

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Government's Economic Stimulus Initiatives

9 October 2009

Topic: Professor Garnaut

Question

Please comment on the views expressed by Dr Garnaut in the extracts from his book published in the *Weekend Australian* on Saturday 10/10/09 (page 13) on the impact of continued spending from the Government Stimulus package on prospects for recovery, damage caused to the Australian economy and even democratic values.

Answer

Professor Garnaut does not imply in his new book that the Government's stimulus package is harming prospects for economic recovery or that it has damaged the Australian economy.

The *Weekend Australian* article on Saturday 10/10/09 (page 13) says, "Garnaut's critique supports the principle of budget stimulus to cushion big economic downturns."

The fiscal stimulus has been important in supporting economic growth during the crisis but will begin detracting from GDP growth from the March quarter 2010.