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Welfare-think

For the last 16 years, the Trudeau government tried to reshape Canada into a European-style socialist economy. Brian Mulroney has taken a new, welcome direction yet the pall of years of welfare-think still remains.

"Government to investigate plant closings. Unions call for shorter work hours for same pay. Women demand more maternity leave. Churches urge more social spending." Newspaper headlines show that Canada is very close to the European model.

It's difficult for politicians to ignore pleas from one-factory towns facing plant shut-downs or from our rising numbers of unemployed. They react to each new problem. These individual drops of social compassion quickly merge into a swollen river of economic and social legislation that prevents business from taking rational decisions.

What is happening today in Canada has already occurred in western Europe. Our "social activists," bishops and editorial writers should take a hard look at the continent.

During the past decade, 14 million new jobs were created in the U.S.; three million in Japan — and this during a time of recession. By contrast, socialised western Europe had a net loss of two million jobs. The common market is now experiencing rising unemployment, inflation and steadily declining national wealth.

Why has Europe lost so many jobs? The main reason has to do with social welfare schemes and restrictive government legislation.

Most European workers enjoy wages and benefits unknown to the toilers of Japan or America. Five or six paid vacations, comprehensive health care, day care, free lunches and drinks.

Unemployment insurance, on the average, amounts to 60% of salary, almost twice that of the U.S. and three times the Japanese figure. This largesse is financed by extremely high payroll taxes. European firms now pay benefits — on top of wages — that almost equal salaries.

Firing or laying off workers in Europe has been rendered extremely difficult by legislation. Closing money-losing plants is next to impossible. Union-promoted laws have paralyzed management's ability to take necessary business decisions.

In Holland, workers can only be fired for swearing — absence is no just cause for termination. Closing a business in Belgium means going before a tribunal and years of compensation.

It is no coincidence that European nations with the most pervasive social welfare schemes also have the highest rates of unemployment and economic decline. Their "responsive" governments have simply run out of money.

Who would want to build a plant in Holland or Sweden under these conditions? When you cannot lay off workers there is a strong tendency not to hire them in the first place — or to go to places like the U.S., Singapore or Taiwan. There, unprofitable plants can be closed. Workers, like management, must share the risk of business.

Europe may have eliminated risk for its workers but it has also eliminated growth. As unemployment rises on the continent, welfare costs are soaring. To meet this burden, governments print more money, thus causing higher inflation — and more union demands for pay raises. Europe's products are quickly being priced out of world markets.

Canada is fast approaching this economic Sargasso Sea. Jobs here were created by high tariffs and deficit spending. Deficits created inflation which, in turn, caused demands for more wages. Were it not for our emasculated dollar, Canadian products would be uncompetitive on world markets. Canadian consumers have paid for the weak dollar — a watch costing \$30 in New York sells for \$45 in Toronto.

Our good bishops and the *Toronto Star* just do not realize that we cannot have both a risk-free earthly paradise and economic growth at the same time. Protecting everyone from everything means a decline into threadbare, seedy east European socialism. Just ask the Poles how well their system works.

Preventing a plant closing in Barrie may make good press and fill churchmen with a sense of morality. It also ensures that a new plant will not be built there, but in Taiwan or Korea. In the long run, our workers and consumers will pay the bill for restricting the free workings of the economy.

An entire generation of Canadians has been brought up to believe that the economy is an endless sea of wealth that may be used for social causes. Canadian have not been taught the real truth about capitalism: It is an extremely fragile organism that thrives so long as it is left alone by politicians.

The dreary example of Europe shows us that once politicians impose an ever thicker tier of social schemes on the economy it inevitably stagnates, then declines. What is happening in Europe should set off alarm bells in Canada.

Brian Mulroney has begun to take some steps in the right direction. Changing almost two decades of welfare-think will, however, be a daunting challenge. Canadians are not a people who thrive on risk. Already among the world's highest taxed people, they seem to keep demanding their governments do more — but, of course, they don't want to foot the costs through higher taxes. Social fairness is dandy, so long as someone else pays the bill.

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