

Canada: Freeland prepares to take us down a self-defeating path

If Trudeau and Freeland respond reflexively to fluctuations in the infection rate, engage in unlimited spending and remain at war with whole regions of this country over nebulous fluctuations in the weather, our economy will tank

by Conrad Black



The country awaits a throne speech next week that should enlighten us about the balance in the collective mind of the government between the COVID-19 pandemic and the desire for transformational green economics. It appears that former finance minister Bill Morneau was eased out because of his disquietude with the extent of deficit financing and

particularly with the lack of any disconcertion among his colleagues over exploiting unnaturally low interest rates to go on in a state of fiscal profligacy through the COVID era, and beyond. The new finance minister, Chrystia Freeland, is the principal subject of a good deal of media speculation and mind-reading about this, and her book, "Plutocrats" (2012), is enjoying a brisk reading among the parliamentary media. She appears to be less an advocate of economic growth than of what she considers to be a more equitable distribution of the wealth of the country. I have no standing to be more precise but it seems a safe assumption that if there are not irresistible countervailing forces, fiscal policy will to some extent reflect that perspective.

I believe that the combination of those views, along with the climatological opinions and ambitions of the government and its response to the coronavirus, threaten to produce government policy that will be undermined by three serious misconceptions. The traditional definition of economic growth is growth of gross domestic product, sometimes further adjusted by reference to consumer prices to determine purchasing power, and per capita wealth is normally the GDP divided by the number of people in the country. There are problems with this measurement as it can be rendered inaccurate by the velocity of money: if Paraguay ordered that every adult Paraguayan write a poem every working day of the year, no matter how short and lacking in literary merit, and sell it to a fellow citizen while buying another such poem from another citizen for \$100 in every case for a whole year, Paraguay would technically be the wealthiest country in the world per capita, but no one would be any richer. Nothing so absurd happens in fact but there are some distortions. The problem with putting government-influenced distribution of wealth ahead of wealth creation as a public policy goal is that it tends to create a national economy that is a zero-sum game – i.e., stagnant – and pursues a socioeconomic goal in which wealth is taken from those who have earned it and given

to those who have not, in the name of social justice and in implicit exchange for their votes. This ultimately leads to massive discontent, corruption and a failed economy.

I do not know Freeland well enough to judge how far she would wish to impose her views but I do know the Financial Times of London culture from which she comes, and have known many of its principal exponents. They are intelligent and moderate people, but they hold views that will not work in this continent dominated as it is by the power and ethos of American capitalism. They believe in what the British call "an incomes policy" and a level of meddling in the whole vast field of personal and corporate income and incentives that is ultimately not acceptable in Canada, even though the American spirit of capitalism and individualism is heavily tempered by the cautious and comparatively (to the Americans) socialist traditions of Canada, the political imperative of spreading money between regions and social groups and Canada's unenviable status as the contemporary world's most politically correct country. Capitalism is the most effective economic system because it is the only one that directly conforms to the almost universal human desire to have more. But it has to be tempered by some social parameters, which only a government that controls the money supply and can enforce legislation can provide, to avoid an ultimately self-damaging excess of avaricious zeal. Though only government can provide such guidance, politicians and senior civil servants are usually very thinly qualified to do so. If we are about to take any substantial steps towards the enactment in Canada of a Financial Times globalist, caring-and-sharing Pleasantville approach to public finances, it will end badly.

The world is not a children's sports day in which every contestant wins a prize; Canada must compete, and its economic growth levels have been substandard for many years, because of a comparative lack of innovation and a somewhat slothful and pseudo-humanistic marketplace ethic. These tendencies are apt

to be regrettably amplified by this government's delusional notions of climate change. In these circumstances, the government's ambition to penalize the oil and other industries and subsidize sustainable energy are impetuous and are a projection onto the whole country of what this government's environmental managers inflicted upon Ontario in the benighted McGinty regime, which produced an economic miracle of self-improvement. Any significant replication of that policy on the country as a whole would be a disaster.

Layering on top of financial and environmental policy the complexities of the coronavirus leads us into a policy minefield. Since this virus cannot be eliminated other than by a vaccine fortified by steadily increasing public immunity due to exposure, and since 80 per cent of the fatalities are confined to the approximately 20 per cent of the population with reduced immunities, most often the elderly, there was never any possible successful approach to it except to protect the vulnerable and maintain economic life as closely as possible to normal levels of activity. The idea of fighting the public health battle before resurrecting the economy was a gigantic fraud authored by an alliance of scientific perfectionists and the American Democratic party and media who saw that as the only possible way to defeat President Donald Trump in the election this November. Trump took the shutdown but started to exit it after two months and both fatality and unemployment rates are falling steadily as election day approaches. Canada has a better fatality per thousand rate but a substantially worse level of economic activity than the United States. No one in any country wants to trade lives for dollars and it is a choice that need not be made.

If Prime Minister Justin Trudeau and Freeland respond reflexively to fluctuations in the infection rate, imagine that aberrantly low interest rates will facilitate unlimited spending and remain at war with whole regions of this country over nebulous fluctuations in the weather, while influenced by

the theosophical financial musings of the Financial Times 20 years ago, Canada's competitive economic performance will go into a power dive. We will know more with the throne speech next week.

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