

## Open letter to Finance Minister Flaherty

Dear Minister,

As you have correctly noted, Canada is better-placed to weather the current financial crisis than most nations; but (as you have also observed) we cannot easily escape the effects of the credit crunch on our biggest trading partner.

With these facts in mind, I'd like to suggest a strategy to help Canada weather the credit crunch *without* resorting to multi-billion-dollar "bailouts": Revive a stimulus idea that was very effectively used by the government of MacKenzie King in 1945, and continued by Louis St. Laurent through the 1950s.

As background, it's important to note that in the 1940s and 1950s, about half of Canada's money was Government-Created Money (GCM) created directly by the Bank of Canada, rather than Bank-Created Money (BCM) "rented" from the banks. Today, all Canada's money is BCM, created as interest-bearing debt. The compounding of that interest is primarily what has put Canada half a trillion dollars in the hole.

In 1945, with two million soldiers returning from overseas, Ottawa feared massive unemployment could plunge Canada into another Depression. C.D. Howe instructed the Bank of Canada to create (not borrow) money for virtually interest-free loans to provinces, municipalities, regional districts, ports and other local authorities for infrastructure projects. This economic activity created many well-paying jobs; it improved access to resources and markets; and it generated revenues for local authorities to repay the interest-free loans. When the money was repaid, it was retired from circulation (so it would not have an inflationary effect)—but the infrastructure and economic stimulus remained.

The Christian Heritage Party has long advocated for a return to this successful strategy for dealing with our economic challenges.

Mr. Minister, such a program, put into place *right now*, would simultaneously meet three of Canada's most urgent needs:

- It would restore the nation's crumbling infrastructure;
- It would provide the injection of liquidity to solve the "credit crunch"; and
- It would provide new well-paying jobs for thousands of Canadian workers being laid off because the U.S. market is shrinking.

It's a proven plan that Canada needs—**TODAY**.