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Government and Regulatory Affairs

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In this issue

Will this work?

FOR MORE INFORMATION
http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Budget_2009_Issues.pdf

<http://www.statcan.gc.ca/daily-quotidien/090206/t090206a2-eng.htm>

Upcoming Articles

What an Obama government realistically means to Canada and our business



Government Compass-“your guide to where Canada is headed”



Will this work? We are on thin ice...

Even though our stimulus package is by far smaller than the American plan (as a percentage of the size of our economies), it is a package nonetheless. The question Canadians should be asking is, **will it be enough?** The rosier of forecasts have predicted gloom – and the Conservative government's intervention is welcome to our industry. There is relief for some of those people who will be affected the most. There is relief for those people who are out of work now and going to be out of work in the future. However, the inevitability for more action by those who have the ability to control the economy is as certain as the assumptions made in the recent Budget 2009. The Americans have recently injected another \$1,000,000,000,000 (a trillion) into their economy in addition to the \$787 billion made available to financial institutions through TARP last fall. Canada for

the purposes of this discussion made a promise to spend a mere \$39 billion over two years. In addition, the Parliamentary Budget Officer released February 5th a report which outlines the “net” or actual effect of the spending might in fact be 20% less than originally intended. For example, it is difficult to categorize a freeze on the Employment Insurance premiums as part of a stimulus package.

So what does this all mean for construction? It means the **Government of Canada has handed our industry an insurance policy for the road ahead.** It means our industry will be better off than all others in the coming months/years. The plan is rich with opportunities for construction – and it lays the groundwork for private industry to get involved in the industry. The federal money really is not the answer to our problem but it hopefully will reassure the

industry that it is ok to continue and proceed with planned projects.

So what does this mean for the rest of the economy? It essentially means there is a 50% chance things will improve. It also means that all the news is going to be bad about the economy until at least the fall of 2009. Job numbers will fall further than expected and overall activity will slow. Furthermore, it means some tentative moments for a good portion of our economy and it **highlights** the importance of our trading partners.

The U.S Senate is changing some of the wording in their stimulus package to modify the **Buy American** clause – to be subject to existing international agreements. This is good news to Canada – otherwise it could have been a disaster for our economy.

Stay tuned.