

March 26, 2024

SENT VIA EMAIL

Mr. Tiff Macklem
Governor, Bank of Canada
TMacklem@bank-banque-canada.ca

Governor Macklem,

RE: April 10th Interest Rate Announcement

Next week, you and the members of the Bank of Canada's Governing Council will once again be making a decision that could further squeeze the financial well-being of millions of people and further risk the long-term health of Canada's economy.

Or your decision could begin to ease the unnecessary burden interest rates have put on Canadian households, businesses, and the economy.

On behalf of more than 315,000 workers in 20 plus sectors of the economy, I am asking you to finally lower the target for the overnight interest rate.

There is no need to wait. Canadians need relief now.

We also need hope that we can fend off a recession. Given all the indicators, it begs the question what is the Bank waiting for?

Inflation declined again last month and now sits at 2.8% - nearly half of what it was a year ago. The economy has been anemic. Wage growth has slowed. Job-vacancy rates are back to pre-pandemic levels and the unemployment rate has risen.

Many experts believe that the decline in inflation actually had little to do with monetary policy.

At the beginning of this inflation cycle, the largest contributors to inflation were supply chain bottlenecks, price gouging and corporate greed.

By last fall, the largest contributor to inflation was shelter. Shelter inflation was (and still is) being driven by mortgage interest costs and rent.

I fully understand that lowering the interest rate will not fix the housing crisis. But keeping the interest rate elevated won't fix it either. In fact, it will make housing more expensive for those with mortgages coming due.

Governor Macklem, it's time.

Unifor understands that we need government action at all levels to fix the housing crisis, not elevated interest rates that make life even more unaffordable and precarious for Canadians.

As you contemplate this next rate decision, please keep in mind that no matter what you do you cannot solve the housing crisis but you can prevent an economic one. And you can stop the thousands of crises that are happening in households across the country right now.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lana Payne', written in a cursive style.

Lana Payne
National President, Unifor

/klcpe343