

Ottawa's drunken sailors

Canada has taken another giant step on the road to becoming a little Scandinavian socialist state. This is the message of last week's budget and it is enormously depressing.

We already pay some of the highest taxes in the western world; now they will go up even more. Not only personal taxes, but the hidden federal sales tax, excise taxes, taxes on top of taxes. Everything will cost more — and this will raise the inflation rate.

Higher taxes mean less spending, less productivity, less investment and bigger government. Failure to do more than put a tiny dent into the \$38 billion deficit means that the emasculated dollar will continue to fall in value. And this means that all our imports will grow more costly, further driving up inflation.

The budget was supposed to have been aimed at reducing the deficit. Canadians were asked to make sacrifices. In truth, all this was a huge charade. The Mulroney-Wilson budget assures that our overstuffed government apparatus will remain intact, that our welfare state will grow and that free enterprise will wither.

If Mulroney had really wanted to reduce the deficit he would have slashed government welfare and social spending, fired useless bureaucrats and halted the unspeakable waste that characterizes Ottawa. Ordinary Canadians are being told to "sacrifice" while our bureaucrats and politicians fly around in private jets, ride in limos and spend our money like drunken sailors.

Look, for a moment, at President Reagan. He managed to cut taxes, crush inflation and produce a boom in the U.S. Now he is trying to tackle the U.S. deficit by further cutting federal spending. In doing so, he has taken on some of the sacred cows of U.S. politics: Farmers, the elderly, students and homeowners. Reagan is a great president and a great leader because he *leads*, he dares do what

ERIC MARGOLIS



is right for America rather than what earns votes.

Contrast this boldness to the timid poll-watchers in Ottawa. The Tories have not had the guts to cut one major social program — not even the ridiculous baby bonus. Each time they have floated a trial balloon about cutting some program, a storm of well-organized protest has caused them to scuttle back to their nests for safety.

Mulroney and the Tories have an overwhelming majority that will likely not be seen again for decades. If our PM cannot summon up the courage to cut spending today, who will be able to do so in the future? This budget is telling us, frighteningly, that runaway spending cannot be halted; that the deficit will continue to grow; and that the crushing weight of rampant bureaucracy and sky-high taxes will slowly but surely squeeze the economic life out of Canada.

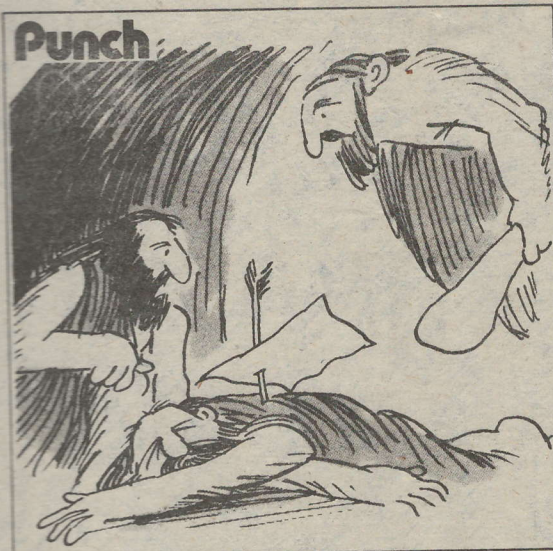
Almost equally disturbing has been the public's response. Those groups, like labor or the professional poor, that did not get enough goodies are squealing. Those, like business, that got taxed with one hand and maybe rewarded on the other by capital gains breaks, muttered obsequious thanks. Yet they all missed the point: Canada, facing grave economic crises from a runaway deficit, had to take drastic action. The necessary action, in this case, was not economic tinkering but rather political courage — and there was none.

We are so used to sucking at the public teat that almost no one seemed to care that Ottawa was broke and running its vaunted social giveaway programs by issuing worthless paper covered in pretty little pictures. Mulroney has met the enemy in battle and run. The accelerated economic decline of Canada — one that is surely coming — will be squarely the fault of Mulroney, a man who means well but who cannot apparently summon up the will to act well.

Smart money, having seen the portents in this miserable, feckless budget, will now speed up withdrawals of capital from Canada. Why invest in a nation with some of the world's highest taxes, with a shrinking dollar, with politicians who are squandering our great wealth in a manic rush to buy votes that they don't even need?

This budget, I predict, marks the death knell of Canada as a major industrial power. It will now begin the relentless slide into Scandinavian socialism: Unbearable taxes, bureaucratic rule everywhere, economic stagnation and social drabness. No one will invest money in Canada any more than in Sweden or Denmark. Canadian money will, inevitably, move southward into the U.S.

It is truly shocking that the very same men who came to save us from Trudeau's ruinous economic policies are now perpetuating them — and not from conviction, but from sheer timidity.



"Good Lord! According to Rodney, the tribal elders may have come up with a military application for the Postal Service."