

# Directing the COVID Recovery

Assessing the Impacts of Potential Stimulus  
Policies in British Columbia



**At the height of the COVID-19 pandemic, Canada lost over 3 million jobs and the unemployment rate rose to a record high. As of early September, only 1.9 million of those jobs had been recovered. Some industries, however, could see permanent changes to their workforce and how they do business. Also, some industries may take longer to recover than others.**

The structural changes in some industries, combined with the severity of the recession and continuing health and safety issues, could make some traditional stimulus measures less effective.

We wanted to know what impact investing in post-secondary education (PSE) would have on B.C.'s economy, and how equitably those benefits would disperse through the population. To put this analysis in context, we compared PSE investment with other, more traditional avenues of stimulus spending:

- investment in transportation infrastructure
- personal tax cuts
- business tax cuts

## Investing in PSE institutions

### Short term

Every \$1 million of investment in PSE institutions could support 12 jobs in British Columbia. This could result in gains of \$743,431 in labour income, \$1.1 million in GDP, and \$272,151 in government revenues. A substantial portion of the additional spending would go to salaries at PSE institutions—salaries that would be spent mainly in British Columbia, driving large economic and fiscal impacts for the province.

### Long term

We considered two long-term impacts of investments in PSE institutions: higher future earnings (thanks to increased educational attainment for students), and increased productivity from research conducted at post-secondary institutions.

For every \$1 million in stimulus investment, universities and colleges would be able to educate and graduate 37 additional students. Combined, the graduates would earn an additional \$328,381 per year compared with what they could with only a high school diploma, adding up to about \$13 million over their lifetimes.

Assuming that B.C. universities and colleges would allocate 28 per cent of the investment to research and development activities, the stimulus could contribute \$37,369 annually to the province's GDP.

We estimate a one-time, \$1-million investment in PSE could sustain an annual average of seven jobs over 40 years, leading to a \$501,379 boost to GDP per year.

### PSE's impact on diversity

The benefits of stimulus investment should be spread as evenly across the population as possible. Based on existing employment profiles, we estimated how many jobs an investment in PSE could create for four traditionally under-represented groups: women, recent immigrants, Indigenous people, and racialized Canadians.

Of the stimulus measures we examined, investments in PSE would create the most jobs in the short term. These additional jobs would generate the following average incomes for each group:

- women: \$41,715
- immigrant status: \$46,673
- Indigenous status: \$38,832
- racialized minorities: \$39,858





## Investing in other stimulus measures

### Short term

Among the non-PSE stimulus measures, personal tax cuts would have the largest employment impact in the first year, followed by transportation infrastructure and business tax cuts. (See Table 1.) Business tax cuts would have the lowest impact, mainly because businesses often need to make purchases from vendors outside the province. We see similar impacts when we consider the GDP and the effects of the different stimulus measures on government revenues.

### Long term

Transportation infrastructure will generate the largest long-term economic impact. We estimate that a \$1-million investment in transportation infrastructure would support an average of 10 jobs per year over 40 years. This would add about \$666,000 per year to the province's economy. (See Table 2.)

While personal tax cuts would increase consumption, we wouldn't expect this to result in long-term productivity improvements.

### Other measures' impact on diversity

Among the non-PSE stimulus measures, we estimate that personal tax cuts would result in the most diverse employment profile. (See Chart 1.) Business tax cuts have only a small effect on employment, so investment here would create the least diverse impact.



**Table 1**  
**Investing in PSE would have the largest short-term employment impact**

(impact by category per \$1 million investment)

	PSE institutions	Transportation infrastructure	Personal tax cuts	Business tax cuts
Employment	12 jobs	8 jobs	9 jobs	6 jobs
Wages	\$743,431	\$555,746	\$423,363	\$276,728
GDP	\$1,142,926	\$845,939	\$812,586	\$508,501
Taxes	\$272,151	\$236,574	\$257,706	\$167,529

Sources: The Conference Board of Canada; Statistics Canada.

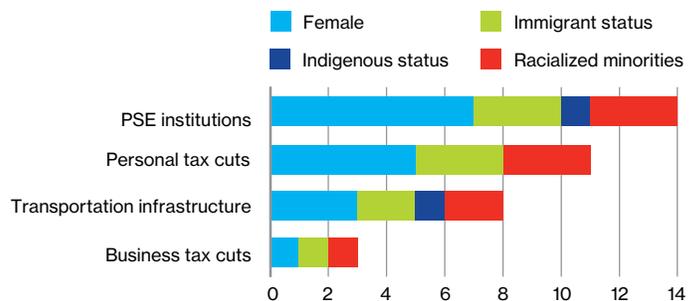
**Table 2**  
**Investing in transportation infrastructure could support 10 jobs per year over 40 years**

	PSE institutions	Transportation infrastructure	Personal tax cuts	Business tax cuts
Investment	\$1,000,000	\$1,000,000	n.a.	\$1,000,000
Annual average GDP	\$501,379	\$666,459	n.a.	\$149,390
Employment	7 jobs	10 jobs	n.a.	2 jobs

Sources: The Conference Board of Canada; Statistics Canada.

**Chart 1**  
**Investment in PSE would create the most short-term employment benefits to diversity groups**

(jobs created per \$1 million invested)



Sources: The Conference Board of Canada; Statistics Canada.