



What's Missing in our Global Discourse?

Mr. Peter Hall

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Introduction by The Honourable Ed Fast:

Well good evening everyone. It's a great pleasure and honor for me to introduce our guest speaker tonight.

Prior to his recent retirement, Peter Hall was for many years the Chief Economist at *EDC*, *Export Development Corporate Canada*, heading up a large team of economists [...] that provide comprehensive forecasting in internal and external business strategy purposes, including transaction risk analyses for over 160 countries. Now that might sound complicated...I'll leave it to Peter to explain what all of that meant.

Over the years Peter has made many presentations to business, government and academic audiences in Canada, the US and internationally and he authored EDC's weekly commentary on economic issues. Now I was among the many who benefited from Peter's experience and insights. As was mentioned, I'm a former Trade Minister for Canada and I had responsibility for the EDC. It was in that context that Peter and I first met. And he was required to make regular presentations to my team on the economic forecasts that would undergird Canada's export promotion activities.

Peter and I soon identified that both of us were Christ followers. We realized that coincidentally we both attended the same church here in Ottawa, whenever I was here in the city. So a new friendship blossomed. I have so much appreciated the measured way in which Peter delivers his advice to politicians and non-politicians alike. In his chosen profession, as in his personal life, Peter has lived out his Christian faith in a winsome and steadfast manner that is endearing to many. I'm grateful to call him my friend.

Today Peter is Chief Economist at *Econosphere*, a boutique business strategy advisory firm. In this capacity he is involved in advising and leading Canadian industry associations and corporations, advising and promoting international initiatives, writing a weekly column in the *Financial Post* and featuring as a speaker at conferences across Canada. Peter is also senior adviser to auto parts manufacturers *Martinrea* and a senior advisor to *Elevate Export Finance*.

I know that his reflections on “*What's Missing in our Global Discourse?*” will stimulate much discussion [...]. So friends please join me in welcoming my friend and your friend, Mr. Peter Hall.

Mr. Peter Hall:

Thank you so much, Ed, for that wonderful introduction. I can elaborate a little bit on the meeting, or the meeting of minds that we had. I first met Ed in Singapore when, as minister, he was talking about what is actually coming to fruition now with the Indo-Canada strategy. There has been very much talk of both Canada and the ASEAN nations. And of course that's what we were both working on at the time.

But I think it was my discussion with his wife Annette at an event that he wasn't able to attend. We were sitting together and realized that we did a lot of the same readings as each other. That was a wonderful moment and I think she went back and said, “You got to listen to this guy.”

And that's how we came together. So I am honored to call Ed Fast my friend and my brother in Christ and I'm going to elaborate on that as I get into my talk.

Premièrement je veux dire merci de m'avoir invité à m'adresser à cette audience distinguée. C'est un grand plaisir d'être parmi vous ce soir pour cet événement pour notre discussion sur les deux éléments qui, selon moi, manquent de notre discours international.

Darlene thank you so much for the invitation to be here tonight to talk about these very salient issues in our life these days. I have spent my entire career as an economic forecaster. And before you all laugh at that, right now the economics profession has really been put to the question, with many in the profession itself wondering whether, in our chaotic environment right now, it is even possible to do an economic forecast?

Well that's a problem of existential proportions to someone like me. I've got a view on that, as you can quite imagine. But why is it that that has actually become part of the discourse—the discourse about our world right now?

Few people forecast that we were going to be globally in an abyss for so long.

Well to answer that question, I think we need to go back at least as far as 2008. We had a long run of prosperous growth that came to an absolute crash at that point in time. One of the leading indicators in the top economy—economically speaking—of the world, the United States. Of course any good Canadian economist is actually a better US economist, because so much that happens down there drives what we do up here.

The leading indicator dropped 75% and stayed down in that abyss for two and a half years. The leading indicator I'm talking about is the entire homebuilding industry. Imagine an entire industry that collapses to that extent, everybody in the industry dealing with a 75% decline that stays there for two and a half years. Hardly any business could survive that kind of a dropping.

Well it gets worse, because it took an entire decade for that market to actually get back to some semblance of recovery. That's one indicator inside of the top economy of the world. And that only illustrated what was happening—the carnage that was happening—not just across that economy, but across our entire world.

We did not know what to do with the global financial and economic crisis and its aftermath. Very few people actually forecast that we were going to be globally in an abyss for so long.

So what happened at that point in time? Well that's a question we're still wrestling with right now. And the lack of answers to that question is actually complicating how we are designing our world now. Because of course in the aftermath of that, we were not able to bring ourselves up with massive fiscal and monetary stimulus.

Imagine this disillusionment among an entire generation of world citizens.

There was disillusionment that set in particularly among the young. Imagine graduating from your educational program, ready to enter the workforce in 2008 and somebody might well have come along and said, “Don't worry, it's only going to be five, or six, or seven, or eight years before you will be gainfully employed in your chosen profession.”

That's how bad it was to somebody entering the market. And of course, somebody who was already gainfully employed, was trying as hard as possible to hang on to their job. Nobody was ready to move out of the way to make space for the young generation coming in.

Let's agree that five, to six, to seven, to eight years is a very long portion of time in anybody's career. So you can imagine this disillusionment among an entire generation of world citizens at that time who could not properly engage in the marketplace. And as the economy took so long to actually recover, the disillusionment grows.

The disillusionment doesn't just affect those directly affected; it affects everybody who loves and cares for them. It affects government policymakers all over the world who can't find solutions to the dilemmas that are faced by this generation.

If failure could be so high as this, how could we trust in capitalism?

Is it any surprise that as the years wore on in each of our countries, we were dealing with populist movements? This illusion, with a number of very basic things that we have come to assume inside of our economic and geopolitical structure...In fact most of the institutions that were set up in the post World War II period, were being questioned. Economic systems were being questioned.

If failure could be so high as this, how could we trust in capitalism? Do we need to go to some other form of economic system in order to resurrect the economy itself? There were very few answers. And governments came and went in each of our countries, with no solutions for this particular dilemma.

The first policy-generated, pan-global recession in economic history, creating or fanning the flames of the hopelessness that was spreading, not just among the young now, but in our older generations as well.

And if it wasn't bad enough with all that we had to deal with, in a decade where the world economy barely got back to some semblance of recovery, COVID hit. We were only just getting to the point where some of the indicators were telling us that we were back. And then COVID came; shut the world economy down. The first policy-generated, pan-global recession that I can remember in economic history, creating or fanning the flames of the hopelessness that was spreading, not just among the young now, but in our older generations as well.

So what does one do with a situation like this? Where not only are we dealing with economic problems, but there's the worry—not just about institutional rigor anymore and what system is actually the one that we should go with. But we are faced with environmental disasters as well, that are of course, fueling the flames of other considerations that we have about the climate of the world and so forth. And what further restrictions we need to put on our economies in order to achieve aims of one kind or another. Now imagine being young in a situation like this and wondering, “What are the older generations actually thinking right now?”

Forecasts are inescapable.

All of this architecture is really complex and none of it seems to actually be working. Well this is where people like me and my profession are saying, “Well the models are broken. We don't actually have a way of telegraphing what is going on right now.”

And that's a very hard thing to do—or it's a hard thing to say—because it doesn't recuse any of us from having to do forecasts in our own world. Forecasts are a key part of running a

household. Forecasts are a key part of running a business. Forecasts are a key part of putting government budgets together. Forecasts are inescapable.

And so if those who are at the top of the forecasting profession are telling us, it can't be done anymore, because you can't actually calibrate a model in your mind or mathematically, to capture what it is that's going on, what are we supposed to do?

We can still predict where it is that we are going. We've just got the context wrong.

Well I'm arrogant enough, I think, to propose or to say that I believe that we can still predict where it is that we are going. We've just got the context wrong. I do believe that as the world globalized, it opened up the possibilities for many nations around the world to now get to what we economists call the "production possibilities frontier." Sorry to take you back to scary Economics 100 classes here, but I'll be brief on this score.

Many economies were well within that frontier, but the openness that has come to us by virtue of communication technology and technology in general, opened up the capabilities for all nations around the world. As we were able to integrate more closely together, to achieve fabulous rates of growth on a continuous basis that, I believe, took what is a 10-year economic cycle and stretched it into a 20-year cycle. Now you might say, "Well, that's a wonderful thing and I don't see it in my world right now."

Well actually when you look at the numbers, that's exactly what happened. We took a standard 10-year economic cycle and we stretched it into 20. So now we have longer "longs." The last growth cycle, with the exception of a blip that happened in 2001—which I don't believe was a recession—was a 16-year growth period. We don't usually have a growth period that goes that long.

But when you get a long growth period, a funny thing happens to human behavior. Somebody comes along and says, "Hey, it's a new normal. We can grow forever now, because we've blown past all of the barriers that we had before."

And we create a colossal bubble of activity that is only going to burst. This time around that bubble of activity was exported to the entire planet. Everybody experienced it; this was not a localized phenomenon. And when it burst, it burst badly. And that was the global financial crisis of 2008-2009.

In a stretched-out cycle, you have longer "longs," you have higher "highs," you have lower "lows" and it's an awful lot longer to actually recover from those things.

Why would it take us a long time to recover? Well in a stretched-out cycle, you have longer “longs,” you have higher “highs,” you have lower “lows” and it's an awful lot longer to actually recover from those things. Now understanding that that's the way things work, enables us then to make business and policy decisions that accommodate a world that institutionally is actually working very well; it's just in overdrive.

Now I'm not expecting that my brilliant insight into how the world works right now is going to wave a magic wand over all of the problems that are out there and fix things for you right now in terms of the way that you have to either conduct your diplomatic business, or the parliamentarians in the room conduct their business as well. But I do believe that there's a tremendous amount that this insight offers to us in terms of restoring the hope of the young particularly, inside of our economy.

The problem of inflation is actually a good problem to have.

I am happy to say right now that we have hardly experienced lower unemployment rates, right across OECD and emerging market nations, as we are experiencing right now. One of the problems that we have right now, of course, is inflation. And that problem of inflation is actually a good problem to have—if you think about it—because nobody was expecting that this economy was going to recover as quickly as it did from COVID.

You know why? Well in my humble opinion, if you take this long stretched-out cycle view of the way things are and if you look at the leading indicators, or indicators of the economy just prior to the COVID period of time, there was plenty of evidence around of pent-up demand in the economy. That's one key indication that this is an economy that is ready for a recession. And so guess what, when we decided to open up again, this economy rushed right back, because of all that pent-up demand. And because we rushed back to the growth frontier that we were at before, now we have inflation to deal with.

Okay so what's the point of actually sharing that with all of us? Well as somebody who forecasts the economy, looking at the economy this way has enabled me not just to lead a team that has forecast this entire period accurately, but to advise businesses on how it is that they should actually accommodate the current situation as well.

Sustainable growth gives hope to a generation that has been left behind.

And the bottom line here is that the two elements that I believe are missing from our overall global discourse are actually in place right now. We're just not talking about them.

There is growth that is happening at the moment. That growth I believe is sustainable for quite some time. And that gives hope to a generation that has been left behind.

Well so much for my economic theories and how they all come together. I'm continuing to tell this story and you know, one small person out there is actually helping to breathe hope into businesses—businesses across Canada, businesses that are interacting with the world economy—and wondering, of course, whether they are going to be able to do that in the next little while. I think everybody in this room hopes that that will indeed be the case. That globalization is not over. That the interactions, the business that can be facilitated across borders more freely, will actually continue to power our economy along. There are other things that are coming up against that.

We can all forecast with accuracy that at some point, our lives are going to end. At *that* point what is our hope?

But the truth of the matter is, lots of people will have forecasts, whether they believe they can forecast or not. And I've been around this business long enough to know that it's very easy to be wrong when you are forecasting. And of course, there comes a point in our lives where this kind of forecasting really doesn't matter anymore.

It's important to know forecasts of a different kind. You see there are very few things that we can forecast with 100% accuracy. I've got your attention now. You're wondering, "Okay is there anything that can be forecast with 100% accuracy?"

Well it was already said earlier on, you know, you can guarantee that you are going to pay taxes. I can forecast that with 100% accuracy—if the parliamentarians [...] disagree with me, we can talk about that afterwards.

On a more somber note, because of our human condition, we can all forecast with accuracy that at some point in time, our lives are going to end. And that's a moment where we have to really deeply consider, at *that* point what is our hope? What is our forecast of the future? Do we know what is beyond that forecastable moment? You know that is something that is such a human reality. We ought to be paying so much more attention to that as a topic.

Where is the discourse on hope and growth? When at the end of our lives all of our hope seems to have snuffed out, the things that we have invested in don't seem to have the same importance as they once held, what is the hope that we cling to?

Why is it that millions of people have looked to this little child as the answer to their dilemma? Why have they placed all of their hopes for their long-term future in this child? Who would ever think that this was the hope of the nations?

Well at this time of the year, we all think about an event that happened in the Middle East over 2000 years ago. It's everywhere, whether we want it or not. And there are soft, lit images that are romanticized about the time. Richard told us exactly that was not a good time. In fact that was a moment in history, where hopes for the future—even the present—were very much snuffed out.

Think of the duress of being under a repressive regime. Think of the high levels of taxation that were happening at that moment in history. Think about a census that was imposed from Rome that meant that you had to relocate to the place where you were born to. Regardless of where your business was, you had to actually go and be counted at the place where you originally came from. Huge movement of population, huge dislocation.

And into that is born one, who for hundreds of years, had been forecast would actually come at that moment in time, to a very humble household that was dislocated at that time. As Richard said, was forced to be born in a feeding trough, of all things.

Now who would turn to such a little creature and say the things that have been said about this very special baby boy? Who would ever think that this was the hope of the nations? Who would ever think that this would be an answer to the human dilemma?

So I'm going to branch off from what Richard said and ask that question: why is it? Why is it that so many untold millions of people have looked to this little child as the answer to their dilemma? Why is it that I personally have done that—have looked to this child and have placed all of my hopes for my long-term future in this child? Why would one do that?

This is a child born of God, sent into the earth to redeem the human condition. A human condition, that left to itself, results in the kind of chaos that we experience right now in our world.

Well when this child comes along...And what do we learn about this child? That this is no normal child; this is a child that was born of God. This was a child who was sent into the earth to redeem the human condition. A human condition, that left to itself, results in the kind of chaos that we experience right now in our world.

That makes sure without a shadow of a doubt, that all of the misdemeanors of those who believe in this little child and in what this child accomplished by being the sacrifice necessary to pay for those misdemeanors. Think about what that does. Think about how that changes our minds about how we live on this earth.

The record against me is completely wiped away! I can start afresh. Pure. Clean. Redeemed. Made right in the eyes of the God of the ages.

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I look at that and say, "There is nothing that I've come across in my life that has promised all of that for me."

And that has answered the dilemma of death; that existential quagmire that philosophers have become bound in over the ages and many, or most, not been able to reconcile an answer to that.

Well it's not just the birth that brings that about. But it's interesting how that birth occurred in the most hopeless of times and captured the imagination and the hearts of so many millions from then until now. That is my grain of hope.

Forecasting is going to come and go. I've often said to my kids, "My stuff has a short shelf life. You know, what am I doing this profession for? You know I get a forecast out there and it is obsolete in a week and I move on to the next thing."

This is something about eternity that is so very important. And I just wanted to share that personally with you, because of my story. It is what turned the life of this rebel child of God when I was 17 years old and wandering off, on my own way. It is what binds me together, with my friend Ed Fast and with all the others who share this wonderful faith. And I wanted to share with you tonight.

I think I can tell you stories about many different things that I've experienced over my career, but none is more important than what I'm sharing with you tonight. And my earnest desire would be to share that with you, not just in words, but in experience as well. And so thank you so much for having me here tonight, to spend this short time with you and to share these few words with you.

I do wish you very happy holidays, a very Merry Christmas. And I do hope that you have an opportunity to think about hope and growth and to think about eternity as well. And to think about what Christ did when He came into the world. Thank you so much.