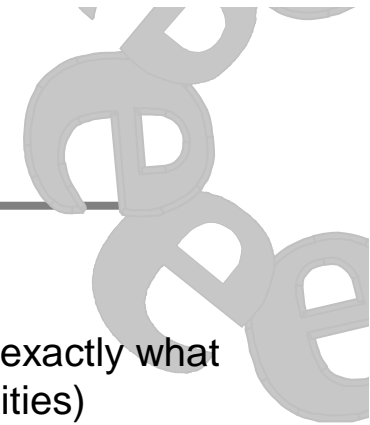


Beware the Echo Recession

Background Deck

April 13, 2009





Highlights

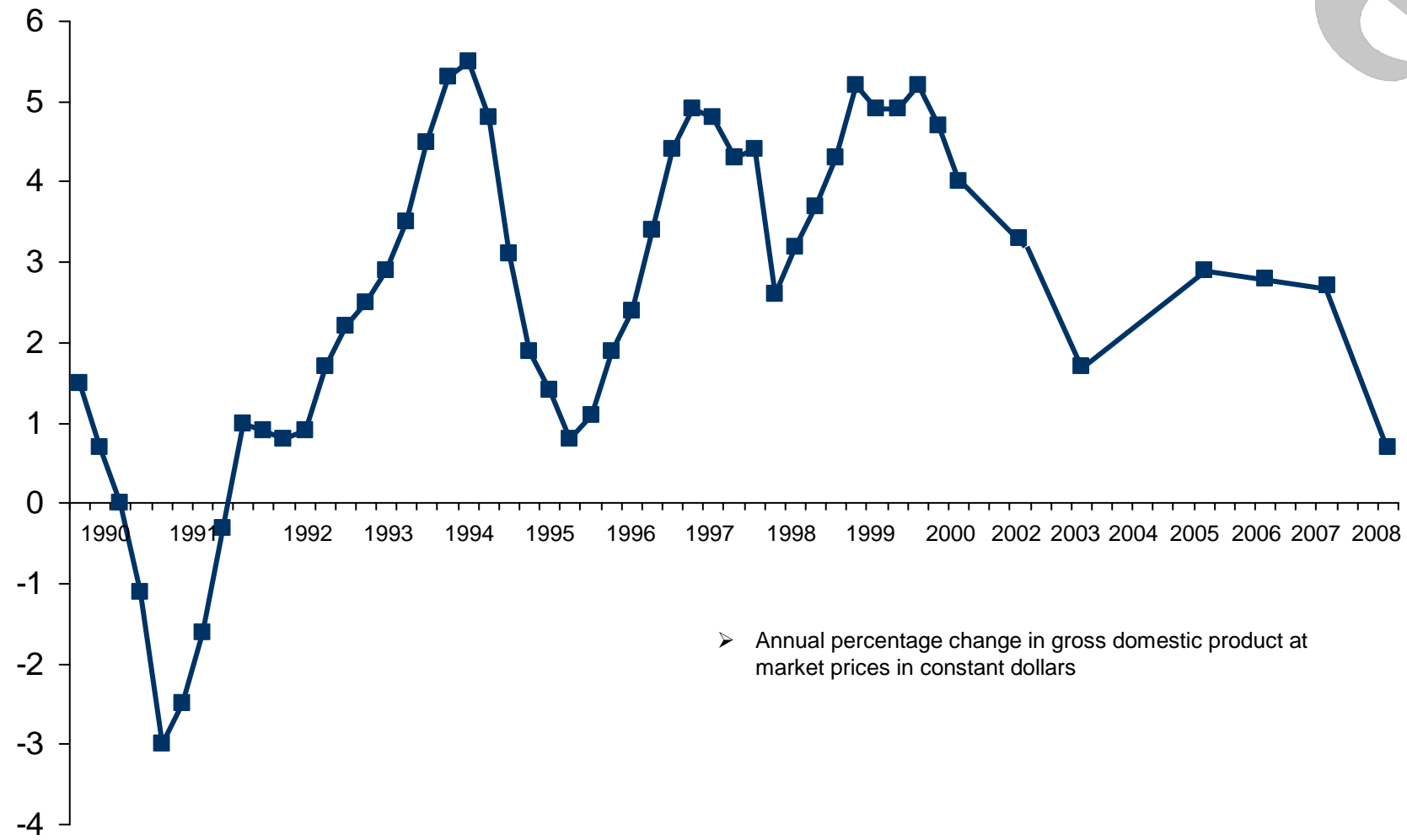
- Public's sense of economic security is fragile and does not always mirror exactly what is happening in the "real" economy (i.e., it takes time to adjust to new realities)
 - This lag contributes to an "echo recession" where recovery is slowed by consumer reluctance to spend (e.g., 2 in 3 plan to cut back spending on big ticket items)
 - Though Canadians remain optimistic about the depth/duration of the recession (e.g., fear of job loss still much lower), this is likely to decline as "reality" sets in
 - Current demographic context may exacerbate the "echo recession" (e.g., aging boomers fearful about prospects for retirement)
- How do we address the "echo recession"?
 - Shift away from specious forecasts to more neutral, up-to-date assessments of *actual* economic performance
 - Focus stimulus spending on reconstructing our economy to meet challenges of the 21st C.
 - Develop a knowledge and innovation blueprint

Indicators





Real GDP Growth in Canada: 1990-2008



➤ Annual percentage change in gross domestic product at market prices in constant dollars

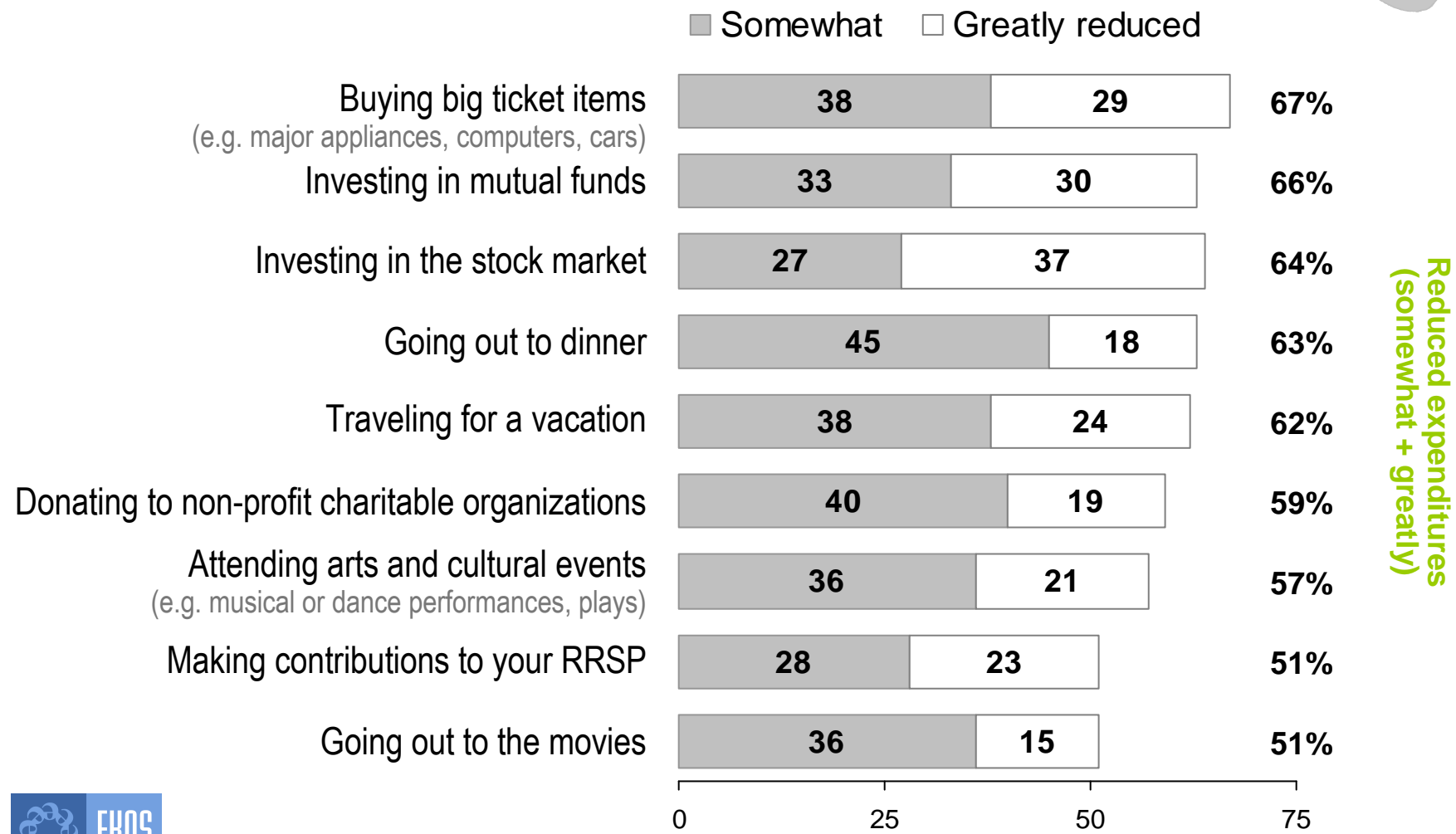


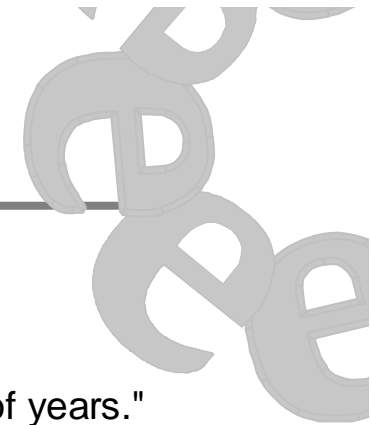
SOURCE: Statistics Canada (1990-2000)/ CIA World Fact Book (2001-2008)



Impact of economic crisis on consumer confidence

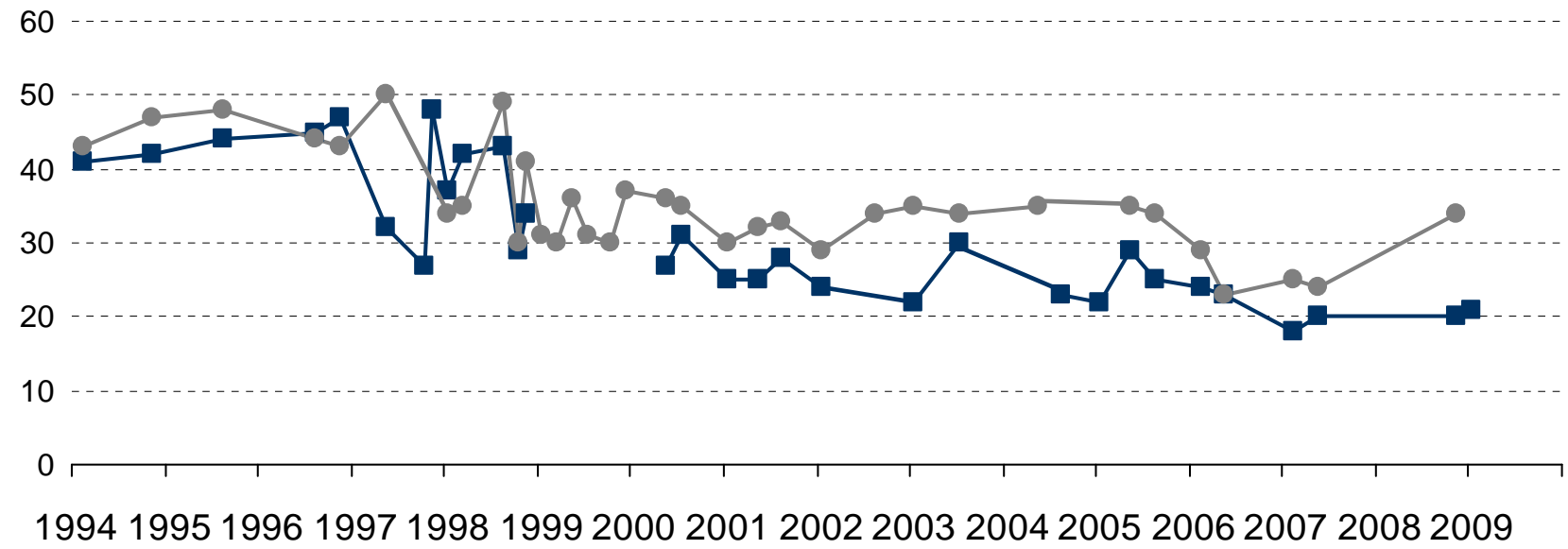
Q. Please indicate if you have reduced or are planning on reducing expenditures as a result of the economic crisis in each of the following areas.





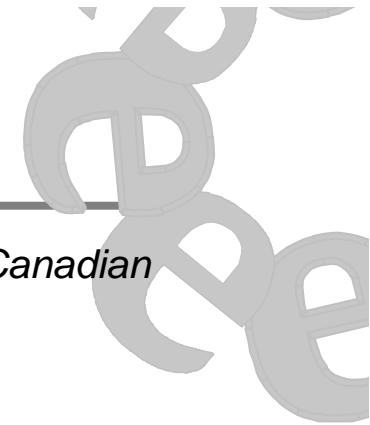
Economic & employment insecurity

- "I think there is a good chance I could lose my job over the next couple of years."
- "I feel I have lost all control over my economic future."



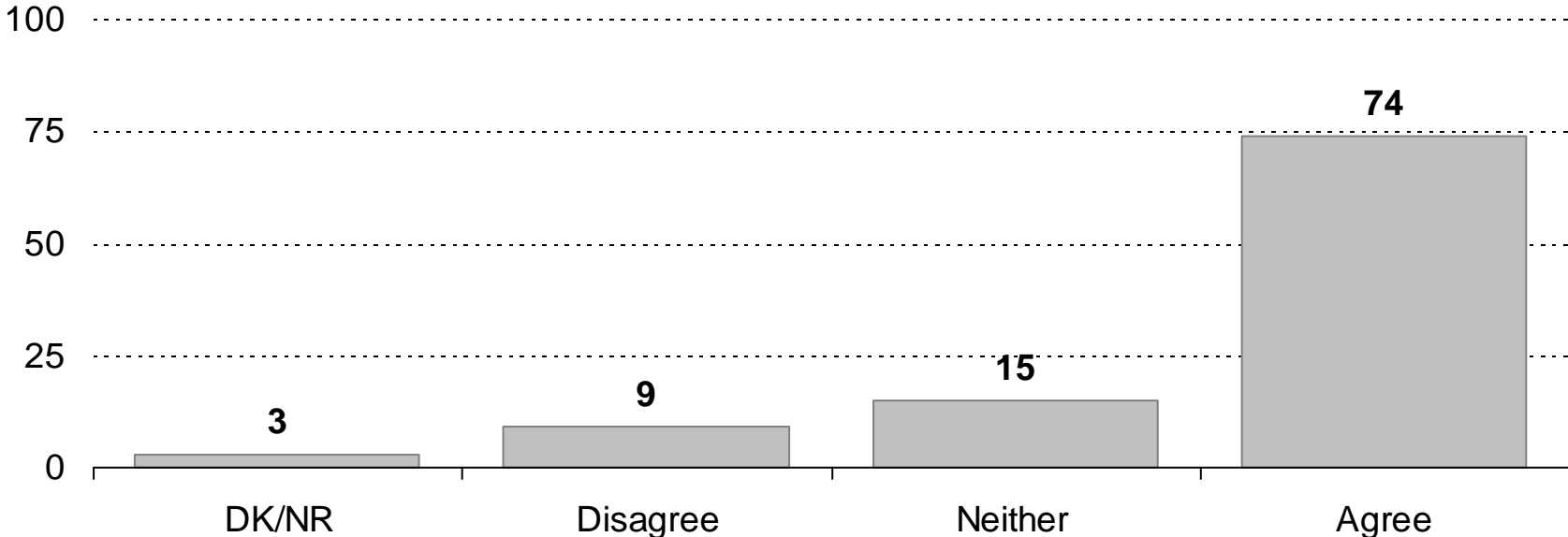
% agree





Opportunity to transform the economy

Q. The current economic crisis should be seen as an opportunity to transform the Canadian economy for the long term.



For more information:

FRANK GRAVES

EKOS RESEARCH ASSOCIATES

t: 613.235.7215

e: fgraves@ekos.com

