economic response, hoping to keep workers connected with their employers to avoid the heavy cost of long-term unemployment. But this swift response was undermined by uncertainty and delays in communication, especially around program timelines.

When first announced, the federal government expected the CEWS to cost \$73 billion over 3 months — three times the size of the Canada Emergency Response Benefit.²⁰ But by October 2020, a program with extended eligibility was projected to cost \$5 billion less in total over 9 months.²¹ This is not, unfortunately, a story of an unexpectedly strong economic recovery.

Initial delays between when the program was announced and when details and applications were actually available led to poor take-up. While massive companies like Air Canada²² were in a position to re-hire laid-off workers right away, smaller businesses were more likely to lay off workers to collect the Canada Emergency Response Benefit instead while those businesses waited for details. By the time the applications were opened, there were only a few weeks left before the program was set to end on June 6th — hardly a strong incentive to rehire and then re-lay-off staff.

¹⁹ Victoria Gibson, “Federal Wage Subsidy for Small Businesses to Increase to 75 per Cent: Trudeau,” *IPolitics*, March 27, 2020, <https://ipolitics.ca/2020/03/27/federal-wage-subsidy-for-small-businesses-to-increase-to-75-per-cent-trudeau/>.

²⁰ Department of Finance Canada, “Additional Details on the Canada Emergency Wage Subsidy,” April 8, 2020, <https://www.canada.ca/en/department-finance/news/2020/04/additional-details-on-the-canada-emergency-wage-subsidy.html>.

²¹ Department of Finance Canada, “Extending the Canada Emergency Wage Subsidy,” October 14, 2020, <https://www.canada.ca/en/department-finance/news/2020/10/extending-the-canada-emergency-wage-subsidy.html>.

²² Pete Evans, “Air Canada to Rehire 16,500 Laid-off Workers with Help of Federal Government’s Wage Subsidy,” *CBC News*, April 8, 2020, <https://www.cbc.ca/news/business/air-canada-hiring-wage-subsidy-1.5525926>.

These delays between commitment and details have been repeated since. The details of a mid-May extension through August were not released until mid-July. A subsequent extension through June 2021 promised in the September Speech from the Throne was clearly intended to provide more long-term certainty. But details about how the first twelve weeks of that extension (covering September 27th through December 19th) were not released until November 5th.²³ Even businesses reacting rapidly to this new information have barely a few weeks of clear runway to make decisions on that basis.

The further we get into the pandemic-induced recession, the more the uncertainty will matter. Instead of building confidence that relief will be responsive, businesses have been forced to bear the cost of that uncertainty. With reserves spent and credit lines maxed, each delay makes it more likely that the support will not reach small businesses and those that need it most. Businesses owned by women, Indigenous people, people with disabilities, and members of racialized communities have seen sharper drops in revenue and, on average, have less ability to survive public health limits on their business without support.²⁴ For the CEWS to work as it should, it needs to be communicated clearly and proactively.

Past due: uncertainty in commercial rent assistance

The rollout of commercial rent assistance support for small business is a similar story. This part of the economic rescue package was intended to help main street businesses survive the effects of forced closures. Calls for rent relief were among the early and most urgent calls from the small business community as a necessary condition for the survival of small businesses and the health of local economies.²⁵ Federal and provincial governments announced the Canada Emergency Commercial Rent Assistance (CECRA) program on April 24th.²⁶ Like with the wage subsidy, the communication challenges that followed factored significantly into disappointing results.

²³ Department of Finance Canada, “Details on the Canada Emergency Wage Subsidy Extension,” November 5, 2020, <https://www.canada.ca/en/departement-finance/news/2020/11/details-on-the-canada-emergency-wage-subsidy-extension.html>

²⁴ Marco Vigliotti, “StatsCan Survey Shows Uneven Impact of COVID-19 on Canadian Businesses,” *IPolitics*, May 6, 2020, <https://ipolitics.ca/2020/05/06/statscan-survey-shows-uneven-impact-of-covid-19-on-canadian-businesses/>.

²⁵ See brief by Save Small Business Coalition and Toronto Association of Business Improvement Areas, April 9, 2020, available <https://drive.google.com/file/d/1VD7G319wHOMD487N-KqukRfgz1cw4gS2/view>

²⁶ Government of Canada, “Prime Minister Announces Partnerships with Provinces and Territories to Deliver the Canada Emergency Commercial Rent Assistance for Small Businesses,” April 24, 2020, <https://pm.gc.ca/en/news/news-releases/2020/04/24/prime-minister-announces-partnerships-provinces-and-territories>.

Part of the communication challenge with CECRA was simply confusion about how the program worked and who was responsible.²⁷ Initial backgrounders made it unclear just which landlords and which costs were eligible, and as governments, landlords and tenants pointed fingers at each other, businesses failed.²⁸

The other main challenge of CECRA communications breakdowns mirrors the shortfall with CEWS. The tentative extensions of the program ignored the reality that businesses need lead-time to make decisions (and pay rent). The extension to July was not announced until the last day of June, and the same thing happened the next month.²⁹ A September extension was not announced until the 8th of the month — a week after rent was due.³⁰

As the second wave of the pandemic arrived in Ontario and Quebec, and the temperatures dropped making outdoor patios and other temporary solutions unworkable, this story was repeated once again. While the federal government committed on September 8th to a new program to support small businesses with rent and other fixed costs, the program details and eligibility were not shared until November 5th (after two more months' rent had come due).³¹

With the risk of losses piling up and business and personal bankruptcy looming, businesses need greater clarity about how the new rent support program is going to work to stabilize the economy. Restaurants considering investment in heated patios and other measures need clarity on what kind of support will be available in different scenarios.

The new program includes an automatic top-up if a business is temporarily shut down by public health authorities, which is helpful to provide confidence. However, without clarity on who will qualify, how, and for how long, and given the frustration from all sides with CECRA, the sporadic revelation of details is likely to undermine the new program just as it did the previous one.

²⁷ CBC News, “Rent-Relief Program Confusing — and Too Risky for Landlords, Broker Says,” May 25, 2020, <https://www.cbc.ca/news/canada/edmonton/commercial-rent-relief-program-too-confusing-and-risky-1.5583670>.

²⁸ Nick Taylor-Vaisey, “Rent Relief: What Went Wrong with Ottawa’s Small Business Rescue Plan,” *Maclean’s*, May 19, 2020, <https://www.macleans.ca/politics/ottawa/the-long-wait-for-rent-relief-and-what-went-wrong-with-ottawas-small-business-rescue-plan/>.

²⁹ Erin Millar, Jon Shell, and Ben Coli, “Four Ways Canadian Governments Can Help Small Business Survive COVID-19’s Second Wave,” *Medium*, September 14, 2020, <https://medium.com/@jonshell/four-ways-canadian-governments-can-help-small-business-survive-covid-19s-second-wave-216bdfc85259>.

³⁰ Millar, Shell, and Coli.

³¹ Department of Finance, “Government Announces Extension of Rent Relief for Small Businesses,” September 8, 2020, <https://www.canada.ca/en/departement-finance/news/2020/09/government-announces-extension-of-rent-relief-for-small-businesses.html>; Department of Finance, “Canada Emergency Rent Subsidy - Backgrounder,” November 5, 2020, <https://www.canada.ca/en/departement-finance/news/2020/11/canada-emergency-rent-subsidy.html>

Parents stuck in suspension

Uncertainty exacerbated by communications failures is not limited to the federal government or to businesses. The Ontario government’s approach to the re-opening of schools and of childcare centres pushed the burden of uncertainty onto schools, school boards and childcare centres – and ultimately onto families. Beyond the substantive limitations of plans to safely re-open schools and childcare centres, the persistent uncertainty has driven more parents out of the workforce to care for their children and assist with home schooling.

In June, Ontario’s Education Minister Stephen Lecce asked school boards to prepare for three different scenarios of return to school, depending on the state of the pandemic by the time school was to start.³² This was a good example of proactive communication by the government regarding how the response might vary depending on public health conditions. But by the time “back to school” ads were airing, parents had little clarity about what return to school would look like.

In late July, the government pre-empted their own deadline for school boards’ plans with a back to school plan of their own.³³ School boards in turn pressed parents to make decisions between in-person and virtual learning before they had a clear picture how either would work. Without clarity on contingency planning should cases rise, many families opted for online learning. With approximately one-in-three GTA elementary school students starting the year virtually, this meant that parents had to find ways to stay home to support their children.³⁴

It is mothers with younger children who are being pushed out of the labour market. Tammy Schirle and Mikal Skuterud found that mothers with young children had recovered 36 per cent of their lost work hours by June, while mothers with grown children had recovered at more than twice that rate.³⁵ As cases have risen and more families are shifting to virtual school — or simply juggling bouts of isolation due to symptoms or exposures — the employment gap between mothers of young kids and everyone else should be expected to grow.

³² Government of Ontario, “Ontario Prepares for the Safe Reopening of Schools,” June 19, 2020, <https://news.ontario.ca/en/release/57309/ontario-prepares-for-the-safe-reopening-of-schools>.

³³ Government of Ontario, “Ontario Releases Plan for Safe Reopening of Schools in September,” July 30, 2020, <https://news.ontario.ca/en/release/57838/ontario-releases-plan-for-safe-reopening-of-schools-in-september>.

³⁴ Nick Boisvert, “Significant Percentage of GTA Students to Begin School Year Online over COVID-19 Concerns,” *CBC News*, August 18, 2020, <https://www.cbc.ca/news/canada/toronto/gta-school-boards-online-learning-1.5690896>.

³⁵ Tammy Schirle and Mikal Skuterud, “The Moms Are Not All Right,” C.D. Howe Institute, July 15, 2020, <https://www.cdhowe.org/intelligence-memos/schirle-skuterud--moms-are-not-all-right>.

These three examples highlight the extent to which policy effectiveness is, in major ways, a function of how and when policies are communicated. Policy uncertainty is harmful in any circumstance. But in a crisis, it can have serious economic repercussions. Although Canadian governments have generally done a good job of clear and effective communications with respect to public health issues, their record on economic-oriented programs and policies is more mixed, as the cases above show.

Policy Recommendations

Overcoming these communications breakdowns in the face of very real uncertainty is not simple. But governments do not have to be perfect to do better. They just have to demonstrate the flexibility to communicate differently than they do in normal times. Local, provincial, and federal leaders in Canada have been ready to make themselves available to the public and media throughout the pandemic on a regular basis. They have been at their best when they speak directly and honestly to Canadians about what they know and what they do not about the science of the pandemic and public health responses. But this same communications approach has not extended to economic policy, where governments have generally followed traditional guarded approaches.

We know from past experience in Canada and elsewhere that policy uncertainty has real economic costs. The Federal Reserve Bank of San Francisco estimated that policy uncertainty in response to the global financial crisis (amplified in the US by political dynamics that led to government shutdowns) led to an unemployment rate 1.3 percentage points higher than it would have been.³⁶ Similarly, Moody's found that policy uncertainty reduced US GDP by \$150 billion USD and employment by 1.1 million jobs.³⁷ And, as a recent Ontario 360 paper pointed out, the pandemic has brought on the highest levels of uncertainty ever recorded.³⁸

Adapting communication practices to the realities of the pandemic can alleviate some of this uncertainty. Businesses and families do not have time to sort through hard-to-find policy backgrounders on a government website. Clear and targeted outreach can do much to ensure that economic rescue packages reach those who need them most.

The following three tactics can help ensure that the next round of economic response does not suffer the same pitfalls as the cases highlighted in this report.

³⁶ Sylvain Leduc and Zheng Liu, "Uncertainty and the Slow Labor Market Recovery," Federal Reserve Bank of San Francisco, July 22, 2013, <https://www.frbsf.org/economic-research/publications/economic-letter/2013/july/us-labor-market-uncertainty-slow-recovery/>.

³⁷ Mark Zandi, "A Budget Battle Postmortem A Budget Battle Postmortem," October 2013, <https://www.economy.com/mark-zandi/documents/2013-10-21-budget-battle-postmortem.pdf>.

³⁸ Sean Speer, Drew Fagan, and Michael Cuenco, Navigating Uncertainty in Ontario's Budget, Ontario 360, October 23, 2020, <https://on360.ca/policy-papers/navigating-uncertainty-in-ontarios-budget/>.

Outline scenarios and clear trigger points

As Ontario is in the midst of a second wave, the public is getting a first (but perhaps not last) taste of the re-opening and re-closing roller-coaster. While the re-opening of Ontario through the summer followed a staged approach tied to metrics, these were not the same metrics tied to the stepped-up public health measures with the second wave. These changes have amplified uncertainty among the population about how the government will respond to the pandemic.

Former Chair of the US Federal Reserve Paul Volcker warned governments that, in a crisis, the only asset you have is credibility.³⁹ Businesses and families need to hear what government will do when — specifics matter for business planning and family decisions about work and school.

A major shortcoming of how the wage subsidy and rent assistance program were communicated was the constant looming uncertainty about whether the program would be extended. While governments need to maintain policy flexibility, they could have reduced uncertainty significantly by clarifying how their economic policy response will vary depending on different scenarios.

Here, economic policymakers can learn from their public health colleagues. Both political leadership and Medical Officers of Health have repeatedly shared epidemiological scenario modeling with the public and explained the different pathways that the virus might take. Businesses and families need to hear greater clarity about what economic policy responses will look like under those scenarios. In some cases, it is possible to lay out clear triggers for the introduction (or withdrawal) of rescue packages: if 7-day case averages reach a certain level, or if employment is at a certain level, then wage subsidies or rent assistance will continue. These kinds of clear signals put the power back in the hands of businesses to make their own decisions.

In early November, the Government of Ontario unveiled a program that uses this type of clear trigger point. The \$300 million fund for businesses affected by public health measures is directly tied to the new colour-coded reopening framework.⁴⁰ The announcement included clarity on which businesses would be eligible and the

³⁹ DealBook, “The Legacy of Paul Volcker,” *New York Times*, December 10, 2019, <https://www.nytimes.com/2019/12/10/business/dealbook/paul-volcker-death-legacy.html>.

⁴⁰ Government of Ontario, “Ontario Releases COVID-19 Response Framework to Help Keep the Province Safe and Open,” November 3, 2020, <https://news.ontario.ca/en/release/59051/ontario-releases-covid-19-response-framework-to-help-keep-the-province-safe-and-open>

level of support they can expect.⁴¹ Though the thresholds themselves have since shifted, this type of approach helps, businesses plan with the insurance of knowing exactly the level of support they can anticipate from the province if conditions change. The “lockdown support” in the new federal commercial rent assistance program also moves in this direction. This type of clear trigger point is a useful model for other federal and provincial economic responses.

In monetary policy, central banks have increasingly embraced the importance of this kind of communication as a policy tool in its own right.⁴² “Forward guidance” is used by central bankers to signal to markets — sometimes explicitly, sometimes more cautiously — how the bank will react to different economic conditions.⁴³ This practice however, does not typically carry over to finance departments. Budgets include different forecasts about scenarios of economic growth, but little about how governments will respond to those scenarios. In normal times, being prescriptive about future decisions is likely to lead to normal responses. Given the essential role of economic rescue programs during COVID-19, businesses and residents are depending on policymakers to clear some of the fog.

This type of scenario-based communications can not only help signal to households and businesses under which circumstances new rescue programs may be implemented or existing ones may be expanded and renewed, but they can also start to lay out an evidence-based framework for when extraordinary spending may eventually be wound-down. This will be important to ensure that rescue programs are neither withdrawn too early nor too late based on political considerations but instead that these policy decisions are rooted in the evidence about the economic and public health conditions.

Target outreach about new programs to help people navigate

Governments have invested significantly in building public awareness that new supports are available for business and residents, using advertising and outreach across traditional and social media. In addition to these broadcast messages, governments should use proactive targeted outreach to specific communities and targeted partners.

⁴¹ Government of Ontario, “Businesses: Get Help with COVID-19 Costs,” Accessed November 6, 2020, <https://www.ontario.ca/page/businesses-get-help-covid-19-costs>

⁴² Olga Ilinichna Stankova, “Frontiers of Economic Policy Communications,” International Monetary Fund, May 21, 2019, <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2019/05/20/Frontiers-of-Economic-Policy-Communications-46816>.

⁴³ Stankova.

Most businesses will turn to outside advice to help them navigate programs like wage subsidies and rent assistance. By working with professional bodies like the Chartered Professional Accountants of Ontario to identify potential questions and disseminate information about the programs, governments can anticipate and proactively address potential sources of confusion. Chambers of commerce and cultural associations can also be partners in helping to ensure that information reaches members across regions and languages. Just as the Canada Revenue Agency works with trusted community partners to encourage tax filing and access to benefits among lower-income Canadians, community organizations have the credibility and the reach to succeed where government communications fall short. But they need good information from government to do so.

Other forms of active outreach can also be effective in helping connect people with policies. Text messages, letters and other direct outreach to residents can show strong results at very low cost.⁴⁴ Governments have the contact and context information to do targeted outreach to businesses that may be eligible for supports and to streamline application processes with pre-filled forms.

Show some trust in residents

Governments have a tendency when it comes to economic programs to deliver two distinct messages: a sanitized one for the public and a detailed and technical backgrounder, often hidden from public view, for those impacted directly. But to build the trust in government that is necessary for economic recovery, government needs to show more trust to residents in return.

People have learned to understand concepts like asymptomatic transmission. They have adapted their lives and their businesses, and then done it over again. While plain language is important, tiered approaches to content at different levels of technicality should provide residents the option of learning more, rather than hiding details in a different location than the main message.

As part of the public health response, experts and political leaders have regularly communicated with the public about what they are working on, what they are learning and what they are concerned about. The economic policy response has

⁴⁴ Leonard M. Lopoo, Colleen Heflin, and Joseph Boskovski, “Testing Behavioral Interventions Designed to Improve On-Time SNAP Recertification,” *Journal of Behavioral Public Administration* 3, no. 2, September 23, 2020, <https://doi.org/10.30636/jbpa.32.183>; OECD, “Improving Regulation and Outcomes through Behavioural Insights,” in *OECD Regulatory Policy Outlook 2018* (OECD, 2018), 147–62, <https://doi.org/10.1787/9789264303072-10-en>.



been more likely to feature a message of “help is on the way and we will have more to share soon.” In addition to helping replace the information vacuum, providing ongoing and regular updates about economic crisis response can help to build trust.

Conclusion

As Ontario faces the second wave of the COVID-19 pandemic, and a long winter ahead, both the federal and provincial governments have made it clear that their goal is to support businesses and families to make it through the economic downturn and limit the long-term “economic scarring” that could result.⁴⁵

The response to date has been significant both in the range of new programs and the scale of investment. But the rescue plan has been held back by the way it has been communicated and implemented, creating continued uncertainty instead of confidence.

Whether it is a small business deciding whether to close its doors and cut its losses, an employer weighing whether to re-hire staff, or parents deciding how to navigate the school year ahead, Ontarians need more clarity to make decisions. Measures like wage subsidies and commercial rent assistance are designed to provide some insurance to businesses. But these have fallen short because the specifics have come too slowly, and with short expiry dates.

Just as a crisis calls for different policy responses from government, it calls for a different approach to communication. When it comes to public health measures, for better and for worse, public officials have been in regular communication with the public, answering questions, sharing modeling and signaling potential change ahead. But that same openness has not been extended to the economic response.

There are some specific tactics available to governments to provide better economic clarity in the face of uncertainty: they can outline the economic and public health trigger points that would see supports increased, extended, or wound-down; they can use proactive outreach to ensure overburdened business owners get the details they need; and they can ditch sanitized political messaging in favour of direct communication. To reduce the economic scarring that comes from closed businesses and parents leaving the workforce, businesses and families need to know what is coming before the rent or payroll comes due.

⁴⁵ Robert Benzie, “Doug Ford’s Tories Will Table an Ontario Budget on Nov. 5,” *Toronto Star*, October 26, 2020, <https://www.thestar.com/politics/provincial/2020/10/26/doug-fords-tories-will-table-an-ontario-budget-on-nov-5.html?rf;> Department of Finance Canada, “Address by the Deputy Prime Minister and Minister of Finance to the Toronto Global Forum: Canada’s Plan for a Strong Economic Recovery from COVID-19,” October 28, 2020, <https://www.canada.ca/en/department-finance/news/2020/10/address-by-the-deputy-prime-minister-and-minister-of-finance-to-the-toronto-global-forum-canadas-plan-for-a-strong-economic-recovery-from-covid-19.html>.



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