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Mistrust abroad

Foreign observers are reacting to Canada's election season with about the same degree of enthusiasm that is generally reserved for municipal elections in rural Finland.

Upcoming elections may be big news at home; the media, with little else to report on besides cranky feminists and overdue good weather, is hyping the event for all it's worth. Abroad, the whole dreary business is being greeted with the ho-hums that it deserves. Foreign observers see what many Canadians as yet do not: There is not a whit of political difference between our contending politicians.

When the mellifluous Brian Mulroney first surfaced, the U.S. and British media portrayed him as a northern Ronald Reagan come to rid Canada of debilitating socialism and return it to prosperity. After hearing what Mulroney had to say — and, more revealing, what he did not say — he is now being correctly depicted as a colorless reproduction of the Old Master himself, Pierre Le Grand.

John Turner, still a mystery to the outside world and, I suspect, to his own party, commands some modicum of interest abroad; mysteries always do. The rest of our political contenders are dismissed in European and American papers as a bunch of dwarfs scrambling about the overgrown jungle floor of state socialism. Only the windy, green-hatted Eugene Whelan has captured some foreign interest because, I suspect, no one in the big world outside has ever seen vintage Canadiana writ so large!

Being regarded by the cynical world press with boredom is not the most painful affront we must suffer. Worse yet, the international financial community has taken a hard look at Canada's political and economic future. What it has seen is disturbing. What it has done is to unload Canadian dollars, hence our poor beaver buck's stomach-churning drop last week.

Continuing economic decline

Foreign financial analysts are generally in accord that no matter who is elected this coming fall, Canada's steady economic decline will continue without respite. Chretien, Turner and the gang of five are all committed to more welfarism, more socialism and more government spending. Mulroney, the last hope, appears bent on buying votes with the same gay abandon as the mugwumps of the Liberal party.

Restoring economic health to Canada means cutting the bureaucracy and government spending by 30%, deregulating business, reducing taxes and reducing the \$30 billion deficit. Instead, all the candidates are busy wooing females with promises of more government goodies. Mulroney, the supposed conservative, went so far as to say that bureaucrats are okay; he won't cut any of their jobs and he is going to get them all nice designer video terminals.

Canadian voters may be slapping their sides with glee at the prospect of more federal largesse. But to foreign investors, all of this economic mumbo-jumbo put out by both parties means just one thing: Up in Ottawa, they are doing it with mirrors. Canada is using new credit cards to pay for existing ones.

Taken on a more personal level, this foreign doubt has a sharper meaning. Last week I spoke to a vice-president of a large U.S. firm that had just decided against investing in Canada. He told me bluntly, "Canada is too far gone to socialism; nothing will change this. Why should we risk a falling dollar, growing inflation and a government hostile to business?"

He went on: "A plant manager in the U.S. makes \$35,000; in Canada we must pay \$55,000. Line workers in the U.S. are happy with \$5 per hour; in Canada your government sees that they get \$8 to \$12. Our workers produce more and better. Your government is run by unions. Who needs it?"

Impose exchange controls

Crassly put but true. Canada no longer offers an attractive climate for business. Our high standard of living is based on foreign investment; as it declines, Ottawa will increase the deficit to keep up this artificial standard. The inevitable result: More inflation, higher taxes and general economic failure.

Many thoughtful potential investors in Canada also see the risk of exchange controls. When the Canadian dollar sinks lower, perhaps approaching the 50¢ level, holders of this much debauched currency will begin panic unloading. Ottawa will then be likely to impose exchange controls by preventing its residents from selling their evaporating dollars. This is hardly an attractive prospect for foreign investors.

If the dollar continues to fall — and there is no reason why it should not — pressure on Ottawa to impose exchange controls will mount. Too much of our food and consumer goods are imported to allow our beaver buck to go into a free fall. Mrs. suburban consumer just won't pay \$4.50 for a pound of imported sugar. Equally painful, southbound vacationers will probably be limited to \$150 per trip. Perhaps they can take logs with them to help defray expenses.

Just as no sensible investor would put money into Canadair, few are willing to invest in Canada. Both the company and the nation have been and will continue to be run by the same philosophy and stumbling economic mismanagement. Sadly, foreign investment that is still our lifeblood will grow increasingly scarce.

The Canadian dollar is not declining because of sunspots. Holders are unloading it because they no longer have any faith in our present government; last week's major drop was caused by realization that no new government would make any difference. A sad, ice-cold commentary, and very real. Foreign and domestic investors have already cast their votes by dumping beaver bucks — and all Canadians have lost.

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