

## Is Canada's Economy a Model for America?

Mark Steyn

Author and Columnist

**MARK STEYN'S** column appears in the *New York Sun*, the *Washington Times*, Philadelphia's *Evening Bulletin*, and the *Orange County Register*. In addition, he writes for *The New Criterion*, *MacLean's* in Canada, the *Jerusalem Post*, *The Australian*, and *Hawke's Bay Today* in New Zealand. The author of *National Review's* Happy Warrior column, he also blogs on National Review Online and appears weekly on the Hugh Hewitt Radio Show. He is the author of several books, most recently *America Alone: The End of The World as We Know It*, a *New York Times* bestseller and a number one bestseller in Canada. A Canadian citizen, Mr. Steyn lives with his family in New Hampshire.



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**I was** a bit stunned to be asked to speak on the Canadian economy. "What happened?" I wondered. "Did the guy who was going to talk about the Belgian economy cancel?" It is a Saturday night, and the Oak Ridge Boys are playing the Hillsdale County Fair. Being from Canada myself, I am, as the President likes to say, one of those immigrants doing the jobs Americans won't do. And if giving a talk on the Canadian economy on a Saturday night when the Oak Ridge Boys are in town isn't one of the jobs Americans won't do, I don't know what is.

Unlike America, Canada is a resource economy: The U.S. imports resources, whereas Canada exports them. It has the second largest oil reserves in the world. People don't think of Canada like that. The Premier of Alberta has never been photographed in Crawford, Texas, holding hands with the President and strolling through the rose bower as King Abdullah of Saudi Arabia was. But Canada is nonetheless an oil economy—a resource economy. Traditionally, in America, when the price of oil goes up, Wall Street goes down. But in Canada, when the price of oil goes up, the Toronto stock exchange goes up, too. So we are relatively compatible neighbors whose interests diverge on one of the key global indicators.

As we know from 9/11, the Wahabbis in Saudi Arabia use their oil wealth to spread their

destructive ideology to every corner of the world. And so do the Canadians. Consider that in the last 40 years, fundamental American ideas have made no headway whatsoever in Canada, whereas fundamental Canadian ideas have made huge advances in America and the rest of the Western world. To take two big examples, multiculturalism and socialized health care—both pioneered in Canada—have made huge strides down here in the U.S., whereas American concepts—such as non-confiscatory taxation—remain as foreign as ever.

My colleague at *National Review*, John O’Sullivan, once observed that post-war Canadian history is summed up by the old Monty Python song that goes, “I’m a Lumberjack and I’m OK.” If you recall that song, it begins as a robust paean to the manly virtues of a rugged life in the north woods. But it ends with the lumberjack having gradually morphed into a kind of transvestite pickup who likes to wear high heels and dress in women’s clothing while hanging around in bars. Of course, John O’Sullivan isn’t saying that Canadian men are literally cross-dressers—certainly no more than 35-40 percent of us—but rather that a once manly nation has undergone a remarkable psychological makeover. If you go back to 1945, the Royal Canadian Navy had the world’s third largest surface fleet, the Royal Canadian Air Force was one of the world’s most effective air forces, and Canadian troops got the toughest beach on D-Day. But in the space of two generations, a bunch of tough hombres were transformed into a thoroughly feminized culture that prioritizes all the secondary impulses of society—welfare entitlements from cradle to grave—over all the primary ones. And in that, Canada is obviously not alone. If the O’Sullivan thesis is flawed, it’s only because the lumberjack

song could stand as the post-war history of almost the entire developed world.

Today, the political platforms of at least one party in the United States and pretty much every party in the rest of the Western world are nearly exclusively about those secondary impulses—government health care, government day care, government this, government that. And if you have government health care, you not only annex a huge chunk of the economy, you also destroy a huge chunk of individual liberty. You fundamentally change the relationship between the citizen and the state into something closer to that of junkie and pusher, and you make it very difficult ever to change back. Americans don’t always appreciate how far gone down this path the rest of the developed world is. In Canadian and Continental cabinets, the defense ministry is now a place where an ambitious politician passes through on his way up to important jobs like running the health department. And if you listen to recent Democratic presidential debates, it is clear that American attitudes toward economic liberty are being Canadianized.

To some extent, these differences between the two countries were present at their creations. America’s Founders wrote of “life, liberty and the pursuit of happiness.” The equivalent phrase at Canada’s founding was “peace, order and good government”—which words are not only drier and desiccated and stir the blood less, but they also presume a degree of statist torpor. Ronald Reagan famously said, “We are a nation that has a government, not the other way around.” In Canada it too often seems the other way around.

All that being said, if you remove health care from the equation, the differences between our two economies become relatively marginal. The Fraser Institute’s “Economic Free-

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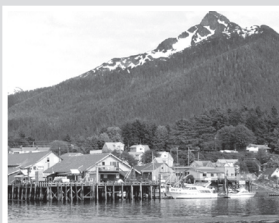
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dom of the World 2007 Annual Report” ranks the U.S. and Canada together, tied in fifth place along with Britain. And here’s an interesting point: The top ten most free economies in this report are Hong Kong, Singapore, New Zealand, Switzerland, United States, United Kingdom, Canada, Estonia, Ireland, and Australia. With the exception of Switzerland and Estonia, these systems are all British-derived. They’re what Jacques Chirac dismissively calls *les anglo-saxon*. And he and many other Continentals make it very clear that they regard free market capitalism as some sort of kinky Anglo-Saxon fetish. On the other hand, Andrew Roberts, the author of *A History of the English-Speaking Peoples since 1900*, points out that the two most corrupt jurisdictions in North America are Louisiana and Quebec—both *French*-derived. Quebec has a civil service that employs the same number of people as California’s, even though California has a population nearly five times the size.

In the province of Quebec, it’s taken more or less for granted by all political parties that collective rights outweigh individual rights. For example, if you own a store in Montreal, the French language signs inside the store are required by law to be at least twice the size of the English signs. And the government has a fairly large bureaucratic agency whose job it is to go around measuring signs and prosecuting offenders. There was even a famous case a few years ago of a pet store owner who was targeted by the Office De La Langue Française for selling English-speaking parrots. The language commissar had gone into the store and heard a bird saying, “Who’s a pretty boy, then?” and decided to take action. I keep trying to find out what happened to the parrot. Presumably it was sent to a re-education camp and emerged years later with a glassy stare saying in a monotone voice, “*Qui est un joli garcon, bein?*”

The point to remember about this is that it is consonant with the broader Canadian disposition. A couple of years ago it emerged that a few Quebec hospitals in the eastern townships along the Vermont border were, as a courtesy to their English-speaking patients, putting up handwritten pieces of paper in the corridor saying “Emergency Room This Way” or “Obstetrics Department Second on the Left.” But in Quebec, you’re only permitted to offer health care services in English if the English population in your town reaches a certain percentage. So these signs were deemed illegal

and had to be taken down. I got a lot of mail from Canadians who were upset about this, and I responded that if you accept that the government has a right to make itself the monopoly provider of health care, it surely has the right to decide the language in which it’s prepared to provide that care. So my point isn’t just about Quebec separatism. It’s about a fundamentally different way of looking at the role of the state.

## The Two Economies

So, granted the caveat that the economically freest countries in the world are the English-speaking democracies, within that family there are some interesting differences, and I would say between America and Canada there are five main ones.

First, the Canadian economy is more unionized. According to the Fraser Institute report, since the beginning of this century, the unionized proportion of the U.S. work force has averaged 13.9 percent. In Canada it has averaged 32 percent. That is a huge difference. The least unionized state in America is North Carolina, at 3.9 percent, whereas the least unionized province in Canada is Alberta, with 24.2 percent—a higher percentage than any American state except Hawaii, Alaska, and New York. In Quebec, it’s 40.4 percent. If you regard unionization as a major obstacle to productivity, investment, and employment growth, this is a critical difference.

I drive a lot between Quebec and New Hampshire, and you don’t really need a border post to tell you when you’ve crossed from one country into another. On one side the hourly update on the radio news lets you know that Canada’s postal workers are thinking about their traditional pre-Christmas strike—the Canadians have gotten used to getting their Christmas cards around Good Friday, and it’s part of the holiday tradition now—or that employees of the government liquor store are on strike, nurses are on strike, police are on strike, etc. Whereas you could listen for years to a New Hampshire radio station and never hear the word “strike” except for baseball play-by-play.

In a news item from last year, an Ottawa panhandler said that he may have to abandon his prime panhandling real estate on a downtown street corner because he is being shaken down by officials from the panhandlers union. Think about that. There’s a panhandlers union which exists to protect workers’ rights or—in this case—*non-*

workers' rights. If the union-negotiated non-work contracts aren't honored, the unionized panhandlers will presumably walk off the job and stand around on the sidewalk. No, wait. . . they'll walk off the sidewalk! Anyway, that's Canada: Without a Thatcher or a Reagan, it remains over-unionized and with a bloated public sector.

Not that long ago, I heard a CBC news anchor announce that Canada had "created 56,100 new jobs in the previous month." It sounded like good news. But looking at the numbers, I found that of those 56,100 new jobs, 4,200 were self-employed, 8,900 were in private businesses, and the remaining 43,000 were on the public payroll. In other words, 77 percent of the new jobs were government jobs paid for by the poor slobs working away in the remaining 23 percent. So it wasn't good news, it was bad news about the remorseless transfer of human resources from the vital dynamic sector to the state.

The second difference between our economies is that Canada's is more protected. I was talking once to a guy from the Bay area who ran a gay bookstore, and he swore to me that he'd had it with President Bush and that he was going to move to Vancouver and reopen his bookstore there. I told him that would be illegal in Canada and he got very huffy and said indignantly, "What do you mean it's illegal? It's not illegal for a gay man to own a bookstore in Canada." I said, "No, but it's illegal for a foreigner to own a bookstore in Canada." He could move to Canada, yes, but he'd have to get a government job handing out benefit checks. His face dropped, and I thought of pitching one of those soft-focus TV movie-of-the-week ideas to the Lifestyle Channel, telling the heartwarming story of a Berkeley gay couple who flee Bush's regime to live their dream of running a gay bookstore in Vancouver, only to find that Canada has ways of discriminating against them that the homophobic fascists in the United States haven't even begun to consider.

The third difference is that Canada's economy is more subsidized. Almost every activity amounts to taking government money in some form or other. I was at the Summit of the Americas held in Canada in the summer of 2001, with President Bush and the presidents and prime ministers from Latin America and the Caribbean. And, naturally, it attracted the usual anti-globalization anarchists who wandered through town lobbing bricks at any McDonald's or Nike outlet that hadn't taken

the precaution of boarding up its windows. At one point I was standing inside the perimeter fence sniffing tear gas and enjoying the mob chanting against the government from the other side of the wire, when a riot cop suddenly grabbed me and yanked me backwards, and a nanosecond later a chunk of concrete landed precisely where I had been standing. I bleated the usual "Oh my God, I could have been killed" for a few minutes and then I went to have a café au lait. And while reading the paper over my coffee, I learned that not only had Canadian colleges given their students time off to come to the Summit to riot, but that the Canadian government had given them \$300,000 to pay for their travel and expenses. It was a government-funded anti-government riot! At that point I started bleating "Oh my God, I could have been killed at taxpayer expense." Say what you like about the American trust-fund babies who had swarmed in to demonstrate from Boston and New York, but at least they were there on their own dime. Canada will and does subsidize anything.

Fourth point: The Canadian economy is significantly more *dirigiste* (i.e., centrally planned). A couple of years ago it was revealed that the government had introduced a fast-track immigration program for exotic dancers (otherwise known as strippers). Now as a general rule, one of the easiest things to leave for the free market to determine is the number of strippers a society needs. But for some reason, the government concluded that the market wasn't generating the supply required and introduced a special immigration visa. To go back to President Bush's line, maybe this is one of those jobs that Canadians won't do, so we need to get some Ukrainians in to do it. Naturally, the exotic dancers are unionized, so it's only a matter of time before the last viable industry in Quebec grinds to a halt and American tourists in Montreal find themselves stuck in traffic because of huge numbers of striking strippers. What governmental mind would think of an exotic dancer immigration category?

Fifth and obviously, the Canadian economy is more heavily taxed: Total revenue for every level of government in the U.S. is approximately 27 percent of GDP, while in Canada it's 37 percent. And yes, that 37 percent includes health care—but you would have to be having an awful lot of terminal illnesses each year to be getting your money's worth from what you're giving to the treasury for that.

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**Canadian Dependence on the U.S.**

Yet, having criticized Canada's economy in various features, let me say something good about it: It doesn't have the insanely wasteful federal agricultural subsidies that America has. In fact, if a Canadian wants to get big-time agriculture subsidies, he's more likely to get them from the U.S. government. I'm sure most people here know that very few actual farmers—that's to say, guys in denim overalls and plaid shirts and John Deere caps with straws in the stumps of their teeth—get any benefit from U.S. agricultural subsidies. Almost three-quarters of these subsidies go to 20,000 multi-millionaire play farmers and blue chip corporations. Farm subsidies are supposed to help the farm belt. But there's a map of where the farm subsidies go that you can find on the Internet. And judging from the beneficiaries, the farm belt runs from Park Avenue down Wall Street, out to the Hamptons, and then by yacht over to Martha's Vineyard, which they really ought to rename Martha's Barnyard. Among the farmers piling up the dollar bills under the mattress

are Ted Turner, Sam Donaldson, the oil company Chevron, and that dirt-poor, hardscrabble sharecropper David Rockefeller. But what you may not know is that also among their number is Edgar Bronfman, Sr., who isn't just any old billionaire, he's the patriarch of Montreal's wealthiest family, owner of Seagram's Whiskey, which subsequently bought Universal Pictures. So the U.S. taxpayer, in his boundless generosity, is subsidizing the small family farms of Canadian billionaires. As a Canadian and a broken-down New Hampshire tree farmer myself, I wondered whether I could get in on the U.S. farm program, but as I understand it, it would only pay me for a helicopter pad on top of my barn and a marble bathroom in my grain silo.

Edgar Bronfman's dependence on U.S. taxpayers is symbolic of more than just the stupidity of federal agriculture subsidies. In the end, there's no such thing as an independent Canadian economy. It remains a branch plant for the U.S. Over 80 percent of Canadian exports come to America. From time to time, nationalist politicians pledge to change that and start shipping goods elsewhere. But they never do because they don't have to—they've got the world's greatest market right next door. So when people talk about the Canadian model as something that should be emulated,

they forget that it only works because it's next to the American model. The guy who invented the Blackberry email device is Canadian, but it's not been a gold mine for him because he's selling a lot of them in Labrador or Prince Edward Island. It's been a gold mine because he's selling a lot of them in New York and California and in between.

Canadian dependence on the United States is particularly true in health care, the most eminent Canadian idea looming in the American context. That is, public health care in Canada depends on private health care in the U.S. A small news story from last month illustrates this:

A Canadian woman has given birth to extremely rare identical quadruplets. The four girls were born at a U.S. hospital because there was no space available at Canadian neonatal intensive care units. Autumn, Brook, Calissa, and Dahlia are in good condition at Benefice Hospital in Great Falls, Montana. Health officials said they checked every other neonatal intensive care unit in Canada, but none had space. The Jepps, a nurse and a respiratory technician were flown 500 kilometers to the Montana hospital, the closest in the U.S., where the quadruplets were born on Sunday.

There you have Canadian health care in a nutshell. After all, you can't expect a G-7 economy of only 30 million people to be able to offer the same level of neonatal intensive care coverage as a town of 50,000 in remote, rural Montana. And let's face it, there's nothing an expectant mom likes more on the day of delivery than 300 miles in a bumpy twin prop over the Rockies. Everyone knows that socialized health care means you wait and wait and wait—six months for an MRI, a year for a hip replacement, and so on. But here is the absolute logical *reductio* of a government monopoly in health care: the ten month waiting list for the maternity ward.

In conclusion, I'm not optimistic about Canada for various reasons—from the recent Chinese enthusiasm for buying up the country's resources to the ongoing brain drain—but also for a reason more profound. The biggest difference between Canada and the U.S. is not that you crazy, violent, psycho Yanks have guns and we caring, progressive Canucks have socialized health care, but that America has a healthy fertility rate and we don't. Americans have 2.1 children per couple, which is enough to maintain a stable population, whereas according to the latest official figures, Canadian couples have only 1.5. This puts us on the brink of steep demographic decline. Consider the math: 10 million parents have 75 million children, 5.6 million grandchildren, and 4.2 million great-grandchildren. You can imagine what shape those lavish Canadian social programs will be in under that scenario, and that's before your average teenage burger-flipper gets tired of supporting entire gated communities and decides he'd rather head south than pay 70 percent tax rates.

So, to produce the children we couldn't be bothered having ourselves, we use the developing world as our maternity ward. Between 2001 and 2006, Canada's population increased by 1.6 million. 400,000 came from natural population growth kids, while 1.2 million came from immigration. Thus native Canadians—already only amounting to 25 percent of the country's population growth—will become an ever smaller minority in the Canada of the future. It's like a company in which you hold an ever diminishing percentage of the stock. It might

still be a great, successful company in the years ahead, but if it is, it won't have much—if anything—to do with you.

In that most basic sense, American progressives who look to Canada are wrong. Not only is Canada's path not a model for America, it's not a viable model for Canada. As Canadians are about to discover, the future belongs to those who show up for it. ■



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