

TIME TO ALTER COURSE

Anyone who would risk forecasting where we are going - or what lies ahead and what we should do about it, in these confused and troubled times, may be considered rather foolhardy. However, these are the risks which newspapers frequently take from day to day when they offer their comments, opinions and predictions in their editorial columns. But, as well as keeping its readers informed, a paper also serves a purpose in stirring up controversy, provoking debate and focusing the attention of both the public and the authorities on abuses of power, hardship, fraud, discrimination and more importantly these days - our economic mistakes. This is a vital aspect of our democratic process regardless of the efforts of those who wish to control, restrict or license newspapers. Certainly newspapers cannot always be correct from the very instant and daily nature of their business. Despite their energy and efforts to dig out the truth and offer considered opinions, they can be wrong at times.

However, I would suggest that newspaper comments and forecasts on Canada's economic affairs have been much closer to reality than most politicians in recent years.

For nearly ten years now, responsible newspapers in Canada have been hammering away at the soft and insane economic policies in Ottawa which have penetrated our whole country from top to bottom. Repeatedly over the years the newspapers asked: "How can the state expect anyone else to worry about costs, when they themselves have behaved like an unrepentant prodigal with a bottomless purse!..."in the middle of its own debauch, the state preaches sobriety with a fine air of moral indignation!..."we are living far beyond our means!..."we are heading straight for an economic heart attack."

(These are all direct quotations from newspapers over the past few years)

These were strong words. But for the past ten years it has been abundantly clear where the government was taking our country. Our politicians during all these years, unfortunately were more occupied in trying to buy popularity with over spending -- and manufacturing money to pay for it all.

During all that period, I don't recall any leader or party taking a firm stand against the Santa Claus concept -- all parties were for more spending, more universal welfare, and more indexed pensions regardless of how it was to be financed. Pump up the money supply - get the country moving - hurray for the "just society" were the cries on Parliament Hill. No one seemed to realize that any fool can pump up the economy for a short run by borrowing and manufacturing money. But no one has yet learned how to put the brakes on gently without a painful jolt to the whole economy.

In a 10-year period, Ottawa increased its spending by 600%. It could only be paid for with devalued dollars, or legal counterfeiting, and Ottawa has known this all the time.

There is some encouragement in one respect at least, during the past few months. Many Bank presidents, Boards of Trade, more responsible labour leaders, economists and corporate chairmen are now starting to speak out more clearly in almost the same words that the newspapers have been printing for the past 8 years. I hope they continue, as from experience, I believe that Ottawa will not face the issue seriously till the public gets into a hot rage and demands "action - this day" - as Winston Churchill used to write on his memos.

As a journalist, I have been observing and trying to interpret and comment on Canada's national affairs in various newspapers east and west for well over forty years now. I certainly don't know all the answers but I do feel it is possible to at least understand some of the road signs which tell something about where we are heading in historical terms, unless we make some fast and drastic changes in our course.

When a ship has lost its course at sea and wants to discover where it is headed, it must first determine precisely where it is at that moment. This is something which I feel Ottawa has tried to hide and has not been honest about. Government leaders would have the public believe that things are improving - that they are cutting back on spending and that world inflation is the only villain. The truth of the matter is, as every Cabinet Minister knows quite well - the forthcoming financial estimates and budget in Ottawa will call for an even greater increase in spending - an increase of over 16%, quite apart from the supplementary estimates later in the year. In truth, far from cutting back, the government plans to squander about seven billion dollars more this year than in 1975. It is hypocrisy and dishonest to say the government is cutting back in any real sense.

I use the word squander, as several billions will certainly be wasted through such things as abuses of our impractical unemployment scheme, the 80 million dollar army language school and so forth. Such authorities on waste as Mr. Maxwell Henderson, would have no difficulty documenting this claim.

But let us fix our present position more clearly by taking a bearing on a few known points. We have been running with the wind far too long. Last December the Economic Council of Canada gave a gloomy year end review. It said we needed to cut personal income taxes, we needed to increase the flow of foreign investment capital. Our rate of growth was slowing - our productivity was down - wages were rising faster than in the U.S. - and faster than price increases.

If we stand back for a moment and check these bearings and the facts of our national life, without any ideological prejudice or partisan bias, one fact towers above all the rest. It is the gross and tragic mismanagement of Canada's affairs - and none of us can plead entirely innocent on that score.

We have been making in recent years a sorry mess of our wealth, our opportunities and our unique good fortune. To be sure, we are still a very rich nation, an affluent society but I venture to think the worst managed country in the western world. Some other countries are also badly managed and, like us, suffer political confusion, social tensions and lack of coherent leadership. But when we consider our superior resources of land, minerals and the seas, we have no cause for pride or satisfaction.

I am aware that these harsh statements will offend some Canadians, yet certain exhibits can't be ignored. Of one thing we can be quite sure. Our problems are not due to any failure of the free market system, rather it has been the failure of Ottawa's socialist experiments.

Until a few years ago Canada enjoyed the second highest living standard in the world. It is almost incredible that several European nations, much smaller in geography and resources, are now living better than Canadians. We used to be noted for good sense, stability and rational behaviour - but now we suffer more industrial strife and lose more working time in strikes than any other country in the western world, with the exception of Italy. We are running huge trade deficits and we have become one of the world's largest borrowers. We are piling up deadweight foreign debt, -- in currencies of unknown future value -- and our children and grandchildren must carry the burden.

Unless we change our course, do you seriously imagine that the next generations - your children and grandchildren - will happily go along carrying this huge load of debt, with multiplying interest charges, indexed welfare costs, even more taxes in various forms, trying to cover your old age pensions and also support perhaps 50% of the population on government payrolls.

Any junior accountant can tell you this is quite impossible in real terms unless we stop the merry-go-round now. They will simply have to rob people's savings -- mortgage any resources we have left and then pay off the balance with devalued currency....perhaps 10¢ or less on the dollar. We still have a chance to save matters but, as things look now, it is about our last chance.

But let us study the log book further. A few months ago our Finance Minister, Mr. Turner, after bringing in four inflationary budgets, resigned without giving any real explanation for his departure. It might be assumed that he was not in sympathy with his government's economic policy -- or perhaps he saw where things were heading and decided to get off the bus before it crashed.

His able lieutenant, Mr. Simon Reisman, who also resigned a few months earlier, was a bit more enlightening.

"For a while new programs were coming in so fast," he said, "we felt like a pair of goalies trying to bat them away." However, they also had many defeats, he admitted. "We went crazy in setting up additional and unnecessary government departments - we went ahead with new hospital programs, new unemployment insurance act - just about everything you can think of."

"We've written universal payments into our social legislation...I don't believe we can afford this kind of universal generosity," he stated.

Despite Ottawa's price and wage control program, and although price increases are slowing, our index of wage increases is still running far ahead of that in the U.S., which means more trouble ahead.

A recent estimate now shows that between 40 and 43% of the Canadians employed are now on government payrolls. In short, the 57% employed in private industry must earn enough to support the other 43% who are living on the public purse, with indexed pensions, and the country's generous social security system

It might be argued that public servants also pay taxes - but this money is only being recycled. It is the private sector which creates products and new wealth through earnings. At some point the private sector cannot continue to underwrite our universal welfare and support all our public servants with indexed pensions -- and still produce the necessary growth capital to develop our country. Nearly two hundred years ago Adam Smith explained some of these simple truths, which are now forgotten. With these few bearings alone, it is quite apparent that Canada is still drifting dangerously in the currents of inflation and we are still looking for a strong hand to take the rudder.

After our record of the past 10 years, it must now be obvious to all that Mr. Trudeau's experiments in liberal socialism have been complete failures. Not only has he plunged us into debt and ever deeper inflation - but he has largely alienated much of his support in western Canada by forgetting that the basic element of liberalism is liberty or freedom. He might well ponder a forecast made by that great liberal editor, J. W. Dafoe, back in 1934.

"Liberalism can never come to terms with socialism, though it is the advocate of social reform. The objective of socialism is the destruction in all its forms of the profit motive and the standardization of life under the control of bureaucrats, in conformity with a planned economy, socialistic in purpose - obliterating individualism and transforming men into ants."

It is possible that Mr. Trudeau has now grasped something of these fundamentals from the violent public reaction to his New Year's lecture to the ants - when he seemed to accept the end of the free market system in Canada and threatened a permanent planned and controlled society for Canada.

But if our liberal-socialist government has dropped us into a serious economic mess - what about the official opposition - the Conservative party, supposedly the watch dog, and critic of the government in Parliament.

Why were they not able to expose and halt the rot? Granted nobody wants to kill Santa Claus....You don't win elections by being unpopular - and there was a boom psychology to contend with - a permissive approach to everything - a less work-more pay attitude and ever-rising expectations that Ottawa should provide happiness for all forever without it costing us a cent. These were indeed factors but the reasons for the Conservative party's failure as an Opposition - and its inability to halt the Liberal insanities - or to offer a convincing alternative government and win elections - lie much deeper.

Lack of unity, discipline and basic principles within the party have been major weaknesses. Factions and cliques have prevented concerted party action. The leadership was not granted the full loyalty it had a right to expect. Through lack of preparation, the attacks on government legislation, waste and over spending were ineffective and lacked both conviction and persistence. They didn't really oppose. The goal was wide open time after time but the Opposition failed to score. All too often they simply went along with the great spending spree, even in the matter of increasing their own pay and indexing government pensions.

To most of the public they were simply not convincing. Like the Liberals, they appeared more interested in some short-term popularity rather than being dedicated to any responsibility for saving the national economy. At times their platform and programs for social handouts called for even greater public spending than the Liberals themselves.

In the public eye they appear to have abandoned all their basic conservative principles. Hopefully some of these facts will be recognized after their leadership convention. Let us hope they will quickly come out with a new political program with firm, clear principles - to revitalize their party and revolutionize Canada's present situation.

But if we are still heading down the road to disaster with more inflation and more increases in money supply, what is the road to salvation? Will our present price and wage control program work - will it cure inflation? Personally, I hope it will work, despite all its imperfections. It certainly won't cure inflation - but it could ease the pressures and dampen expectations. But even in this I have some doubts. It should have been an absolute freeze - rather than a long term, discretionary and flexible program, clouded by confusing and conflicting regulations. There are many things against it.

Except in wartime, I doubt that such flexible controls can be effective for more than a few months -- too many loopholes and evasions can be found as time goes on. Every exception that is granted will bring charges of unfairness. Already labour is claiming that wages are being held back but not prices. This is not accurate, as the price index demonstrates, but the complaints will mount. Also as Mrs. Plumtre of the Anti Inflation Board has said, we need more evidence of the government's own intention to restrict spending. There is no real evidence of this to date. The country remains unconvinced so far.

There are, of course, still some miracle workers about who imagine there is an easy solution - that we can in some clever way, with fine tuning and balanced reflation, spend our way painlessly out of inflation. This is sheer nonsense of course - there is no easy route. A cure is possible but it will be painful. I suggest our present melodrama need not necessarily end in tragedy - if Ottawa will only have the courage to tell people the truth and face up to their unhappy responsibilities. If they will do this honestly, I am certain that the country will respond. Canada has a great capacity to meet challenges - with great effort, if it is presented to them honestly and convincingly.

Over the years we have survived wars, droughts, floods and major depressions. Inflation is not impossible to lick but we must make some major corrections in our course now.

Primarily, we must stop wasting money in non-productive areas. We must cut back on taxes and stop falsifying the currency to give people an incentive to work and save again and give corporations the capital to expand once more. We must restore confidence in the profit motive so that people will lay their savings on the line again, to help expand industry and trade and thus create more jobs.

We must get back to our fair opportunity and enterprise system. I don't say free enterprise - as there is really no such thing. We should stop thinking it is free....it is simply the right for a man to work, save and benefit from his own enterprise, without being taxed to death or defrauded by his own government with inflation. I am convinced Canadians do not want some form of state socialism, with their lives dictated by any government bureaucracy.

Another necessary step is to start dismantling some of the wasteful and destructive aspects of our so-called "Welfare State." Certainly the state has a responsibility in a country of Canada's wealth, to properly provide the poor with the services they need. It is not the duty of the state, however, to provide welfare for those who are quite capable of providing for themselves. Votes may be bought that way but giving handouts to all, regardless of need, is self defeating, destructive and utter insanity. We simply can't afford it in either moral or monetary terms. We must hold down on the money supply.

Inflation always originates in the public treasury, the central money system and can originate nowhere else. Without a stable currency, there can be no justice or harmony between man and man in the business life.

Writing on this subject recently, Sir Arthur Bryant the historian, commented that it was a perversion of elementary justice and democratic responsibility to falsify the currency through inflation.

Those who are largely responsible for this gigantic fraud and have misled the country, are the same authorities who fix their own wages, index their own pensions and then from Parliament Hill, lecture the workers in the private sector and corporations about restraint. These are brutal facts. That otherwise honourable and decent men and women, who conscientiously play their parts in the national forum or serve the state, should lend themselves to this public deception over the years is hard to understand. Whether or not Canada's new Minister of Finance, Mr. Macdonald, will long tolerate this situation which is destroying the nation, remains to be seen. His test will come in a few weeks' time.

In a recent speech in New York, Britain's Mrs. Thatcher argued that: We must build a society in which each citizen can develop his full potential both for his own benefit and for the community as a whole, in which originality, skill, energy and thrift are rewarded, in which we encourage rather than restrict the variety and richness of human nature. For private enterprise is by far the best method of harnessing the energy and ambition of the individual - to increasing the wealth of the nation." Only in recent months has England seemingly started to re-learn these basic principles of democracy and freedom, many of which had their birth in that country.

As Sir Arthur Bryant also said in his essay, we have seen a "30 years' flight from principle." "It is for those who guide and form public opinion to make this clear - and in so doing re-make a nation which is free, economically viable, socially compassionate and just."

I am an optimist - I believe this re-building can be done. I am convinced that Canadians do not want any form of state socialism, with their lives planned and dictated by an enormous government bureaucracy, directed not by a freely elected parliament but by some inner all-powerful secretariat. I believe that Canadians for the most part still cherish their freedom, despite the direction we have blindly taken in recent years.

To alter course we, ourselves, must recover our self confidence, our unity, our morale, and our determination. Until these old and invisible assets are recovered, none of our great problems will be solved by any government or by any new laws. Re-learning these lessons will not be easy when we have long accustomed ourselves to live beyond our means and borrow abroad. I can only hope that government, business, labour and private citizens can learn these lessons without first going through the wringer. Certainly, we cannot drift much longer on our present course. All things considered, I would judge we are seeing the most important years in our history. We cannot evade facing economic issues much longer.

There are many other great issues that Canada should be addressing herself to these days -- energy, defence and world peace, international trade and starving countries, to mention only a few. But to none of these problems can Canada make a proper contribution until we first stabilize our own economy and put our own house in order.

A change of course is essential and urgent. We must remember that in a democratic state, its politics can only be the mirror of the people. In the end, the politicians must obey the general will or they are exchanged for others. I suggest it is time the people registered their will more clearly.

Thank you, Mr. Chairman.