

# As Trump boldly fires up American success, Canada stumbles along weakly

*Canadians should not be complacent about our tax rates and structure, nor about the state of our social services.*

by Conrad Black



The year ends with Canada in an oddly satisfied state of mind, politically. The United States is about to pass a tax cut and simplification bill that will excuse a majority of Americans from personal income tax altogether, enable 80 per cent of income tax payers to file their returns on a post card, reduce the top personal rate to 37 per cent and the corporate rate to 21 per cent. No attention should be paid to Democratic claims

that it is a giveaway to the rich – most middle class and lower class families would see significant tax relief under the plan. Predictions of deficit increases are also bunk. The main source of pessimism, the Congressional Budget Office, has not predicted anything accurately since the Eisenhower administration, and is basing its gloom on GDP growth at half what the Federal reserve predicts. If the Fed is right, the annual deficit will be eliminated in less than three years and the national debt will start to shrink as a share of GDP. GDP growth should be four per cent, generating nearly a trillion dollars of additional production and transactions with minimal inflation next year. This will effectively end the annual narrowing of the gap between the United States and China as the world's two largest economies. It will reinvigorate the ethos and esprit of capitalism and bury the self-serving Obaman defeatist nonsense that one per cent annual economic growth and an ever-rising percentage of the population on some form of state benefit is the new normal. It will be the past abnormal.

Usually, this level of American economic activity backs very favourably into Canada. To some extent this positive influence may be mitigated by comparatively disadvantageous Canadian tax rates, which normally torques up the departure to the U.S. of a regrettable number of highly educated and prosperous Canadians. It is also possible that trade disagreements could somewhat mitigate the overflow of American prosperity into this country. The level of corruption and highly publicized violence in the United States can be relied upon to dissuade many Canadians who might otherwise contemplate moving, but avarice should not be underestimated as a motivation and life is very agreeable and not overly taxed for at least 70 per cent of Americans.

*Trump will reinvigorate the ethos and esprit of capitalism*

As has been predicted in this space before, the allegations of

Russian collusion with the Trump campaign in the last election are fatuous – the investigation was nonsense from the beginning, was petulantly instigated by the now revealed liar James Comey when he was fired for cause as director of the FBI, has been riddled with Trumpophobic militants, and is, despite all, going to exonerate the president from anything to do with colluding with Russia in the election. Whatever his other foibles, Trump's strategy of full co-operation with special counsel Robert Mueller will be vindicated, as Mueller and his embattled team are not seeking any more interviews with White House personnel.

This and other manifestations of the post-Watergate tendency to criminalize policy differences in the United States creates an extremely contentious ambiance in U.S. politics. But it could hardly be otherwise, given that what is at stake is a struggle between two sharply different views of the American future – the Obama-Clinton view of a lumpenproletariat sustained by the social safety network and half-sedated with Medicaid-provided tranquilizers, with little economic growth, high taxes, generous breaks for the rich Wall Street, Hollywood, and Silicon Valley champions of the regime, and a foreign policy of appeasement; and the Trump desire for popular capitalism, low taxes for less advantaged and middle income Americans, an end to pandering to special interest victim-groups, unitary Americanism, and a defined national interest that does not over-reach but is strenuously maintained. In such a contest, there is little room for the traditional centre of interchangeable candidates of the Bush-Romney-McCain-Carter-Mondale school. But nor is either option an extreme – Obama, Trump, and the Clintons are all well within the large ideological gulf between Bernie Sanders and Ted Cruz. Trump will defeat his present opponents but his successor, of whichever party, will be a less startling personality and in policy terms, somewhere between Trump and the Clintons, and opinion will shift back toward the centre.

Whatever anyone thinks of Donald Trump or his policies, he has drastically deregulated, facilitated increased energy production and reduced petroleum imports (down to a third of the country's needs and falling steadily), and reinforced the incentive economy; and he is setting out a clear range of policies. The reduction of air and water pollution is retained, but the suppositions of man-created warming or climate change is a matter of agnostic skepticism. Non-unionized schools locally directed are being favoured over the state system that has degenerated halfway towards a virtual daycare standard of instruction. The tax bill sharply reduces the deductibility of state income taxes from federally taxable income, so states who elect incompetent governments like those of the Cuomos in New York and Jerry Brown in California (coincidentally Democrats), will pay for it in their taxes. And the pending bill will lightly tax income on the endowments of immense, flaccid American universities (that have often ceased to be centres of free thought and expression encouraging vigorous discussion of a wide variety of viewpoints).

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These events will have their consequences in this country beyond fluctuations of the trans-border brain drain. This country's federal deficit is too high, and wildly beyond the government's promises of comparative frugality. The current version of the proposed small business tax is only marginally preferable to the insane original bill presented for quick passage in the summer. (The Senate of Canada has done itself proud and shown its value by proposing that the whole concept of monitoring the legitimacy of "income-sprinkling" within family businesses by federal tax inspectors, for the purpose of collecting less than \$200 million dollars a year for a government running an annual deficit of almost \$18 billion, be abandoned. The Senate national finance committee was also

right to call for a complete review and overhaul of the federal tax system as was conducted by the Carter Commission of 1966.) Canadians should not be complacent about our tax rates and structure, nor about the state of social services. As the Wall Street Journal pointed out in a prominent editorial on Wednesday, our health-care system isn't working. Citing the Fraser Institute, it showed its readers that a single-payer system leads to impossible delays, and caused 63,500 Canadians to seek health care outside Canada last year, as more than a million Canadians are now awaiting doctor-recommended treatment, and that there is a 21-week average delay between referral by a general practitioner and specialist treatment. "The lesson," the editorial noted, "is that Canada hasn't repealed the basic law of economics that scarce resources must be rationed by price or time... Free treatment isn't much good if it's not available."

The very complex American political system is struggling with health-care reform, and Americans know that their system is too expensive and is inadequate for probably a fifth of their population. The Republicans will likely repeal the coercive element of Obamacare in the current tax bill, but that is just a start. Canada should begin improving its system by creating the conditions that produce and retain more doctors. (Canada is 27th in the world in doctors per capita; if we were in the top five and made a few tweaks to the system, we would cut waiting periods by two thirds.)

A merry Christmas and happy 2018 to everyone, and let's spend less of 2018 staring slack-jawed at our American neighbours, deluging money wastefully on poorly considered boondoggles for native people and climate change, and get serious about putting our own house in order.

First published in the