

Canada must start competing, assuming Trudeau and Morneau let us

All countries are striving to better their lot, and so are we. The worrisome fact is that we are not doing a particularly brilliant job of it

by Conrad Black



It pains me unmercifully to open the new year in these pages with a less than vibrant comment from the Fraser Institute about Canada's economy, but as one of the country's leading editors told me a couple of years ago: "The greatest problem of this country is smugness." I do not conceive of my role as a columnist to deflate anybody, and certainly not an entire and distinguished nationality. However this question, broadly formulated, is the context for the next federal election in 10

months, and so is vested with more than the casual attention of someone scrambling to think of something to write about after a brief holiday from inflicting himself on readers. The prime minister has, throughout these past three years, quoted Laurier in invoking his "sunny ways," pleasant temperament, a phrase the CBC long habitually translated as "sunny voices" because our national public broadcaster in this only bicultural transcontinental confederation in the history of the world can't distinguish these words as they are pronounced identically ("voies" and "voix"). It seems that no one at the CBC knows enough about the history of the country to be aware of what was a very famous phrase throughout Canada a century ago.

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The whole "sunny ways" line is like the official ultra-feel-good line that we are a "post-national society" and that "The world needs more Canada." There is some truth to the last statement but that has nothing to do with partisanship; the fact that Canada is a fine country, which has been true for a long time, is being pushed forward like a goaltender's heavy pads to deflect a serious analysis of this government's performance, with the implicit claim that it has become a fine country since Justin Trudeau became prime minister. All of the 198 countries in the world are to some extent competing with each other. We cannot solemnly absent ourselves from this competition because we happen to have three million square miles that are rich in base and precious metals, forest products, energy and all agriculture except tropical fruit, and that we have an educated, law-abiding population of 36 million. All countries, large and small and naturally rich and poor, are striving to better their lot, and so are we, and the worrisome fact is that we are not doing a particularly brilliant job of it, and that will not be disguised by smiling platitudes about our equable and comfortable society or our leader's self-described congeniality. (He is very congenial,

but that is not the principal criterion for leading a G7 country.)



Canada is rich in metals, forest products, energy and agriculture, but that does not mean we don't have to compete, writes Conrad Black. Shannon VanRaes/Bloomberg

Our sunny ways (or voices) won't achieve much but pleasantries. The facts are that while we have raised our status as a desirable place to live for the greatest number of people to an exalted competitive position – according to surveys, even above the petrostates and tax-haven states (Hong Kong, Iceland, Kuwait, Liechtenstein, Luxembourg, Monaco, Norway, Qatar, Singapore and Switzerland) – we have been passed in standard of living by many other countries, including Austria, Denmark, Germany, Ireland, Finland and the Netherlands. We remain behind Australia and the United States, and are now down to a lead of less than 10 per cent in per capita income over Belgium, Israel, Japan, New Zealand and the United Kingdom. These are shocking competitive numbers that no one in Canada should be complacent about: if present trends continue, the last group will all pass us in the next few years, including resourceless Belgium that went an entire year without a government a few years ago, Israel, which was a war-torn desert when it was founded 70 years ago and has been officially at war ever since, and New Zealand, which doesn't really produce anything except sheep and wine.

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The Fraser Institute rightly criticized Finance Minister Bill Morneau for asserting in his autumn economic message that "Canada's economy is strong and growing ... our plan to grow the economy is working." The only part of that statement that is true is that the economy is growing, but not fast enough and not as quickly as many countries with fewer natural advantages than we have. And the Fraser Institute made the points that

investment in Canada has collapsed and Canadians largely invest elsewhere; foreign investment in Canada is down 55 per cent in the past five years and Canadian investment in foreign countries has risen by 74 per cent in the same period. Canadian economic growth is a full point behind the United States and projected to fall further behind, and the United States has lower tax rates in all personal and corporate brackets. The federal government is running a deficit that is not especially worrisome at around one per cent of GDP, but combined with large deficits in most provinces and no forecast surplus for 27 years, this is worrisome and irresponsible. The Fraser Institute warned that in a recession, the federal deficit could grow to about 10 per cent of GDP, which is completely unsustainable, and would be very dangerous.

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Fraser also warns that there is not much room on the tax side. Without much stressing comparative tax rates with other countries, especially the obvious and accessible American alternative, Fraser made short work of the government's claim that it "cut taxes for middle-class Canadians everywhere," and concludes that 81 per cent of middle-income Canadians pay more tax than three years ago, about \$840 per family. The average Canadian family pays 43.2 per cent of its income on taxes, more than on housing, food, and shelter combined. This does not include the insane and dishonest carbon tax, that is not revenue neutral, will achieve nothing for Canada's or the world's environment, and is based entirely on false, or at least unproved premises, fiscally and environmentally. The Fraser Institute correctly emphasizes how damaging the carbon tax and other tax increases are when the government is also discouraging major energy projects, such as by dragging a lot of asinine and irrelevant criteria into pipeline construction, like "gender analysis" and the "Indigenous knowledge" of native people who are operating a self-righteous shakedown

industry confected out of tribal mythology at endless cost to the country.



According to the Fraser Institute, 81 per cent of middle-income Canadians pay more tax than three years ago, about \$840 per family. Peter J. Thompson/National Post

The Institute's conclusion that business initiative is discouraged by the substantial federal and Ontario, Alberta, and British Columbia tax increases so that seven of our 10 provinces now have a combined federal-provincial personal income tax rate of over 50 per cent. This is robbery, governments have no right to take more than half of anyone's income other than in an immense national emergency such as the World Wars, and it is terrible economics, and ultimately poor politics. These aren't sunny ways, this is theft with a smile and misgovernment covered with a fig-leaf about the virtues of Canada – which are real and gratifying but exist despite the poor quality of most of its present governing personnel.

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It has been a bipartisan tradition in Canada all my life to have capable finance ministers, such as Douglas Abbott, George Nowlan, Walter Gordon, Mitchell Sharp, John Turner, Donald Macdonald, John Crosbie, Michael Wilson and James Flaherty. It is a fine and necessary tradition to have such outstanding finance ministers, fully supported by their prime ministers. For the present occupants of those great offices to be so judged in this term will require policy changes so miraculous they will give new definition and profundity to the grace of conversion.

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