

January 27, 2010

File: 20302-B02

Dear Premier or Dear Minister:

Re: Recovery from the recession with a government driven recovery

The economic stimulus generated from a combination of ultra low interest rates and increased government spending seems to have stabilized the global and Canadian economies. It is working. Notwithstanding the lag in private sector job growth, if it was not for government stimulus, Canada would still be in a recession. This is clearly the wrong time to end the stimulus program.

Government representatives recently stated that we have to move back quickly to balanced budgets and some government supporters are saying they need to do this through deep cuts to social programs, public services, and public sector jobs.

Some people believe deficits are our major problem right now, not unemployed workers and their families. For them, balancing the books today is more important than helping people and re-building Canada on a strong economic and social basis for future generations.

But, investments in social and economic stabilization programs that help Canadians cope with the deepest global recession since the great Depression of the 1930s are not only a necessary policy but a sound policy.

Investing in public programs which create jobs for people, raise our economic potential, and further our environmental and social justice goals have been working for the past year and according to all independent experts are still needed to ensure we have a strong recovery.

Borrowing to finance these investments is not a problem when the total government debt today is the lowest of the advanced industrial countries (53% of GDP in 2008-2009 compared to 102% in 1995-1996) and interest rates are at an all time low. It does not make sense not to borrow when rates are this low.

.../2

Now is not the time to worry about balancing the books in the short run for political reasons. Balancing the books too quickly can make a bad situation even worse. As pointed out by Dominique Strauss-Kahn, Managing Director of the International Monetary Fund, growth is largely driven by government stimulus measures and countries risk a return to recession if anti-crisis measures are withdrawn too soon.

Several Canadian forecasters and the Bank of Canada recently stated massive government spending is still necessary to maintain growth and help us crawl out of recession. Cutting spending would jeopardize the economic recovery.

Canadians don't need cuts to social programs and public services. Canadian workers have the skills and commitment to rebuild and expand our social and economic infrastructure. What they need are the jobs to do it. Good family-supporting jobs will not only get us out of the recession but generate the tax revenue needed to eliminate the deficit.

Now is time, with record low interest rates and a low debt to GDP ratio, for an expansion of public investment-led growth to support job creation today and a strong private sector recovery tomorrow.

Now is time for investment in good public infrastructure and good public services as key drivers of private sector productivity in the future.

Now is time for industrial development strategies and procurement policies that create jobs for Canadians.

With low interest rates, we can and should finance public expenditures which create jobs now while raising our productive potential and the future tax base. Borrowing today to create a larger economy tomorrow is the best way to balance books and not create a burden on future generations and it will help address the fiscal challenges of an ageing society.

A government driven recovery is working. I do not believe that now is the appropriate time to cease a policy that is working.

I also understand that your **province or territory** is facing problems stemming from the crisis as well. It is clear that a pulling back on stimulus by the federal government will only increase the burden on **provincial or territorial** treasuries. I am encouraging you to lend your support to efforts to convince the federal government to maintain the stimulus program and not cut back on public services.

Yours truly,

A handwritten signature in black ink, appearing to read 'K. Georgetti', with a long horizontal line extending to the right.

Kenneth V. Georgetti
President