



# ARTICLE | ON NOT LETTING (ANOTHER) CRISIS GO TO WASTE

*TIM BRODHEAD*

In the aftermath of the 2008 financial crisis, the opportunity to learn, adapt and innovate from the symptoms that created the crisis were largely wasted. Now we face an unimaginably greater crisis, this time affecting not just the financial system but our entire economy, public health system, and everyday patterns of life. If we are to derive some benefit from present pain, Canadians need to learn the lessons and distinguish between short-term corrective measures and the opportunity to correct structural flaws. People yearn for a return to normalcy. But what will the ‘normal’ look like after this?

## RECREATING THE STATUS QUO – A MISSED OPPORTUNITY

The dictionary definition of ‘crisis’ is a stage in a sequence of events at which the trend of all future events, especially for better or worse, is determined. Its use in medicine is even more blunt: a crisis is the point at which a decisive change occurs, leading either to recovery or death. Some ten years ago, I was reminded recently, I wrote a short piece in the aftermath of the 2008 financial crisis (borrowing its title from Rahm Emmanuel, then President Obama’s chief of staff) called *On Not Letting a Crisis Go to Waste*. It argued that community organizations, reeling from the effects of the crisis, were also being impacted by more fundamental shifts triggered by demographic, technological and economic changes in Canadian society. The crisis could be an opportunity to adapt and innovate, to make necessary but painful changes. Just trying to recreate the status quo ante would waste this opportunity.

As we now know, that opportunity was largely wasted. In the US, responsibility to repair the damage was entrusted to the very people who had been architects of the crisis. It took a few years and a flood of credit but economic growth returned, real estate values recovered, and unemployment dropped to levels not seen in a

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generation. Critics of the neo-liberal economic model were sidelined. But the community or social sector did, in some ways, seize the moment and some long-lasting changes took place. Indeed, it could be argued that social innovation as a field of practice (as contrasted with the permanent need to adapt and improvise) was fostered by the crisis. The sector's lobbying for updated rules governing policy advocacy, the growth of impact investing and other forms of social finance, and new forms of collaborative action, such as Collective Impact, all emerged as community organizations adjusted to new circumstances.

## A NEW CRISIS, A NEW OPPORTUNITY

Now we are facing an unimaginably greater crisis, this time affecting not just the financial system but our entire economy, public health system, and everyday patterns of life. If we are to derive some benefit from present pain, Canadians need to learn the lessons and distinguish between short-term corrective measures and the opportunity to correct structural flaws.

A crisis can make visible systemic weaknesses. The inability to meet Canada's needs for essential medical equipment and drugs, for example, is a consequence of the deliberate off-shoring of manufacturing; the lack of 'surge' capacity of our health care system is due to years of austerity and under-investment in public services; our systems are vulnerable because the dogma of 'squeezing out' inefficiencies has left them with no redundancy or flexibility. These problems were known and recognized (fixing 'hallway medicine' has been a staple of election promises for years) but there was no appetite to rectify them. Stockpiles of critical supplies created after the SARS epidemic were allowed to expire.

And then the once-in-a-century pandemic arrives, right on time as many experts had predicted. Suddenly what was unthinkable becomes possible, even necessary. The equivalent of a basic annual income for millions of U.S. citizens, possible re-nationalization of key sectors of the economy, like airlines, and government direction to corporations to produce critical goods, are enacted or seriously considered.

Not long ago people who called upon Canada to be put on a war-footing to confront the climate disaster were dismissed, but such emergency measures were speedily adopted to confront Covid-19. Billions in deficit spending are approved when mere months ago the debate was all about the need for tax cuts and smaller government.

Understandably most attention now is directed to ensuring we survive the health, economic and psychological effects of the pandemic. People yearn for a return to normalcy. But what will the 'normal' look like after this? Many people will have become accustomed to working remotely, at a considerable saving to their employers. That, along with online education and tele-health will impact cities, while the failure of many small businesses and restaurants may hollow out downtowns, diminishing the appeal of urban living. Dependence upon global supply chains for critical goods and food will be seen as creating dangerous vulnerabilities. The need to improve the functionality of our telecommunications infrastructure has been laid bare. Mass

tourism and frequent business travel, both enabled by cheap airfares, may be things of the past. The move to online retailing will accelerate.

## HOW WILL WE RESPOND?

Critically, the pandemic has reminded us of why we need government, why expertise matters, and that when circumstances demand it, we can act decisively nation-wide. It is important to remember this as we look ahead to the next looming crisis, climate change.

Decisions made today will have long term consequences. Bailing out the automobile sector post-2008 proved to be a wasted investment, as auto production shifted out of Canada anyway. The federal government's plan to put billions of dollars into the oil and gas sector to protect jobs is similarly unlikely to change the basic economic realities of high-cost high-carbon energy. The Opposition rightly pushed back against the government's plan to give itself unlimited spending powers until the end of 2021; in other countries we have seen authoritarian tendencies reinforced (particularly through large scale population surveillance, ostensibly for health reasons). The growing role of government needs to be matched by an increase in democratic control and accountability.

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In the same way that earlier crises unleashed innovation in the community sector we are witnessing creative efforts now to meet new needs: balcony sing-alongs as an expression of mutual solidarity, the 'caremongering' movement, countless instances of spontaneous acts of organized neighbourhood help for vulnerable people. But the effects of the pandemic on the charity and community sector cannot be underestimated. Like small businesses, most agencies live on a financial knife-edge with no spare capacity or financial reserves. But mostly they do not have access to credit to deal with cash-flow problems, their staff have few benefits, and where they are lucky enough to have an endowment, its value has just been slashed.

While managing these pressures community organizations will face increased demand for their services, particularly in areas like mental health, protection for women and children, food banks, homeless shelters and the arts. The government has introduced measures to protect small businesses but ensuring that a robust social sector survives is every bit as important for our future well-being. Recently announced measures by the federal government to give financial help to community organizations marks the first time that charities have been officially recognized as essential services.

We will not be returning to “normalcy” nor should that be our objective. This coronavirus crisis is the proverbial canary in the coal mine for how we deal with the next, immeasurably greater crisis, climate change. We have learned that decisive government action is critical, that facts and expertise matter, that actions deemed premature or too costly rapidly become essential and feasible. We have learned about the cost of delay, confusion, and what happens when states or countries compete rather than cooperate. We now know that Canadians are capable of mobilizing to confront an existential threat.

The climate disaster is not on hold. The resolution to Covid-19 should be not recovery or catastrophe but: learn, apply, transform.

## ABOUT TIM BRODHEAD

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Tim Brodhead was from 1995 to 2011 President and Chief Executive Officer of The J.W. McConnell Family Foundation, a private foundation based in Montreal. The mission of the Foundation is to foster a more resilient Canada by enhancing social innovation, inclusion and sustainability. He continued as a Senior Fellow of Social Innovation Generation (SIG), a collaborative initiative to promote social innovation in Canada, until 2013, and was appointed Interim President of the Pierre Elliot Trudeau Foundation in 2013-14.



Currently he is a board member of the Ottawa Community Foundation and the Jarislowsky, Omega, Inspirit, Shorefast and other foundations. He is also on the board of the Arctic Inspiration Prize, and the advisory boards of Musagetes and the MaRS Solutions Lab.

In 2001, Tim was appointed an Officer of the Order of Canada. He is the recipient of honorary degrees from Carleton University, Dalhousie University, the University of New Brunswick, York University and McGill University.

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