

[00:00:00:00 - 00:00:01:19]

(Music)

[00:00:01:19 - 00:00:18:04]

Tyler

Will it be a budget on the scale of the 1995 budget where significant austerity was required? I don't think that's the kind of budget we're talking about, but it is a budget on that scale in the sense that it will represent a significant investment on the part of the government to do things that it hasn't been called upon to do absent or other crises.

[00:00:19:10 - 00:01:38:23]

Ben

Welcome to the MBP Intelligence Briefing. I'm Ben Woodfinden, Director of MBP Intelligence and Senior Advisor at Meredith, Bozenkult, and Phillips. This week, we bring you unique and exclusive insights into the ideas, policies, and events shaping Canada's political landscape. From trade and fiscal outlooks to the decisions influencing business, governance, and public life, we bring context, experience, and perspective from people who've worked inside government, policy, and politics. MBP Intelligence is not punditry. We deliver targeted, actionable insights that help you give strong advice or make quick, informed decisions. Whether you're leading an organization, shaping policy, or simply curious about how complex decisions get made, this is your exclusive MBP Intelligence Briefing. Welcome to our latest installment of the MBP Intelligence Roundtable. I'm Ben Woodfinden, the Director of MBP Intelligence, and I'm joined by our illustrious roundtable as usual. So we've got Ken Bozenkult, Talamara Dethan, Shannon Phillips here. So we're going to keep this quite narrow tonight because we think we've got some interesting stuff to discuss. The first thing I'm going to discuss, because I know people love hearing from this, is budget related topics. And you guys are going to be so sick of budget coverage by the end of this that you're going to be more informed about the budget than the government is. But we're going to do some budget stuff and we're going to do some housing stuff and then we're going to go around the table. So welcome everyone.

[00:01:40:00 - 00:02:12:17]

Ben

Let's dive right into this. So the federal budget will be tabled in less than two weeks, November 4th, which is just under two weeks from now. And we're recording this Thursday night. So full disclosure for everyone. So last night, the Prime Minister gave a speech to a room of university students framing the speech, trying to preposition for it, which is what governments generally do and what lies ahead. So what I'm going to do here is give a couple of key takeaways from the budget and then we're going to get into this. Let me just read how I'm going to start this. I'm just going to read to you people some of the headlines that came out of the speech last night.

[00:02:13:18 - 00:02:31:11]

Ben

So I'll go through these one by one. So first headline, "Carney to double non-US exports over the next decade." That's the globe of mail. "It will take sacrifices to transform economy," Mark Carney says in pre-budget address. That's the Toronto Star. "Carney says Canada should prepare for sacrifices as the outlines plan for budget." That's CBC News.

[00:02:32:13 - 00:03:08:12]

Ben

"Generational investments and sacrifices highlighted by PM Carney and national address." That's CTV. And then lastly, "Carney vows to double non-US exports," says Canada, "must play to win." That's global news. So these are, you know, there's some themes from these headlines. And I'll just hit on a couple of these quickly. So US exports and trade diversification, you know, trying to highlight the fact that we're going to try and shift trade away from the US. Clearly a big theme of the speech. Carney touted that his government is preparing to "build a stronger economy against the backdrop of a more dynamic and more competitive and more hostile world." Another kind of key takeaway.

[00:03:09:13 - 00:03:58:23]

Ben

"The coming budget will include a climate competitiveness strategy, a new immigration plan, an international talent strategy, talent attraction strategy." And then he also said, and I

think because we've had previous conversations about this, this is important. He said the government has the "fiscal capacity to act decisively," and we must draw on these strengths now. And he also, and this is a good important for policy construction, he also said the budget will support a bi-Canadian policy, particularly for Canadian steel, aluminum, lumber, manufactured goods, and technology for Canadian products. So I, you know, I could read the whole speech, but I won't do that because it will put people to sleep. But I'm going to start off with you, Tyler. You know, as someone that's been on the inside of many budgets and has insights to Carney that a few other people do, what do you think the key takeaways are here? You can tell me the key takeaways from a speech and specifically the key policy takeaways. What do these signal tonight that people should be expecting from this?

[00:03:58:23 - 00:08:19:08]

Tyler

So let's start with the decision to actually do a speech itself. I think that in and of itself is actually probably one of the most important framing devices here. Because normally you don't do a speech in advance of a budget. You want the budget itself to speak for it. So the reason to choose to do a speech in advance is because you want to frame it in a certain way because you believe that it either may be misframed or because some people may not be paying attention to it. I think we, we, we who follow these things very closely sometimes assume or over assume that there is a high level of attention on budgets. There is not. Right. And so doing a 30 minute, 7 30 p.m. address, it's not going to be watched in its entirety by the, by, by everyone in the general public, but it's going to generate lots of clips that will play into news stories throughout the next week. And so I think what he was trying to do is to start to draw the public's attention towards what is to be in his, in his words, a generationally important budget. Will it be a budget on the scale of the 1995 budget where significant austerity was required? I don't think that's the kind of budget we're talking about, but it is a budget on that scale in the sense that it will represent a significant investment on the part of the government to do things that it hasn't been called upon to do absent another crisis. The only other example where I can think of a similar illusion where there was a setup to this kind of pre budget construction was when Bill Morneau in advance of what we thought was going to be a budget in 2020 before COVID was going to hit Canada, by the way, a budget we never got to actually table because COVID came at us faster than expected was was a speech that Bill Morneau gave at the end of February of 2020. And again, that was because we were heading into what we thought would be a crisis. This is a crisis moment that required the same kind of setup. And so I just think that in of itself tells a

bit of the story. There's nothing in policy terms that was inherently really new in the speech, right? And I don't think that was the intention. I think some people have been misled in Ottawa and trying to think that this was going to be an outline of a whole raft of new measures that they wanted to start to get people to think about for this before the budget. No, not at all. Right. A lot of what was in the speech, frankly, it was it was a bit of a campaign stump speech. It was a lot of the themes that the prime minister has drawn on throughout the campaign that got him elected. Frankly, I would say that it was a better speech that he's given than a lot of the other outings that he's done in the last number of weeks or months, just because it allowed him to get back to that core message that was really, I think, successful with. In terms of the things that popped out, I think you mentioned some of the key highlights. I would argue that the announcement or a quote unquote announcement on doubling exports as a goal. That's interesting. I'm not sure that it is the thing that I would wrap a ton of policy attention around, in part because there's no guarantee that we'll be successful at actually doing it. I think that actually succeeding on that front is going to take a whole culture change on the part of Canadian business that I'm not sure we are yet primed for. And the third is Barack Obama actually made a very similar commitment in twenty twenty oh eight or twenty nine, excuse me, where, you know, he said that his goal would be to double U.S. exports within five years. The U.S. never attained that goal. And so there's a risk in setting that kind of objective that is frankly a market driven objective. And that will decide how much exports that we make and where and who we trade with. The question is how government policy can help to steer that. The other thing I would just say, lastly, and then I certainly want to hear from my colleagues, I think the thing that probably is the most significant in terms of the meat of policy that will lay the track for things we should be looking for in the actual budget document on the fourth is the commitments around by Canadian and particularly the by industrial. Because typically by Canadian up to now has meant direct input goods, particularly steel and aluminum, which we know are commodities that are currently being negotiated with the U.S. But the fact that he expanded that list to include a lot of other things, A, is interesting from a procurement perspective, but B is actually at the heart of what is really an industrial strategy. And the government actually did tentatively outline some pieces of that industrial strategy a few weeks ago. It didn't really get a lot of attention. And I think, frankly, it's going to need to be a bit of an evergreen thing as we go into these negotiations with the United States. And frankly, as we see further opportunities to find ways that we can be our best customer. I think the point that the prime minister made in the speech about the fact that, you know, in Europe, they buy and use 75 percent of the steel that they need from European producers and in Canada, it's 40 percent. So that has to change if we're going to be a successful economy going forward.

[00:08:19:08 - 00:09:15:03]

Ben

Something that jumps out to me here is Carney is clearly trying to signal, you know, he used the word I'm sure I could get a good drinking game on certain words he used, but one of the key words he used was transformational. And I think they're clearly trying to signal to Canadians here. And we can talk about in a second the audience of this actually is, but they're clearly trying to signal to Canadians that this is going to be a big budget. Right. When you use words like transformational, you know, the comms uses all sorts of words that notary me what they say. But I do think there's clearly an attempt to message here and signal to Canadians that this is going to be a big budget and it's going to signal shifts on all sorts of things. Were there things that jumped out to you guys on things that this is one, this is different from say the previous Trudeau government and also other things, things that you think, you know, people in business and business people and finance people in these kinds of world should be looking at from this budget, from the speech that signal things about the budget they should be looking for going forward.

[00:09:15:03 - 00:10:47:01]

Ken

I mean, one of the things and this may sound like a criticism, but one of the reasons we get a lot of trade with the US and a lot of things is that a lot of our markets, we're closer to the Americans than we are to each other. Like we're a vast country and the distance between Halifax and Vancouver is obviously to make a really stupid obvious point is much less in the distance between Seattle and Vancouver. And so the reason a lot of our trade goes north south is geography. And so if we're going to reorient that, it's a challenge. It's a challenge I think we should take on. It's a challenge we should do, but it's not going to be easy. It's going to, it's going to be, we're going to have to cross like the Canadian shield. There's a reason why oil and gas in Ontario comes up from the US because it's very hard to get things across Canadian shield. And so there's just some things, some geographical realities that we're going to have to take into account as we do what I think we should be doing. My other comment about the speech, and again, I'll be the old guy on the podcast, is we always used to compare Jean Crechen to Paul Martin. Jean Crechen never met an expectation he didn't want to lower and Paul Martin never met an expectation he didn't want to raise. And what strikes me about Carney is how he meets, he sets all these really high expectations. And look, I, I, I, there's a lot of things I think a lot of Canadians will like in the speech, but he's

setting expectations very high. And the risk is you end up like Paul Martin rather than Jean Crechen because everyone was always surprised when Jean Crechen accomplished things because he set expectations so low. But Paul Martin failed to live for the moment. I, look, I wish for Carney's success, but he's setting a lot of bars very high.

[00:10:47:01 - 00:13:24:12]

Shannon

The Export Pledge is a very interesting one because essentially to Ken's point, what he has pledged to do is displace our, the value, in value, our US exports. Our US exports, excluding oil, are about \$300 billion a year. And our non-US export markets are about \$130,000 excluding oil again. So what he is pledging to do is essentially tripling that non-US export space and essentially displace or taking up almost all of what we export or the value in value of exports, excluding oil, what we export to the United States. That is extremely ambitious. And the question is, what are we exporting into where? And that is going to require a massive retooling of the Canadian economy because the Europeans and the Asian markets are looking for different things from us than the Americans are. What was interesting though was he just completely paved over some of the other actually transformational things that they have both pledged and done. So if we have a 7% growth in spending over the last few years, one of the reasons we have that is childcare. You take credit for it if you're not going to cut it. I didn't understand why in that budget when we are going into tough times, he's not telling me how much am I going to save because we are safeguarding these programs. They ran on a middle class tax cut. It is a significant spend by the government of Canada. And yet even I, as a policy wonk, have forgotten that it's going to be \$800 for a couple, a year over year tax cut. That's a significant amount of money. If we are going into these very tough times that he is also queuing us for, I would have wanted some of that information because the value of Canadian exports to non-US destinations is actually not a relevant figure to me. That's not what I think about in my daily life when I'm going about my business, particularly if I've been laid off for my job. But the only other piece that I'll talk about here is that part of that value of exports has got to be, obviously we've talked about this with pipeline politics, value of Canadian oil exports. And in there, there is an interesting place for a bit more market diversification based on the production and the pipeline capacity we have now. Right now, TMX has been about 70% of those exports going to China, or sorry, going to Asia, of which a lot of it is going to China, but 30% of it is still going to the States. So there's both capacity within that pipeline and within where that oil is going to expand or I guess increase the value of Canadian oil exports and therefore revenues to crown.

[00:13:24:12 - 00:14:36:11]

Tyler

Like I think as we're in, this comes out of the points that we're talking about here. I think a lot of the speech was obviously very heavy on trade and industrial policy. That's great, but it did feel a little bit like a mismatch for the audience, right? Given that the audience was much of young people at university. And look, I think if the intent with that room was to try to lay the foundation that there is hope on the horizon for a better future, I think it was a hopeful speech. I don't know that there was any policy trappings that were laid for a young person in that audience that would say, well, here's how the housing market is going to improve for you. Or here's how we are going to ensure that you're going to get a better higher paying job when you graduate. And what's interesting, right? And this is a theme where I think they might actually pick it up in the budget. We're in a period of quite high youth unemployment. And I think this would be a great thematic for the government to pick up on going into the next budget. I think there's still a possibility that they might, but I was a little surprised not to hear more of that, frankly. It did hew a lot to the commitments that were made in the campaign. It very much was like a campaign speech. And again, I think it was delivered well, but it just felt like a bit of a slightly odd match for the particular audience.

[00:14:36:11 - 00:16:02:23]

Ben

So something I noticed when I was listening to the speech and when I went and read the transcript afterwards was that he had a small little section that he expanded on that was about Canada has what the world wants. And then some of the things he included in that were some very obvious stuff. So like obvious comparative advantage, which is critical minerals and things related to that. So like, you don't have to be a genius to figure out that's something we can offer the world. And we can probably diversify trade related to stuff like that. But then the other two things he mentioned in this, and he was, I'll say he was going back and forth in English and French on this. He mentioned specifically AI and science research, stuff like that is something where we have unique advantages. And that's true, but it's also something where we're competing with every, there's an AI arms race right now, right? So we're not the only country that's investing in this stuff. And then on the, our universe, like he did explicitly mention correctly that we have a very, our university system is very good. We have a very well-educated population. That is, that is an advantage for us.

So, you know, maybe those were things specifically aimed at that audience, but I do think the fact that those were three specific, they weren't the only things he signaled, but the fact that he explicitly signaled critical minerals, AI and a well-educated population, he did signal these as kind of unique advantages we have. And I think, you know, I'm reading this, you know, I'm not a liberal, no one will be under any illusions as I am, but I do think he's signaling something there about the kinds of things they're looking to, to lean into, so to speak, and the things that they're looking to kind of try and boost and invest in.

[00:16:02:23 - 00:18:53:18]

Tyler

Yeah, I think that's right. I think certainly we can expect that there will be a heavy emphasis, if not entirely in new initiatives, then at least talking very ambitiously about the opportunity around AI, right? Minister Solomon has already started his task force on AI. It's a bit odd given the condensed period where they're expecting that task force to report back by the 31st. I don't expect that, you know, in the space of the weekend from when the document's supposed to have been sent into the Minister to the Monday, Tuesday, when the budget's going to be released, that it'll be incorporated anyway. I mean, it won't, right? News flash, anyone who's hoping that, any stakeholder who's thinking that their submission that they're trying to prepare between now and the end of next week that might find its way into the budget, you will be sorely surprised, I'm sorry. But what it's probably setting up for is an ability for the government to say, we've started this task force, we might even potentially make some initial funding commitments that indicate directionally where we want to go, particularly around things like AI sovereignty and data centers and cloud infrastructure, which we know, for example, there's been a lot of interest on the part of institutional investors, including pension funds, to want to invest in, and there's significant plays potentially in the renewable energy space to support those investments as well. They might make some initial investments there, but leave open a significant amount of space between then and the subsequent update that will come in the spring and announcements in between about how they actually fill in the details and fund the initiatives that Minister Solomon will ultimately land on with his strategy. So I think on AI, we can certainly expect that there will be directionally a government that really understands how much of an enabler for the economy and for government, this will be both in terms of efficiency and productivity, but also for that economic opportunity to grow into champion Canadian companies and talent. But what's interesting, right? And I was having this reaction to the latter point that you were just making, Ben, when I was watching the speech, in the space where he mentioned our universities, right? It's a bit of a flex for him to do that in this



particular speech, because if you're a university administrator, you're listening to that on Tenterhookles thinking, are we going to get a significant increase in funding for the, you know, the granting councils? Is there going to be new funding for, you know, a basic administration that supports research? I worry a little bit around the expectation setting there because that sector has been significantly underfunded. It's gone through a huge body blow as a result of the changes in immigration, particularly on foreign students. And they are very hungry for cash because they are in a bit of a survival mode. Don't know that the government is going to come in and save them. And I worry a little bit that that speech, even unintentionally may have been leaving, leading people on to believe that there might be a lot of money in the horizon as opposed to, for example, his commitment around talent. I think there is an opportunity there where government may in fact, look at partnerships with the higher education sector in order to help bring in some of the top talent that we know is already on offer because they're trying to leave the United States.

[00:18:53:18 - 00:19:36:20]

Ken

I just want to pick up on that last point quickly. I'm channeling a friend of the firm, Robin Touranjo, who made this comment to me the other day, which is, why aren't Canadian universities poaching some of this talent that are being so badly treated by the American government in the United States? Like, I would love to see just a little boost to the Canada research chairs and maybe create another 25 or 30 and scoop some top talent out of some American universities that are getting frustrated. So like, if they're going to spend money, they don't need to spend, they don't get bail. The universities are, as Tyler said, in trouble and there's reason to try and figure that out. But in the short term, I think we can scoop some pretty good talent from the US if we just put some minimum money into something like an expanded Canada research chair and that would be something I would throw on the pot.

[00:19:36:20 - 00:19:37:21]

Shannon

Meanwhile, though,

[00:19:39:00 - 00:19:54:12]

Shannon

leaving aside the confusion of announcing this in front of a university audience, but it is a good time to be in the trades. And I think that is an important message to be put. If there was one message that I took from that speech that was for young people, it was that one. And in particular,

[00:19:54:12 - 00:19:59:22]

Tyler

are you saying that he should have said, all of you should now leave the University of Ottawa and go down the road to Albonquin College?

[00:19:59:22 - 00:20:58:14]

Shannon

No, but it was, you know, so it's a bit contradictory doing that in front of a, you know, a room of business students or whatever it was. But the point here is, is that, you know, the election campaigns in the spring really did leave young people out. And it was absolutely, you know, an older folks, boomer-led kind of of an election. I think we can, we've seen that in a lot of the numbers and so on. But you can't leave young people out for long, or that's where you get some pretty dangerous populism. And I thought that both for contractors and large construction firms, other big companies, if I heard there is going to be significant investment in apprenticeship and skills training, that would be music to my ears if I'm a large firm. Because the number one challenge facing them is labor that will show up trained and safe and on time and ready to do the skills in front of them. There is no reason why we should not have this kind of availability of unionized trades out there and that there's no reason why they shouldn't show up to the hall and find a job.

[00:20:58:14 - 00:21:48:19]

Ben

Let me pick up on this. And I'm going to throw this against Tyler because I'm going to keep doing this when it comes to budget stuff. Something that jumped out to me, and I would encourage listeners to go and to be clear, I was not the one telling them to do this. Talking about sacrifice in front of a bunch of university students is that really cuts across

generational lines. And I doubt that was by design, but go look at what conservatives, go watch a poly of speech at the press conference you did today. There's a petition I just saw they launched. They're talking about this. They're talking about young people have sacrificed enough. They shouldn't be expected to sacrifice more. So conservatives are going to use that to push their own messaging. But the economy was quite explicit again. He's reiterated his pledge that they're going to balance operational spending in three years. What that means exactly is still exactly to be determined. But messaging sacrifice to a bunch of university students,

[00:21:50:05 - 00:21:59:16]

Ben

we're not pundits, but I don't know, I necessarily would have used that message to a bunch of young people. There's clearly, they are signaling there are going to be some pain points here.

[00:21:59:16 - 00:23:27:23]

Tyler

So yeah, I know it's really interesting that you pick up on that because I think in most respects, where the word sacrifice was used, it actually was meant as a metaphor for unity, right? Which is, we as a country need to come together in order to do tough things in a tough moment of crisis. There are going to be sacrifices and the Prime Minister also did underscore, especially on the fiscal side, that we should expect to invest less in some areas and spend more in others, which I also thought from the perspective of having used the spend less, invest more tagline throughout the campaign, which I think, and obviously I'm a bit of a conflicted party in this, I think he got away with some people not fully understanding the campaign, what that meant. And so you could hear lots of different things in it. But he was a little bit more precise in this speech and saying, we actually are going to spend less in some areas and you've got to be okay with that, right? That was interesting that he decided to go a notch, a notch further and be clearer about that in the setup for the budget. And what a budget, by the way, that's still going to spend a lot of money likely, right? But just to get back to the sacrifice thing for a second, I mean, when I step back from this speech and I set aside, as I say, the fact that I think sacrifice was mostly being used to talk about unity. He was saying though, that there are going to need to be tough choices, right? On the part of people. And I guess the question is tough choices for

whom, right? Is really what we should be asking ourselves. And so much of this has been, I think, positioned as tough choices that the public is going to have to

[00:23:29:04 - 00:25:13:12]

Tyler

consume and organizations are going to have to consume. But what about tough choices for business, right? Like if we're going to actually achieve doubling exports and shifting our trading relationships away from the United States, it's going to require a culture change in Canadian business that recognizes that we need to get out of this slumber that we have been in where we all just wanted to go and invest in the United States and at whatever cost, because it is the most, in our opinion, the most profitable place to be, as opposed to saying we're Canadian, we care about what happens to this country. We're going to make sure that we hire Canadian workers. We're going to make sure that we pay them well. We might even, here's a radical idea. We might even unionize, right? That's a radical idea. And with all of the attendant productivity benefits that unionization brings. But we might even have to think about reordering our supply chain. And yeah, that might mean that in the short term, we take a slightly lower margin, right? But for the long run, A, it's going to be better in diversifying ourselves off of one customer and diversifying our market exposure, right? Canada pension plan, 50% of its assets sit in the United States. Maybe we should be asking ourselves, how do we diversify ourselves properly? Not just how we invest in Canada, but also how do we diversify ourselves to avoid the political and trade risk associated with being so overlevered in one market the way we are with our own national pension fund, right? So what's interesting to me is that for a prime minister, who's the best positioned of anyone at any point in time, frankly, to make that case to the business community about the sacrifice and tough choice that will be required of the business community, we didn't hear that directly in this speech. And we haven't really heard that from him. And so I'm, I'm waiting to see whether he goes there. Because I think if he wants to achieve some of these, these very laudable, ambitious and appropriate goals, it's actually going to require culture change, not just of people in the country, but also of our business community.

[00:25:13:12 - 00:26:24:12]

Shannon

I want to pick up on that, because the reason why I 300 billion in exports to non or increasing our exports to non US destinations, and the type of exports that that's going to

take, I flagged that because it is such a heavy lift. It is such a transformation to use Mark Carney's language of the economy. And what it will in fact probably take is actual industrial policy. That means that workers and government and the private sector are working together to do it as has economies have developed in the United Area now outside of the United States in Europe and some parts of Asia. That is what it will take. And that is a significant culture shift on the part of corporate Canada. If I'm corporate Canada right now, I'm taking Aaron O'Toole's idea of putting workers on corporate boards off the shelf. And I'm thinking about how can I work with the government in order to make some of this real? How can I ensure that labor is at the table? How can I ensure that I am hiring Canadian workers and that I am raising wages and that I'm using Canadian inputs? It will be some of those very polyglot ideas from both left and more recently, right, but they are old left ideas in many ways to their 70s sort of Fordist economic model ideas, post-war ideas.

[00:26:26:23 - 00:26:44:16]

Shannon

But if I'm in corporate Canada right now, I'm looking at what Carney has laid out and I'm thinking to myself, well, I can take the easy path and almost essentially fight his goals. Or I can just start to think creatively about how I'm going to implement them in a real industrial policy.

[00:26:44:16 - 00:27:59:09]

Ken

Although it clanged for the audience, what you see in spreading clips from it, the liberals really want that part of the speech to carry. And what it reminded me of is the most successful budget in the last 30 years, which is the Paul Martin 1995 budget. And one of the reasons that budget was so successful is that in the months preceding it, they did a bunch of public presentations across the country. They previewed and their message was dark days ahead. It's going to be difficult. We have to do this. This is why we need to justify it. And I don't think Mark Carney did quite as good a job as Paul Martin did before the budget. I like to say negative things about Paul Martin. So here's my positive. But those of us that were there, the gray book and the purple book and all of the presentations that I know the Hurley guys put together did a real service to the country and prepared Canadians for that. I think as we've been saying to our clients, hope for the best, prepare for the worst. I do think there's some dark days ahead. And I do think the prime minister should be telling

Canadians it's not all coming up a better roses and we need to prepare for sacrifice. So I thought that was a good part of the speech. And I think it's a good thing for the government to be setting expectations. It was a clanger in front of a bunch of university students, but I don't they were lying was in the speech so they they could clip it and get a broader a broader audience for it.

[00:27:59:09 - 00:28:36:04]

Tyler

Yeah, the audience the audience really wasn't the university students. I think we all agree on that it was the broader public. But can I just say because we're kind of talking fiscal here, you know what nobody's talking about today after that speech and also after the last few weeks, nobody's talking about Jason, Jake's and the PBO and the you know, physical sustainability is a problem. We'll see how that all plays out. Yeah. On November 4. But that fear, the kind of the fear tone that set off the race to the budget when Parliament came back in the beginning of September, I do think we've taken a turn towards a bit of a different look at what this budget could be. Yeah, both over the course of the last few weeks, but also particularly as a result of this speech, I have to do this.

[00:28:36:04 - 00:29:06:18]

Ken

I have to do this because Stephen Harper in February said something now this was the context of the 51st state. But Stephen Harper said, there's a lot of sacrifices I think Canadians would be willing to make to not have become a 51st state. And Mark Carney said a version of that message. And I think it's a good message. If we don't have to make the sacrifices, that's fine. But if we do get cosmo pulled out from under us, if we do have a very difficult trading relationship with the United States, and as Shannon said a few minutes ago, there's a lot of adjustments that are going to happen. And I think Canadians are more ready for this than the politicians think they are.

[00:29:06:18 - 00:29:16:03]

Shannon

I also think that a budget deficit is a second order problem when you've got an announcement of a plant closure a week. And we've had at least what, two since we last spoke.

[00:29:16:03 - 00:30:32:15]

Tyler

Yeah, exactly. And there may be, well, actually more than two. More than two. Right. Depending on how you want to count Ingersoll and Packard and so forth. Stellantis. Yeah, in Stellantis. So we'll see how this plays out. But I think it was telling that the prime minister gave this speech this week in the shadow of the Stellantis announcement, because as unfortunate as what has happened to that particular plant, I think given the size of it, who that company is and how much they have tried to reposition their offer of investment to Trump for preferential market access, I think it could end up being unfortunately something that breaks open the dam of investment and manufacturing capacity that's moving to the South. And there are things that we must do to fight in that context. And I think Canada will fight very hard in that context. There's only so much that you can resist if the gravitational pull is happening. And the prime minister, I think, tried to avoid obviously getting pulled into that discussion directly in the speech. But that is really the context of what this budget is setting up for, right? Which is how do we defend what we have and how do we create a new economic path for ourselves that is less dependent on the United States, regardless of what happens with KUSMA? Because I think as all of us have talked about before you, we can't pin any hope on what comes of that process.

[00:30:32:15 - 00:31:04:12]

Ben

This episode of the MBP intelligence briefing is brought to you by MBP intelligence, your direct line to timely strategic insights from Meredith, Bozenkul and Phillips. As a client, you'll receive weekly written and audio briefings that deliver actionable insights that help business leaders, policymakers and executives stay one step ahead of Canada's evolving policy and political landscape. Sign up today at [MBP intelligence.com](https://mbpintelligence.com) MBP intelligence, the source for exclusive policy insights. And now back to the show.

[00:31:06:01 - 00:32:21:05]

Ben

Let's wrap this up here because we've spent a good chunk talking about the budget here. But you know, we're not pundits, we're not engaging in punditry here. Something that is a very popular topic among these, our esteemed pundit class is the classic kind of minority government brinksmanship around, you know, who's going to vote for this budget? Who's not going to vote for this? And McKinnon this week did signal that there are some troubles. He's worried it's not going to pass, which again, it's, that should just be read as classic minority brinksmanship. But you've got, you know, on one side, you've got Poliev coming out talking about the need to have a deficit that's under a certain size. And then he's, you know, he's taking flat from some of the right wing purists on that. And then you've got people on the other side talking about, you know, this is going to be an austerity budget, despite the fact it might have like potentially record levels of deficits, right? So there's a lot of brinksmanship going on right now. And I don't think, you know, again, we're not pundits, we're not trying to engage in punditry here. But I think our general consensus is, you know, minority parliaments can be uncertain. But you know, I'll say my view on this is I would be very shocked that this budget doesn't end up getting passed in some way, shape or form. But there is a lot of uncertainty lying ahead here, right? And there is not just uncertainty in the kind of macro sense, where it's, you know, uncertainty about the future of, you know, there's plans, whether it's the broader kind of Canadian economic context, but there is the government is trying to navigate specific political circumstance with this budget.

[00:32:21:05 - 00:34:53:18]

Tyler

Absolutely. And I think it's probably important at this juncture, because you raised it, Ben, to just remind our listeners that the approval of a budget isn't just about the budget document itself, or the debate about the budget. What happens after the budget is a whole sequence of legislative events that start with a, you know, a budget implementation act that's tabled. But then there's also subsequent appropriations act. And because we haven't had a budget in over a year, right, the fall economic statement and Christian Freeland's resignation was, you know, was in December of last year, that got scuttled, there was no legislation that came from it afterwards, because parliament was broke. So the last budget we had was in the spring of 2024, right? There is a pent up amount of stuff that needs to get legislated commitments and initiatives that the government is going to continue to do, that needs to actually get on with the business of implementing, including some of the investment tax credits that have been committed to for different industries, but also some



of the new things that they've that they that they will unveil in the budget, as well as a lot of very technical amendments to the income tax act that have just been laying around for a while. And so after this budget, it's not going to be one vote, it's going to be many votes, in addition to the appropriations acts that come to give the government supply and spending. And so we may get, you know, a tentative approval to pass, you know, a motion, a confidence motion associated with the speech on the budget and the reply on the budget. But you know, there, there will continue to be tension points all the way along from November through to the spring, where at multiple points, there could be a point of failure and we fall. Now, I'm not predicting that none of us are here to crystal ball gaze on any of that. But I think just to say that, to the extent that the budget is a leverage point for policy changes that the opposition wants to put on the table and negotiate. And this is where I think Pierre Poliev, now noting that he had his meeting with with Mark Carney earlier this week, right, which I think was a notable event. I think all of us would have loved to have been flies on the wall in that conversation. You know, there are things that Pierre Poliev could legitimately try to get passed. And, you know, I think as an opposition leader, you have to always look at the budget as, do you want to simply put out a bunch of outlandish requests that you know the government is never going to do and, and, and, and try to basically call it bluff? We saw, we've seen a bit of that with, you know, Blanchett, right, with his, will you increase the Canada health transfer, right, in the NOS? Or do you actually want to get some stuff done? And for, I'm going to say this, Ben, for your former boss, this might be an opportunity for him actually, to want to put something on the table to say, here's what I could get done with this government to prove A, that he's maybe a little bit different than the pundit class gives him credit for, but B, because they actually have a leverage point, right, in this minority parliament.

[00:34:53:18 - 00:35:14:22]

Ken

I'll just between 2006 and 2011, I frequently made trips to Ottawa and we would meet with the campaign team and Stephen Harper would open the meeting by saying, my friends, we've successfully prepared for 11 of the last three elections. And, you know, like there's, there's an election threat around every corner when they're in minority parliament, but they happen less than people expect them to happen, is my general experience from those years.

[00:35:14:22 - 00:36:40:03]

Ben

There is as well. We don't need to spend too much time on this, but tell you, excellent piece for us this week about specifically on the, how, how public administration is going to change by, because we have, we've shifted the fiscal cycle, we've shifted the budgeting, the full budget to the fall. And I do want to remind people that, and tell you, you can, you can react to this, but I don't remind people that when this was not as you said, this was not telegraphed in, we've previously discussed the separation of operational and capital spending that that was promised prior to the election. That was a campaign promise that shifting the budget cycle to the fall was not in, it was not in a platform. It was not promised. It was a new thing. And I do want to cast, have people cast their minds back for a second to earlier in the summer, when this actually came about, I don't know, it depends exactly how it came about, but the champagne had, the finance, our finance minister had originally signaled there would be no budget this year. And then there was, you know, it was kind of a backlash and kind of outcry from media, outcry from opposition. And then the prime minister came out, I don't know, about a week later and said there'd be a full budget. You know, you outline nothing in very extensive detail, kind of the rationale and the ways that, the ways that shifting the budget to the fall is going to make a difference for public administration. But that also may in theory create differences for kind of the political dynamics as well, right? The kinds of things that opposition parties think about when, you know, they're not forced to read a budget and then two weeks later can try and try and evaluate the estimates. It's very inside baseball stuff, but the four budgets, having a budget in the fall does change some of these dynamics, actually.

[00:36:40:03 - 00:38:21:14]

Tyler

Absolutely. And you know, it's interesting in the speech that the prime minister gave, there was also a line that I think people should pay attention to where he talked about, we will not play games, we will level with you, right? He's saying two things there. And I'm going to get back to the point that you just asked about in terms of the calendar in a second. He's saying, number one, I'm not a traditional politician, but number two, I'm going to be honest with you because we need some tough, honest talk right now, right? But the point that he's not a traditional politician is a point that informs a lot of how I think this government is thinking and acting, because I think the prime minister has come into office, you know, obviously cognizant of the political dynamics he has to work within and still practical and pragmatic in that sense. But I think also as somebody who's been a two times central

banker, trying to look to best practice where possible to try to apply some changes to change systems to change culture. And I think he's found in certain areas, both in, you know, even inside the political machinery, but also inside the public service that it's been wanting, right? And so I think the decision to move the budget date in the count fiscal calendar is, as I say in my piece about fiscal transparency, but it's also frankly to impose a certain rigor, right, in the system that I think, to be honest, if there were some legitimate criticisms about the previous government, of which of course I was part, I think there was obviously slippage and delivery. And this is one of the ways to instill discipline, discipline of ministers in how they bring things forward, discipline of advice, but also just discipline and being able to think more thoughtfully about what the future is going to hold, how to plan for that well in advance, as many business organizations do, as opposed to simply managing in a bit of a state of ongoing chaos, which I think in the latter part of the last Trudeau mandate was probably a bit of an operating procedure.

[00:38:21:14 - 00:41:56:09]

Ben

Yeah. So I think we'll leave that there. We will keep talking about the budget in the coming weeks, but there's clearly some interesting, this is a big budget and there's going to be lots of more questions that come out to the, not just before, but also after it. So I stay tuned for that. So let's move on to our other major topic today. We have not yet on this podcast actually had a, I don't think an extensive discussion around housing and kind of the state of housing policy, the state of housing politics. We've written about this here and there, but I think it's a good time to bring this up because it's obviously, this is a priority for, it's ostensibly a priority for the government. Something that opposition parties have been quite vocal on. I will say I played a bit of a role now. Housing has played a big role in our politics and something that I think, I think it's safe to say that this is not a political observation, a partisan observation. This is just a general observation of what's happening, but our housing politics or housing, whatever you want to call it, it's shifting, right? Things have changed in the housing markets and pop the policy landscape. That means that we're housing is not going to disappear from conversation from what's affecting people in their day-to-day lives, but the kinds of things we're talking about are shifting. Let me just throw a few fact points at everyone. So I think a general characterization of the market now is that house prices, rents, mortgage payments, they're generally stabilized. They're declining in some places. There's certainly not like a rapid increase in home prices, mortgage costs, rental costs that there was a couple of years ago. So that's different, but we're entering a new stage of this crisis now where the, there's very big regional variations here, but housing

starts arising in certain places. So Calgary, Edmonton, Montreal, Ottawa, our housing starts quite good there. It's led by rental construction. And then there's other places and most importantly places, specifically Toronto and Vancouver, housing starts are declining. Toronto especially, I think there's been enough media coverage at this point that there is something resembling a kind of condo crash where prices are collapsing, money is drying up for new developments. There's distressed investors. There's people talking about this now, pre-construction sales are plummeting. There is some sort of adjustment going on here and it's not just in Toronto proper. It's true in a GTA. It's true in, it's spreading into other markets too. Vancouver is also seeing kind of effects of this. And so this is, this is something that a new government is, it's a new challenge that government has to manage. It's also a new challenge that the opposition has to figure out how they situate themselves, right? Like when, when home prices are going up every month and rent is going up every month and mortgage payments are going up every month, that's a very easy line of attack for opposition. But when you have this whole new kind of pool of challenges, whether it's declining investments in real estate, declining starts that projected the decline, this has not all of a sudden made housing a foldable for all sorts of people, but it has, it has changed the dynamic of how housing politics is working. We're seeing, we're seeing, you know, the government's, the government's big housing pledge was this build Canada homes, this agency that's, you know, it's going to seed money into all sorts of different, try and keep, try and keep starts and keep investments in, in housing going. You're seeing increasing fights over things like development charges. You're seeing fights over taxes on, whether it's, you know, sales taxes, but it's increasing, increasing challenges here. Does the government have this housing accelerator fund initiative that, you know, it's, it's been, it's been successful in the sense that plenty of cities are bought into it, but there's now proof is the proof is in the pudding on this and there's challenges with cities on this. I'm going to open it. This is a broad question for everyone, but the housing crisis has shifted and housing policy itself is going to have to shift, right? We're, we're going to be seeing different things from the government on this. Governments have, they have their clearly defined kind of how they're approaching things, but the markets are shifting and so governments themselves are going to have to shift in response to this.

[00:41:56:09 - 00:43:07:00]

Ken

Yeah. Do you remember when Trudeau said, uh, some version of when that housing crisis was first coming up, he said some version of, uh, not my problem. This is a provincial and municipal, uh, problem. He got rightly excruciating for that, but underlying that comment, I

think was a fundamental truth, which is we don't have a national housing crisis. We have a series of regional crisis and the problems in Toronto are not the same as the problems in Vancouver. And those are the two, the two markets that are in deepest crisis. Uh, there are problems in other, in other markets, but they're not the level of crisis in Toronto, in Toronto, in Vancouver. And even Toronto has different problems in Vancouver. The condo market in Toronto is very different. Vancouver is ultimately the problem is that Vancouver is a peninsula and they're running out of room to build. And so I think Trudeau sort of put his finger on something fundamental, which is this isn't, there isn't a national solution to this problem. It's a set of regional variations. And, and, you know, we've had the housing accelerator fund has different rules in different cities and that's probably the right approach, but it makes it a very complicated issue to say we need one national solution, even though there are many regional challenges and variations.

[00:43:07:00 - 00:45:38:00]

Tyler

I mean, I think what's interesting here, just take a step back. So governments plural have been going back to the last decade through the first iteration of the national housing strategy, you know, through to today and what we will see coming in the budget have been experimenting with a lot of stuff. Like it's not like governments have been absent and not doing anything on housing, especially at the federal level, maybe more so true at the provincial level. I do agree with the former prime minister on that. You know, look, there's been a lot of stuff experimented with and some of it has worked and a lot of it hasn't. And part of that is, you know, an immigration situation that is now obviously coming under control and population growth that is now coming under control. But part of it is that we are now experiencing in 2025, the cumulative effect of what has happened nationally, you know, for the course of the last 30 years when the federal government under Mr. Cratchy and Mr. Mulroney a little bit before him, but particularly under Mr. Cratchy in that 1995 budget got out of the business of housing. And we basically stopped building any apartment rental stock from about the early 90s through to 2015s or so. And the combative effect of that over time compounding of population growth, outstripping supply is now the reality of what we live. And so how we dig ourselves out of this situation is really going to require a lot of work over a long period of time. And, you know, what's interesting and you kind of mentioned it there Ben in your setup, which is prices are coming down. They're down about 15% relative to the peak that we saw in 2022, 2023. But Lord knows nobody feels that way, right in the actual housing market, which is how voters react and behave and what ultimately drives the political gravity of policymaking rents are down in Toronto, a fair

bit. But we're not building enough stuff, which means that this, this reduction in prices that we've seen in certain markets may be short lived because we're going to see at some point soon, a bit of a bounce back of prices probably. And that's, that's what should really scare people, right? Is that there is a lot of supply right now that's stuck on the sidelines and it's stuck on the sidelines, partly because you have high, you've had high interest rates and very tight financial conditions for the last number of years. But you've also frankly not had the demand, right? Nobody wants to buy a condo in Toronto anymore. And it's, it's, it's not actually because there isn't an interest on the part of builders to build. It's because nobody likes living in 500 square foot units in the sky. You know, I've been on another podcast where somebody called it a yurt in the sky. I think that's a little bit overblown. But, but I think the point is real, right? Which is why would you pay a million dollars for 600 square feet? Like that's kind of crazy, right?

[00:45:38:00 - 00:45:42:08]

Shannon

It's like buying a basement suite in the sky is what it's like. Yeah, exactly. Yeah.

[00:45:42:08 - 00:48:06:14]

Tyler

Yeah. Exactly. And so, if we are going to achieve the kind of stabilization in the housing market that we need, it's actually going to require in some ways, I would argue actually an industrial restructuring, right? We need to restructure the construction sector on a productivity basis, because it's, it's frankly not as, as competitive as it should be for, for how we build at the scale and the pace that we, that we need. But we also need to restructure the form of building that we do. We need to rethink what people want vis-a-vis purpose built rental. And we also need to think about what's the right mix of market and non-market. The last thing I'll just say here, and I'm sure Shannon has some thoughts, is that, you know, we're going into a period in this next budget and, and, and subsequent where there's going to be a lot of activity, right? It's not just build Canada homes. It's build Canada homes plus development charge cuts, plus the introduction of a very aggressive, a tax incentive for, for the development of, of modest market rental properties called the MERP. It's the work to build a modular housing industry, right? And so on and so forth. It's a lot of stuff that even if you just look at it on a fiscal basis, is probably going to represent a spend on the part of the federal government in the, on a cash basis in the order of about

\$50 billion over the next five years. That's a lot of money that's going to be out there. And the question will be, is our industry prepared and ready to be able to make use of those dollars when it's now available? Can they move at the speed that actually government wants to move? Right? There may actually be a mismatch there where government wants to move faster than industry is able to do. And number two, are we able to get the level of cooperation with cities and provinces to be able to implement these things as quickly as possible? If there, for example, is a commitment in the budget, you know, two weeks from now to fulfill the prime minister ambition to reduce development charges on multi-residential buildings by 50%. Right? Well, are we going to get an agreement with Ontario over that in three months or is it going to take two years? Because if it takes two years, we're not building something until after 2030. I can tell you that much, right? But if we want to actually get shovels in the ground going in the next, by the time of the next election, if that's four years from now, we need that, that agreement with the province of Ontario where the, by the way, the problem can is the most acute. We need that agreement with Doug Ford in three months or four months at the most. Right? And I just don't know yet if the level of cooperation between all levels of government is, is calibrated, right, to achieve that, that kind of delivery.

[00:48:06:14 - 00:49:14:00]

Ben

So we've had in the last couple of days, we had our municipal election, we had municipal elections in Alberta. So we have new mayors in Calgary and Edmonton. And one of the big topics specifically in Calgary was over some of this blanket rezoning, right? Which is a, which is a big topic of discussion. Lots of people, including I believe the new, the incoming mayor, Mayor Farkas, that something like that, like there's all sorts of, there's all sorts of things that cities are trying to do to, to deal with these problems. And some of them, you know, there's been talk about using federal, federal transfers, attaching conditionality to transfers to, to try and impose these kinds of changes. And a lot of these rules are like blanket rezoning is a good example for it. It's a, it's a blanket rule that it's a, it's a blunt instrument to fix a problem. It's not necessarily fine tuned to, to deal with everything. But these parts of the tension here is precisely that it requires fixing this stuff is going to require cooperation between not just the feds and provinces. So it's going to require municipal cooperation and certain cities and provinces have more ability to kind of pull levers on others, but still see, there still seems to be a kind of limited ability for, across jurisdictions to be this kind of collaboration that you need, you're going to need to see to actually fix these problems, right?

[00:49:14:00 - 00:51:31:04]

Shannon

I just want to back up the truck just a little bit to where we were talking about, about different kinds of housing policy levers that, that Tyler was talking about. And Ken went back to the Martin years, so I'm going to as well. One of the first political jobs I had was as an organizer for Jack Layton. And I took him in about 2004 to a housing cooperative conference that was going on in Edmonton. And it was like going out in public with Beyonce. It was, he was an absolute rock star. Why? Because he had been a cooperative housing advocate in the city of Toronto since he had been elected to council there in the early eighties. And so he was something of an advocate himself, but he also understood the policy very well. So when it came time to our previous points about minority government to negotiate with the Martin government, he got 1.4 billion at that time in new investments in cooperative housing after a decade of the federal government exiting that space. I bring this up for a couple of reasons. Number one, because the NDP since then has not brought forward creative market, but not market, different kinds of creative solutions in order to meet the housing crisis. They've come with national blanket, if you will, public policy solutions like rent control and things like that. They're not even within their constitutional jurisdictions. And I don't even know how you would implement if you're trying to regulate rent, landlord-tenant relationships, you know, everywhere from the Battlefords to Joe Bats Arm, Newfoundland, it doesn't make any sense. But that's what they've brought forward. Where we see then a hole in policymaking space and in advocacy is in that, that cooperatives in mixed market in all of these places where government, yes, is doing it sort of drumbeat of government thing. But we are not seeing a lot of advocacy and pushing the envelope and creativity, which is what the left is supposed to be doing because the NDP has essentially abdicated that responsibility in the last couple of parliaments. So that suggests a space here for organizations, for think tanks, for philanthropic organizations, for cooperatives themselves to really ensure that they have robust, detailed, substantive, but also pushy conversations with the Carney government, because you're not getting it from parliament. You don't have a leader like Jack who actually cares about this stuff and has policy literacy. You've lost that in the left. So you're going to have to make it up yourself outside of parliament.

[00:51:31:04 - 00:52:44:02]

Ken



Let me just jump on the Calgary thing. This is so both, both Pierre Poliev and Trudeau and Carney have played with this carrot and stick with municipalities. And one of the one of the risks that you that you run when you do policy like that, is that a previous government at the federal level did a deal with the previous government at the municipal level, and in this case, Trudeau with Gondak. And then you have a change in government who has a different view on those things. And then how do you manage those agreements going forward? And so full disclosure, I was, I probably don't oversell this, but I played an advisory role on the FARCAS campaign in Calgary. Very happy that he won. But this was one of the things that I raised with him in the transition work that we've been doing, which is, okay, you want to get rid of blanket rezoning. But frankly, the deal that Gondak signed with Trudeau, blanket rezoning was part of that deal. So we're going to have to renegotiate some sort of a new deal. And it just it highlights the policy risks of doing these kinds of cross jurisdictional agreements to fund programs that when the governments change, you have to renegotiate those those agreements, especially when those agreements at one level are unpopular. So anyway, that's something that the FARCAS campaign is going to our government now may have to renegotiate.

[00:52:44:02 - 00:54:59:17]

Tyler

Can I just pick up on that? Because what's interesting, right, is and the housing accelerator was established, obviously, something that I helped create, you know, it was established in a world where we didn't think that it was possible to get agreements with the provinces on housing. And so we wanted to frankly, create a bit of competition for money and to see what would be best on offer in certain places to start a bit of a momentum around how you change zoning bylaws. And, you know, you give 100 million over here to this municipality, and they've they've adopted, you know, for as of right zoning, that becomes a standard and you begin to pattern agreements, but you've you know, you can you can be transactional about it, right. And I think to a certain extent, Minister Fraser at the time was very successful at doing that. But now in this moment where, you know, the country is in a moment where we need to move at a scale and a speed to use the prime minister's language, that's just we haven't been used to before or haven't even used to in a while. I think there may be an opening, and I would encourage people in Ottawa to think about this, I think there may be an opening to actually think about whether some of these things that we want to do, including, for example, the DCs, right, would be better achieved as part of an intergovernmental agreement with the provinces. Yes. As a kind of like National Housing Accord, sorry to steal a term, Ken, I know you you've worked on that idea before, but I'm not

not referring to that idea necessarily. But the concept of a multilateral deal with underlying bilateral agreements, which hopefully, as I just said, you do quickly. But if you did it at a provincial level with provinces, I think now is the moment where the window of opportunity politically is right for this where the public wants to see everyone rowing in the same direction, and everyone who participated in that would actually get a fair bit of political credit for doing so. But to be frank, like, if we want to make these changes, it's going to require the provinces rather than at the municipal level to make those changes, right? Because provinces, for the most part, are the ones who control the zoning bylaws in the municipal acts that require you to be used if you're going to make the structural changes in how we build, as opposed to just saying, like, what's your deal with Calgary? What's your deal with Vancouver? What? Because it's going to take a lot longer to negotiate those on a one by one basis. And so I would just really encourage people to think about this opportunity maybe for a pan-Canadian approach.

[00:54:59:17 - 00:55:56:05]

Shannon

And I'll just say that I think as a result of the municipal election in Alberta on Monday, the federal government actually has a really unique opportunity to reset things in the city of Calgary, because despite the sort of perception of the previous mayor's, you know, sort of ideological orientation, the fact of the matter is that that relationship wasn't amazing with the federal government. And Calgary is a rapidly growing city. And Jeremy Farkas understands that he understands its growth pressures. And his positioning on blanket rezoning was actually quite thoughtful, especially compared to his sort of far more UCP aligned opponent. So I think that the federal government has actually unique opportunity to work with the city of Calgary, you're going to have sort of status quo positioning with Edmonton, you can focus on Calgary and, and probably do some pretty creative things at this point, because I think there's an openness to it in the early months of the mandate.

[00:55:56:05 - 00:56:01:06]

Ken

A very good briefing note was written on this subject for the Yeah, we'll leave that there.

[00:56:01:06 - 00:56:03:05]

Tyler

The record half of this podcast is from Calgary.

[00:56:03:05 - 00:56:33:14]

Ben

So let's we're out of time here, but let's let's do what we're going to keep doing this every week when we do this. But let's go round the round table here. And let's everyone just offer me a quick two minute max, I'm going to time you on this, but two minute thing you think people should be watching out for some story that's, you know, you think people should be paying attention to or just some sort of other development is worth worth significance. So I'm going to throw that I can I can call you out at random here. I think Ken, you're going to start because you're in my, you're my top top box here. So can why don't you start?

[00:56:33:14 - 00:57:24:04]

Ken

I think developments in BC are very interesting on the conservative side. I don't know if I said this last week, but things have gotten much worse for John Rustad. I actually, I may write something about this, but I actually remember the Stockwell Day period. And this feels a lot like the Stockwell Day period. What's interesting about the Stockwell Day period is after all the infighting was done, Stephen Harper came in and put what was three parties back into one party over a period of time. But the discipline of everyone in those in that caucus, they remembered how how terrible it was to go through that Stockwell Day disunity period. And it's my hope that in BC, wherever Rustad ends up, and I suspect we'll be into a leadership race early next year, that the next leader has a chance to do what Harper did after Stockwell Day. And hopefully, sorry, Shannon, change the government in the right direction, get a leader that is more like Stephen Harper and less like Stockwell Day.

[00:57:24:04 - 00:58:45:01]

Shannon

Well, watching the BC Conservatives dissemble before our very eyes has been a great fun for this week. But what I'm watching for next over the next week is the legislation legislating teachers back to work in Alberta. The reason I'm watching this is for its national

implications. There is no doubt in my mind that there this will be the subject of a court challenge. And like the BC Teachers Supreme Court ruling in 2016, that came straight from the bench, there was a very strong rebuke of Christy Clark's approach to trying to strip teachers of their collective bargaining rights. The fact is, is that this is likely to be that too, but it will be some years later. It may be faster given the clarity that the court's given us in the 2014 SASFED labour, but it may also not be. But while teachers are probably going to be very disappointed because they can't actually bargain for the things they want, and they've been stripped of that right with this, moved to legislate them back to work, I do know that parents are relieved in some ways that this is coming to an end, but it's not over yet. And it will be extremely interesting to see if the UCP has actually gotten over their skis with this, the way they poked people in the eye with the municipal elections changes that made people stand in line for hours, and the absolutely botched fall vaccine rollout that has really annoyed people, especially older people who, reminder, they vote.

[00:58:45:01 - 01:00:12:21]

Tyler

And I guess I will go next. And those were two very interesting contributions. I'm going to maybe surprise people a little bit with my nomination this week, which is to say if you know something about me, you might be surprised to know that I do follow defence procurement issues, partly because I used to work on defence procurement in the Prime Minister's office, even though I probably spent a lot of time on fiscal and social policy. But in defence procurement news recently, which I think could have significant implications for Canada, the first deliveries of the SOP, GRIP and fighter have actually come off the production line and are now starting to move out into the field. Obviously, the fighter is a bit of a ways away from reaching operational capability. But the fact that that concept fighter is now actually being put into the field, and by the way, there have been production agreements signed with Ukraine and other NATO allies. You know, it's interesting to watch what will happen with this particular fighter jet, because in the Canadian context, obviously, there is the question of what we do with the F-35, right? Canada currently has the review of the contract for the F-35 for the 88 fighter jets that Prime Minister Trudeau belatedly, and I think with some chagrin, I can tell you he did not like the F-35 signed on to, that that deal is under review. And it was a review that was supposed to be completed by the end of summer. Well, end of summer has passed, and I think it's obviously being held up as a negotiating chip in negotiations with the United States over trade. But there's a world in which Canada comes out of that, especially where we need to invest more in our military, and we probably need more than 88 fighter jets generally.

[01:00:14:04 - 01:01:42:06]

Tyler

And we end up in a situation where we confirm our order with the F-35, or even downsize it a bit, but add to the overall fleet size and bring in the GRIP and potentially as the mixed fleet alternative. That's something that would, that Canada would be well, I think, positioned to want to look at in an industrial and by Canadian context, there is a huge opportunity to do a deal with Saab, to look at a Canadian production line. Canada would be one of the first customers in, you know, certainly outside of Europe that would be looking at a Saab acquisition, and there'd be huge industrial benefits there. And Canada has, last point I'll just say here, Canada has a lot of leverage over Lockheed Martin on this particular deal. Because what people forget about the F-35 is that if Canada proceeds with the 88, we will be effectively the largest customer for the F-35 outside of the United States, larger than the UK, larger than Israel, etc. So, you know, Lockheed Martin and the US government have a significant interest in Canada proceeding in some manner to still confirm that 88. And Steve Feuer, who's, you know, very much dialed into as the procurement minister, has a lot of, he personally, I think, has a lot of thoughts in the F-35. But he has a lot of leverage over that company. And Lockheed has lots of other contracts with the Government of Canada in marine and land and other technologies that they are that they are offering. And so this is a unique opportunity for Canada to really look, take a hard look at what are the industrial benefits that we want, and what are the capabilities that we want for our airports in the future. So I'm really looking forward to see what happens with those Gripen deliveries.

[01:01:42:06 - 01:01:44:16]

Ken

It's a cool factory where they're made. I've been there.

[01:01:44:16 - 01:01:54:20]

Shannon

I'm just saying that you can put aerospace manufacturing in all kinds of places. They manufacture jet engines in Lethbridge, Alberta. And so not all of it has to go to Quebec and Ontario. I'm just saying.

[01:01:54:20 - 01:01:55:04]

(Laughter)

[01:01:55:04 - 01:01:57:21]

Tyler

Manitoba has a significant aerospace sector, too.

[01:01:57:21 - 01:02:01:03]

Ben

Yeah. Yeah. We'll save the lobbying for provinces for another week, but...

[01:02:01:03 - 01:02:09:17]

Tyler

Just my Western alienation that I... To be clear, we do no work with SOB, so this is... Yeah. Yeah, sure. Yeah, sure. I'm just following this out of, out of nerddom.

[01:02:09:17 - 01:04:08:21]

Ben

Yeah, and I will say, I think this is something we'll return to. There's actually some interest, and we've got an interesting guest that has some interesting, unique insights into this as well, so stay tuned for that. But I'll wrap up very quickly here. I'll keep this brief because people can just go read what I wrote about this. But we generally try and keep this domestic, but occasionally things that happen outside of our borders do matter. And I would encourage everyone to keep an eye on, not just because France might be the greatest country in the world, in my view, but you should actually be keeping an eye on what's going on in France and the political crisis and the fiscal crisis is going on there. And it will affect Canadians, too. I have a piece about this, people can go read, but France has been a bit of a fiscal mess and it's spilled over into politics and it will have impacts on

Canadian policy, too. At a time when we're looking to build closer relationships with Europeans, Europe itself may be going in a very different direction in the next couple of years. And so keeping abreast of developments there is probably wise for policymakers so that we can, if Europe does make significant shifts on whether it's defense policy, whether it's broader values questions, Canada needs to be staying ahead of that. So I'll just leave it there and people can go read the piece I wrote about that. But I will leave that there. We hope you enjoyed this latest edition of the Roundtable. And just as a reminder that our content is free for now, it won't be for long. So please head over to [mbpenetelligence.com](https://mbpenetelligence.com), subscribe, send us your feedback, inquire at [mbpenetelligence.com](https://mbpenetelligence.com), send us your feedback, let us know what you want to hear from us, but otherwise stay tuned and you'll hear from us very soon. So thank you and good night. Thanks for joining us for this episode of MBP Intelligence Briefing. To stay informed and ahead of the curve, sign up to MBP Intelligence, our exclusive retainer that delivers weekly written and audio briefings from our partners directly to your inbox. You'll receive our trusted insights, an exclusive analysis that is timely, relevant, multi-partisan, and digs deep into what really matters in Canadian public policy and governance. Learn more or join today at [mbpenetelligence.com](https://mbpenetelligence.com). I'm Ben Woodfinden, Director of MBP Intelligence. Thanks for listening and we'll see you next time at MBP Intelligence Briefing.