

## Polls Apart

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Canada is not the only country spinning its wheels and getting nowhere. Many of those that comprise the European Union are doing the same. Meanwhile the United States is recording productivity gains approaching 5 percent and China and India are doing substantially better than that. If we do not mend our ways, we stand to fall further behind in the race to get ahead. Our standard of living will deteriorate if we fail to get a firmer grip on the steering wheel of life.

### **EUROPARALYSIS**

Believe it or not, the French receive an average of thirty-nine paid vacation days each year; the Germans twenty-seven; the Dutch twenty-five; the British twenty-three; we Canadians twenty-one; and the Americans but twelve. The tally does not include statutory holidays and sick days. Worse still, the haughty Parisians and many fellow countrymen recently took to the streets to protest their government's decision to eliminate one of the country's eleven annual public holidays, heaping scorn on the initiative designed to raise money for France's infirm and elderly. As such, it should come as little surprise the majority of citizens who feel compromised and bamboozled by the political and bureaucratic elite voted against the proposed constitutional treaty for the EU. Though President Jacques Chirac threatened that a "non" vote would be a catastrophe, the people chose to call his bluff.

The idea of overhauling, streamlining and merging the series of treaties of the past half-century that produced today's EU was sensible enough. The mistake was to elevate a technical document, four hundred pages long, into something with a loftier name. Had the French people been presented with a constitution that laid down a few essential principles and a fundamental political structure, most voters would have been able to grasp its general outlines. It could have been possible for them to feel some sense of reverence for the exercise.

In Canadian terms, the EU is rather like an unending federal-provincial conference, not just of first ministers, but of all ministers. Referendums are, however, necessary and the result of the French vote (and the subsequent one taken by the Dutch) must be respected by the Eurocrats who have driven the process of integration. To be successful in the long run, the European Parliament needs to take shape through the rough and tumble of truly representative government, by duly elected partisan politicians, participating in down and dirty debate, issue by messy issue.

At the moment the EU constitution is not so much a declaration of principles as a catalogue of bureaucratic processes. It is a very ineffective attempt at bringing great economic openness to Europe, which is dearly needed in order to compete in the fast evolving world economy. Though scaremongers are warning that it is now or never, having survived the rigours of the Meech Lake and Charlottetown constitutional accord debates, Canadians know this is not true. We understand from past experience that bad ideas are worse than the risks that allegedly might follow without reform. Whatever the political arguments against the EU constitution may be, the underlying truth is that the present document is strange and uninspiring. Not only is it arduous to read and understand, it amounts to a significant expansion of European parliamentary control which undermines national sovereignty and conveys no significant rights to individuals. It would appear to entrench old Europe rather than open the way to a super new one.

Unfortunately, the monetary union, launched with much fanfare in 1999, has made it extremely difficult for the member countries to wangle their way to greater prosperity. The relative value of individual currencies is not allowed to slide – as Canada's did in the 1990s – in order to soften the blow of painful reforms. Governments may not spend their way out of trouble like the Americans have. Nor has the European Central Bank the leeway to cut interest rates for risk of overstoking the more robust of the EU country economies. Structural changes are the only answer and even that route is complicated by an aging population. Though the value of the euro may weaken in time, the bigger impact for financial markets could be bond spreads. Paradoxically, the prospect of higher borrowing costs might prove to be the tough medicine many of these countries need. As we Canadians know full well, no matter how much the bureaucrats and politicians may harangue, the capital markets are very effective at getting governments to clean up their act. As such, it is not surprising Europeans everywhere are questioning some of the cornerstones, including the single currency and the common budget policies required to support the euro, as well as greater harmonization of labour and business rules. If the politicians continue to stifle the aspirations of entrepreneurs, the EU will never succeed in raising the member countries' standard of living.

Whereas China's and India's GDP in 2005 are expected to grow at rates approaching 9.0 and 8.5 percent respectively, the US at 4.5, and Canada, thanks to its abundant natural resources, at 3.5, the twelve-country Eurozone's forecast is but 1.4 percent. Obviously overtaxed, overregulated welfare states with sluggish economic growth prospects must change their tune. The sooner they do, the better for all concerned. The French, with six-week vacations, a thirty-five-hour work week, good pensions and generous family benefits, are going to have to adjust to the new ways of the world or face massive economic problems. At the moment, wages in general bear little or no relationship to the level of productivity. However, the real value of the debacle may be in forcing the EU leaders to find a Plan B that involves encouraging debate, engaging with those who are opposed to integration, and closing the gap between elite and mass opinion.

#### **TURNING TO CANADA**

Whereas the EU is attempting to consolidate many economic, legal and social functions in the hands of the federation and to reduce the role of individual nations, the Meech Lake and Charlottetown constitutional accords tried to reduce the role of our federal government, and devolve crucial powers to the provincial level. So in effect, French voters

acted much like English-speaking Canadians did in voting against the accords for fear of losing their generous social welfare benefits; the British are behaving more like *les Québécois* in choosing to stay clear of the creepiness characterizing all utopian schemes that seek to override basic human values. Now there's an interesting thought for you!

In recent times Canada has become little more than the sum of provincial grievances. It has pulled back from the national and international arena, and allowed the constitutional powers that gave it relevance and legitimacy to wither. It has pushed itself into areas of provincial responsibility, blurring the respective roles of the two levels of government. Whether we still have a viable federal government is debatable. That we will lose it if we do not use it, is not!

Many of our politicians seem to have soft-peddled the fact that countries which rein in public spending, get fiscal deficits under control, and reduce tax rates, experience greater growth and higher employment than those who fail to do so. In addition, there is a troubling absence of a unifying vision and coherent planning. The criticisms are aimed not only at the federal government, but also at those who try to take advantage of short-term political instability by putting forward new requests for additional funding. These people are just as guilty as those who give in to the demands. If we are to remain competitive, we must be more aggressive about investing in future growth. Zero productivity gains in the past two years, negative household savings, and a manufacturing base struggling to stay afloat in a high-Canadian-dollar world, is not going to get us to where we need to go.

Lest we forget, it takes a robust economy to sustain first-class social programmes, and Canada desperately needs a coherent economic strategy that will deliver both. We must set aside political ploys and start talking seriously about what we want Canada to look like a generation from now.

For the record, the corporate tax cuts announced in 2000 have more than paid for themselves, and that is without counting the revenue flowing from the new jobs resulting from the growth in business investment, or the investor wealth that has been created. Competitive tax rates are the single most effective tool for attracting additional capital, accelerating GDP growth, raising family incomes, and funding social programmes. Canada has the third-highest marginal tax rates in the industrialized world. So, it is little wonder most of the multinationals are investing their money elsewhere. It is high time the Canadian governments came to their senses in shaping a positive economic environment through sound fiscal policy, competitive tax rates, disciplined spending and smart regulation. Any political party prepared to implement such a strategy will definitely get my vote!

Unfortunately, the most recent Federal government budget was but another exercise in appeasement, designed to quiet the majority without mortally offending anyone. While the monetary commitments per category could be counted in the hundreds of millions – sometimes even billions – of dollars, there was not enough impetus in any one direction to set the course for our collective future. The point missed is there is likely to be more action, and measurably stronger results, when efforts are concentrated towards a definite goal. As such, Canadians should stop asking who they are, and started thinking about who they want to be. Until that decision is made, our hopes for economic and social development are without substance. We are just mouthing the words!

As to foreign policy, one might argue that we have now entered a newly transformed world of unipolar hegemony, terrorism, disintegrating states, genocide, and pandemics. World events are unpredictable. Circumstances are constantly changing. Ponderous

foreign policy reviews date quickly. The process can get in the way of timely decision making and the impact can be distorting. Though consensus making, they tend to embody the lowest denominator and fail to raise expectations. Instead, the prime minister should do as Lester Pearson did. Conduct it. Justify it when he stands in Parliament and after an election has been called, but before we all get out and vote. We do not need yet another foreign policy review. They have never been worth the time, money and effort!

#### **OUR POLITICAL FUTURE HANGS IN THE BALANCE**

For the past thirty years, Canadians have endured seemingly endless referendums, and perpetual threats by one group or another to pack up and go their own way. Anger over the recent sponsorship scandal and allegations of corruption in the federal government have helped to boost support for sovereignty in Quebec. As a consequence, it is anticipated that the Bloc Québécois may get an almost free ride in the next federal election. Ditto for the Parti Québécois in Quebec. If such comes to pass, they may well decide to call for another plebiscite, aiming to get the confirmation needed to enter into negotiations with the federal government. Incidentally, without creditable spokespersons in Ottawa from Quebec, the next leader of the federal Liberal party will almost certainly come from elsewhere in Canada.

Swing voters who are prone to changing their minds are different from the classic “undecideds” who often have little interest in politics. As a consequence there have been rapid changes in opinion poll results in recent months. At the moment, few of these voters agree on a central demand of Ottawa. There is no burning issue that really turns them on. In English Canada many resist voting for another party because they are more preoccupied with avoiding the government they want least, than with electing the government they want most. There will undoubtedly be more twists and turns in the political debate leading up to the next federal election. It remains to be seen whether these folks will develop a more firmly rooted position and, if they do, whether it will be a negative option or a positive choice. All they are willing to tell the pollsters at present is that their votes are still up for grabs.

Canada dances between two political models. The conservative American one, and the more moderate European example. The rotating lure of each marks much of Canadian history and will be the arbitrator of its future. Quebec represents the firmest remaining link to Europe, while Alberta most clearly embraces American tendencies. Ontario’s parochial viewpoint vacillates between the two and is likely to continue that way.

To get a sense of why moderation runs as deep as it does in our political culture, one need only look at the power Quebec has enjoyed in Ottawa – four consecutive decades of native prime ministers. If Alberta and its like-minded western provinces had enjoyed such preeminence for so long a period, one can imagine the differences. There would be far less government interference in our daily lives. We would rank higher on the wealth meter, though perhaps but not necessarily lower on the social equality scale. Economic and social conservatism would be in vogue. We would be a more hawkish nation, and our differences with the US more muted. Though the power structure could be more in balance with the creation of an elected and equal Senate, none of today’s political leaders is likely to push the issue for fear of offending Quebec. That is despite the fact that neither the Liberals, the Conservatives, or the National Democrats have a snowball’s chance in hell of doing well in la belle province come the next federal or provincial election. So, in effect, they would have

little or nothing to lose, and perhaps much to gain were one or another or all to push for Senate reform. Until such comes to pass, the West will continue to struggle to have its voice heard, and the upper chamber will continue to be little more than a repository for elderly political hacks.

All of which suggests that Canada's political make-up will remain as close to the European model as to the American one, which is the way, it seems, the majority of Canadian voters prefer it to be. If, however, Quebec goes ahead with its threat to hold yet another referendum on sovereignty, I for one would much prefer to have a hawk calling the shots from Ottawa and not a peaceful dove!

#### **TIME FOR CHANGE**

Just as the EU appears to be unprepared and unwilling to face the brave new world, we Canadians also seem tied to old politics and old ideas. Everyday polling based on old opinions is stifling the possibility of new ideas being introduced by courageous politicians with leadership skills. Polling chill contributes to the narrowing of the debate, as does political correctness. With odd exceptions, our press remains just as tepid in its coverage, in keeping with the bar-lowering trend line so characteristic of our once brave country. Despite technologies that have opened new paths, a public more educated than ever before, when the political dialogue should be spilling over with new thoughts and new aspirations, there are none to behold.

In common with Europe, we risk failure on a grand strategic scale. In an age of global trade and rising competition we must expand the knowledge and skills of our people if we wish to remain competitive in an ever changing world. So rather than handing out cheques left and right, our governments should become more efficient, responsible, transparent, and accountable; not remote, high-handed and bureaucratic. The same applies to those who undermine independent regulatory agencies and intimidate corporate CEOs from playing a constructive role in public policy. Time is short. We cannot continue to pretend nothing is out of whack, that the competition is not on the prowl and everything is dandy.

In the past decade America's inflation-adjusted GDP has surged ahead by nearly 50 percent, Canada's by 44 and Europe's by a measly 14 percent. Which explains why British prime minister, Tony Blair, the incoming holder of the rotating EU presidency, is calling for change, and why we can no longer afford the hysterically dysfunctional political environment in Canada, our prime minister the laughing king of fiscal humor. Rather than have Stephen Harper attempt to engineer a filibuster, and Paul Martin invoke an obscure parliamentary manoeuvre to close off debate, both should be attending to our country's greatest needs, and not always do as the out-of-step pollsters would suggest. Economic underperformance is a far greater threat to our future than the prospect of Quebec's sovereignty. As is the case in Europe where the traditional leftists, militant unionists and old-school socialists are preparing to play the spoiler as EU leaders attempt to salvage the constitution and revive the economy.

#### **LOOKING TO THE FUTURE**

In an essay called *Shift Happens*, I indicated that the political preferences of Canadians are shifting to the right of centre, seeking less interference by governments and greater productivity from entrepreneurs. In *Take a Deep Breath*, I suggested that it was one thing to get the ruling Liberals on the ropes, and quite another to deliver the knock out punch.

The Grits have since given in to the wishes of the NDP in order to survive a vote of non-confidence, and subsequently forged a Liberal/NDP/Bloc Québécois alliance to pass the bloated federal budget. Rather than challenge the Liberals' practice of bribing citizens with their own money, the Conservatives committed to carrying through all the government's promises. Which suggests that every politician in Ottawa is out of touch with the best interests of the electorate, and not one has an enlightened vision for Canada's future.

Why are the conservative pundits so caught up with the bungle surrounding the appointment of Michaëlle Jean as governor general? Why is it that the media voices of the official Opposition are fixated on everything that means little to the voters? Is it because they and the Tories fail to understand that the Grits, masters of political evasion, rely on these sorts of poor souls to bite hard on every distraction, rather than step forward with plausible solutions to the concerns that matter most to the electorate? Why have they so little horse sense? Are they not just as unfit as the incumbents to lead the country in the years ahead.

That being the case, bitching and complaining will not be enough to straighten things out. For that to happen, our increasing disengagement with the political process must be reversed. Canadians from all walks of life must get more involved. Even if it is just to do old-fashioned door-to-door canvassing, which remains one of the most effective ways to focus the political message, increase voter turnout, and get an able candidate elected. I have chosen to use my pen and the Internet to express a rather cut-to-the-quick opinion. What are you going to do to ensure your children and grandchildren enjoy a more productive and prosperous future? In the final analysis, the voters, the elected and appointed members of government cannot be allowed to remain polls apart!