

DATA DIVE WITH NIK NANOS

# COVID-19's economic gut punch has hit Canadians hard

As the outbreak continues to spread, the pollster says anxiety about health and the economy is surging – and most people expect matters to get worse before they get better

OPINION

Nik Nanos is the chief data scientist at Nanos Research and the official pollster for The Globe and Mail. He is a Global Fellow at the Woodrow Wilson International Center for Scholars.

As a serious threat to public health, COVID-19 has resulted in an unprecedented disruption to our day-to-day lives and mobilized governments at all levels to take aggressive action. As the pandemic has unfolded, the perceptions of Canadians have evolved in terms of its current, and expected long-term, economic impact, as well as what it means for the future. With this threat in particular, resilience and survival will be critical as the country transitions to whatever the “new normal” will be for both our economy and our society.

Each week, my firm, Nanos Research, tracks the top (unprompted) issue of concern of people across Canada. A look at the mood of Canadians over the past few months, as the coronavirus has spread around the world, makes for a grim recap of how terrible things have become for many.

Back in late January, the environment held top spot, followed by jobs and the economy, then health care. Even though the Chinese city of Wuhan had been placed under quarantine on Jan. 23, the coronavirus had not yet registered as an issue of concern among Canadians. Fast forward to the latest Nanos issue-tracking poll and it's no surprise to discover coronavirus has propelled itself to the top spot, followed by health care.

The virus has a grip on the Canadian mindset and is having a profound impact on mood.

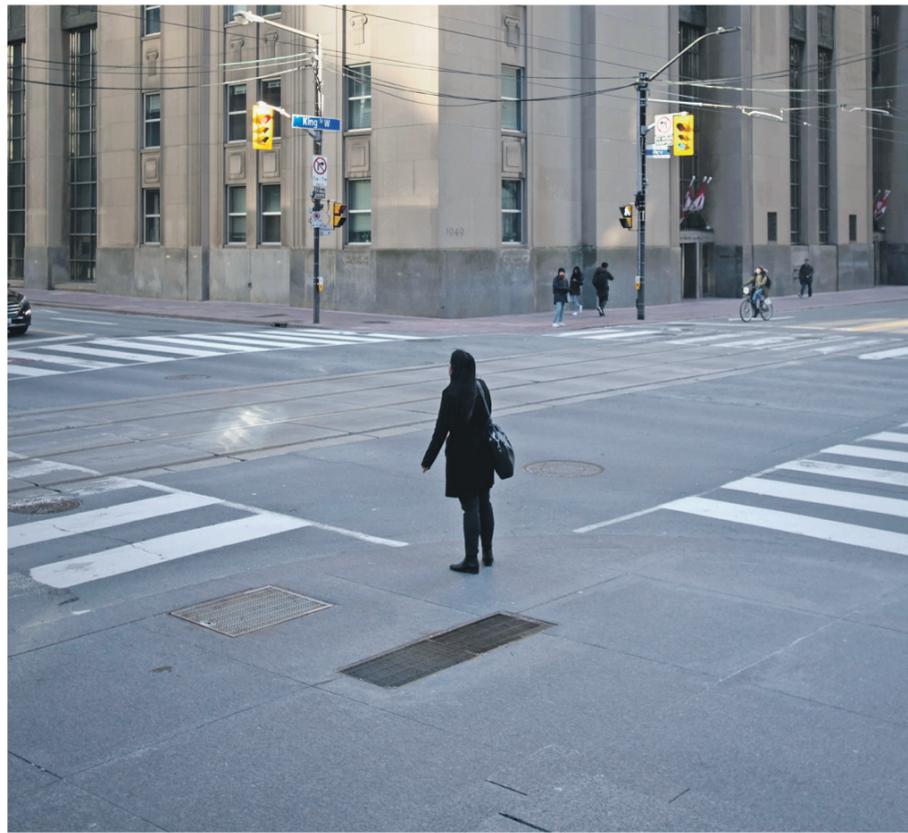
Set aside the fact that many shops and businesses have already shuttered, and that Canadians are weathering the health storm through social distancing and self-isolation – a recently released Globe and Mail/CTV News/Nanos survey suggests that Canadians are preparing for things to grow even worse. And it's not just a few pessimists: By a factor of four to one, Canadians expect the situation to get worse rather than better in the next month.

Anxiety about health and the economy are especially pressing. More than three out of four Canadians are worried, to one extent or another, that a family member will get COVID-19, while more than six in 10 Canadians have anxiety about losing their job or paying their bills. And although it scores lower on the worry scale, one in three Canadians are primarily worried about food security and are concerned about running out of food more than the public health and economic threats.

Research with Bloomberg suggests that one in five Canadians expect to miss a mortgage, loan, rent or credit card payment in the next 28 days, with Canadians under the age of 35 most likely to default. One item of note is the generational difference in how Canadians are considering the threat posed by the virus: Those younger Canadians are marginally more likely than their older counterparts to see the virus as an economic issue and less as a health issue.

This highlights the tension and trade-offs being made between the public-health response, and its duration, and its impact on the economy. There is no doubt or disagreement that COVID-19 represents a material threat to our collective public health. But the casualty list also includes devastating, but currently short-term, job losses in a broad swath of economic sectors, from the bricks-and-mortar retail and hospitality industries, to manufacturing, non-profit sectors and local governments. In response, Canada's federal and provincial governments have responded with notable speed to create and launch sizable measures to economically support Canadians and businesses through a combination of stimulus and wage subsidies.

Nevertheless, 2020 currently looks like the beginning of a recession, the length and depth of which is anybody's guess. Weekly consumer confidence tracking by Nanos suggests that we are now at a 12-year low and that perceptions



A pedestrian stands at a largely empty street corner on March 16 during what's normally the Monday morning rush in Toronto's financial district. Polling shows more than six in 10 Canadians are anxious about losing their job or paying their bills during the COVID-19 outbreak. FRED LUM/THE GLOBE AND MAIL

today are darker than they were during the previous recession. Back in the Great Recession of 2008, it was the price of oil that buffered Canadians from the real pain of the economic downturn. Right now the low and dropping price of oil means that there is no cushion to lessen the impact of a global downturn on the Canadian economy.

The forward-looking views of Canadians regarding the economy are quite stark. Canadians are 10 times more likely to think the Canadian economy will get weaker than stronger in the next six months, while confidence in the value of real estate is on the decline. Projections using the Bloomberg Nanos Expectations Sub-index suggest a net drop in GDP, with the scope of it undetermined. The public-health focus has been on “flattening the curve” in fighting COVID-19. A focus on the curve also applies to Canada's economy, as well. But the current economic trajectory shows a drop off a cliff with no sign yet of an economic flattening of the curve.

Even though Canadians are understandably anxious, and expect things to get even worse, research suggests that people are generally satisfied with the federal government's response. The negativity with which many Canadians viewed Ottawa has quickly evolved to a positive frame of mind as the country goes to war against COVID-19. More than six in 10 Canadians would describe the federal government's response to COVID-19 as either very good or good. And the words Canadians use to describe how they feel about the government has changed from the likes of “pessimism” and “anger” to “satisfaction” and “optimism.” Canadians in every region are now more likely to use positive emotions rather than negative emotions to describe how they feel about the federal government with the exception of Canadians in the Prairie provinces – which still tilt negative, albeit with a lower intensity than in 2019. Funny how a pandemic brings us all together.

What does this all mean? First, there is more satisfaction than dissatisfaction with the government's response to the COVID-19 outbreak. For average Canadians, the likely view is that all levels of government are driven by a common sense of purpose, and that partisanship seems to have taken a back seat to protecting and helping Canadians. The fact that the only real debate between governments is on the release and transparency of modelling data suggests that federal-provincial relations are fundamentally healthy and currently collaborative. Considering how toxic federal-provincial relations were at the close of 2019, COVID-19 has triggered a sea change showing how Canada's federation can work.

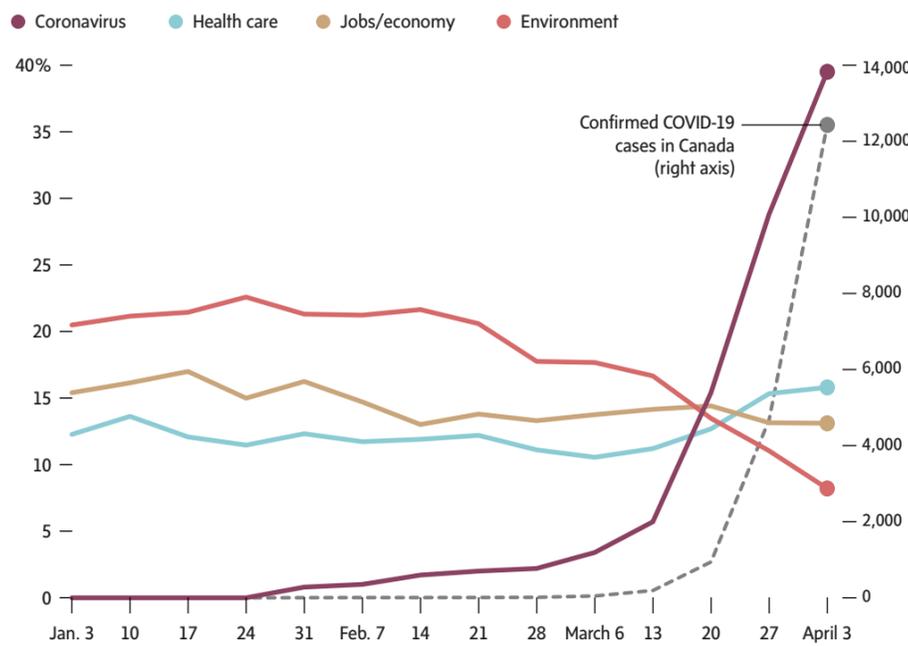
Second, Canadians are seriously expecting and bracing for things to get worse on the public-health front. This grants governments social licence to take action and gives political leaders the authority to use all the levers needed to fight COVID-19 both from a public health and economic perspective.

Finally, there is a lot of yet unspoken concern about how Canadians are going to manage life post-outbreak. Although Canadians understand the seriousness of the threat to their health and livelihood, and are bracing themselves for worse times, what is missing is any indication of how the transition to the new normal will work. How is victory over the outbreak defined? What are the conditions to trigger a transition back to a functioning economy?

As Canada wages war, we must also prepare for a post-COVID-19 “peace.” Balancing public-health priorities with the economic gut punch the pandemic has already delivered will be this generation's greatest challenge.

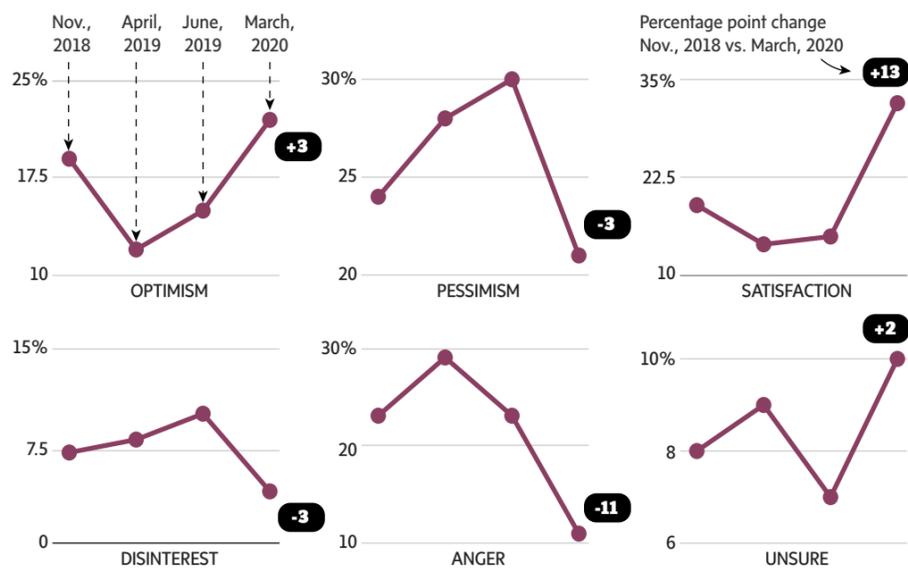
## Canadians and COVID-19

### MOST IMPORTANT NATIONAL ISSUE, ACCORDING TO RESPONDENTS

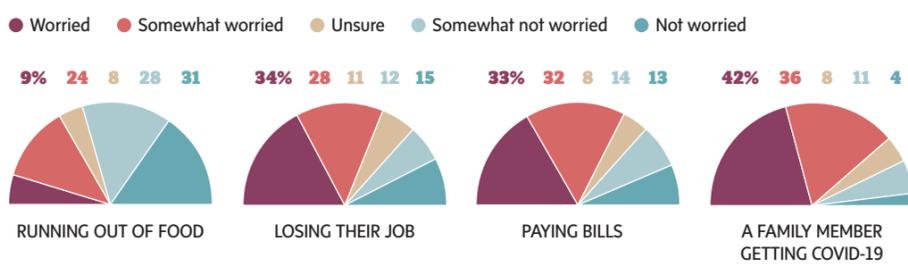


### FEELINGS TOWARD THE FEDERAL GOVERNMENT

Percentage of Canadians who say the following feeling best describes their views of the federal government, by survey date



### COVID-19-RELATED CONCERNS



MURAT YÜKSELIR / THE GLOBE AND MAIL, SOURCE: NANOS RESEARCH; JOHN HOPKINS UNIVERSITY

This column was based on multiple research studies completed by Nanos Research. They were all national random surveys of Canadians comprised of at least 1,000 individuals. Random studies of 1,000 are accurate within 3.1 percentage points, 19 times out of 20. The reports with full methodologies and their technical notes are posted at www.nanos.co.