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The three factors eroding our economy

by FRANK STRONACH

There's been a lot of talk lately that Canada is heading into a recession.

Last week, Statistics Canada reported that the country's gross domestic product (GDP) dropped more than expected. Business investment and exports also fell, while consumer spending was flat.

A number of other signs are all pointing to an economic slowdown or contraction, which is remarkable when you consider that the US, our largest trading partner, is experiencing robust growth and when you also consider that the government is pumping record amounts of fiscal stimulus into the economy.

With all the tens of billions Ottawa is flooding into the economy, you'd think our economy would be booming instead of looking down the barrel of a recession.

For me, the question is not so much: are we heading into a recession? The question we should be asking is: why is our economy so feeble?

And I believe the answer to that question is that there are three key areas wreaking havoc on our economy, and until we deal with these three contributing factors, our economy will continue to decline year after year.

The first of these three factors is debt.

The fall economic statement announced a few weeks ago showed that the government is on track to spend $20 billion more than it had initially indicated and that the interest on the debt has more than doubled compared to only three years ago and will top a staggering $60 billion five years from now. That's more than what we currently spend on health care today.

The second factor pummeling our economy is the out-of-control growth in government overhead. When I opened my own small tool and die business in the late 1950s, government spending as a percentage of National GDP was around 16 per cent. Canada's economy was robust and living standards were rising. Today, however, government spending as a percentage of National GDP is approximately 44 per cent, living standards are falling, our economy is anemic, and our middle class is being slowly eroded.

The most detrimental aspect of our ballooning bureaucracy is the stifling effect it has on business by tying up companies with red tape and obstacles that make it increasingly harder to do business in this country.

The third and final factor that's hobbling the Canadian economy is our complicated tax system. It benefits the rich and special interests and is slanted in favour of financial transactions and wealth transfer instead of investments in the real economy, which is tied to manufacturing products, growing food and extracting natural resources.

But an Economic Charter of Rights and Responsibilities would help us address these three structural problems holding our economy back. The Charter contains the following three key responsibilities that would ensure our country is governed by sound economic principles:

Reduce our national debt by 5 percent per year for 20 years so that we will be debt-free within two decades.

Shrink our swollen bureaucracy by reducing government overhead by 5 percent per year over the next decade.

Simplify our tax system by making it black-and-white, clear-cut and fair, with no more loopholes and deductions for the rich and

special interests.

Not only would these three actions get Canada back on a solid economic footing, they would make our country one of the fastest-growing economies in the world.

To learn more about the economic charter and how it could help restore economic growth and prosperity, email me at info@economiccharter.ca. Or to learn more about the economic charter, please visit: www.economiccharter.ca.