



With the U.S. election outcome still yet to be determined, the calm before the storm affords us the opportunity to go back to basics and look at what lies ahead for economies around the world. Surging Covid-19 cases has everyone worried that a new series of lockdowns are coming, and with them fears that the economic rebound that we've seen since May will stall. Indeed the rebound has been impressive -especially when you consider that a vaccine has yet to be found- with the U.S. growing at 33.1% in Q3. Some of this growth is the result of government spending, which amounted to about a third of U.S. GDP (the measure of all goods and services produced). As the article in AdvisorAnalyst <[here](#)> summarizes: *the economy got a huge boost from spending by the federal government, which borrowed from the future in order to allow people to spend today.* This is what deficit financing is of course, a transfer of lifestyle from the future to the present. Like eating tomorrow's dinner for supper tonight. What a feast it would be, but then will there be anything to eat later?



We know that there is a limit to how much governments can borrow, even for very rich countries like the U.S. and Canada. The kind of government spending we are seeing can have long term consequences for the economy and our ability to deal with future problems. A compromised social safety net for the most vulnerable and higher inflation are all but certainties looking forward. As are higher taxes, which limit our ability to save for retirement, fund our children's education, and continue to enjoy a standard of living that we have known. A balance is needed here and we look to our elected officials for a direction forward that is wholistic and balances health with financial health as the best possible outcome for all. Targeted shutdowns (more limited in scale and surgical in their application) may be the answer, but what form these would take remains to be determined.

This gives us something else to think about as we await to see who will be the 46th President of the United States. Stay tuned!

Be safe, be well!

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