

THUNDER ON THE RIGHT

By Paul Jackson

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American friends - yes, I have quite a few of those - ask why I haven't penned a piece Canada's buoyant economy and stable financial landscape.

Well, I figured it wasn't news.

Whatever, they urged me to do so after reading a January piece from the *Washington Times* by James Bacon, and now circulating widely on the Internet, contending Canada is a nation of stability in a world of unrest.

So, let me elaborate on, and add to Bacon's points:

There is no housing crisis in Canada. Try to find a foreclosure notice and you'll likely be on a fruitless mission. In Canada you need a minimum downpayment of 5% to get a mortgage and buy a home, and you have to prove you can shoulder a mortgage for at least five years no matter what interest rates do. To buy a second residence - a summer cottage, or for investment - you have to have a minimum down payment of 20% and again show you can shoulder mortgage. Mortgage interest is not tax-deductible, and mortgage amortization rates are capped at 30 years. Despite these rigid regulations, home ownership in Canada is slightly higher than in the USA.

There is no banking crisis in Canada. Not a single bank or financial institution has gone to the federal government for help. One reason there is no banking crisis is because there is no housing crisis. Banks were not allowed to make reckless loans to individuals who did not have sufficient income or funds to be able to afford the loan. Canadian banks are now reporting their biggest profits ever, and are snapping up American banks at bargain basement prices.

There is no federal debt crisis in Canada. The accumulated debt is relatively low, and this year's federal budget deficit will be less than 3% of GNP - compared to almost 11% of Washington's 2011 budget deficit in the USA. With a stable - almost bubbly - economy, taxes are pouring into federal coffers.

There is no unemployment crisis in Canada. The employment rate is almost back to pre-recession levels, and the jobless rate is about 25% lower than in the USA.

There is no hysterical debate about taxation in Canada. The nation's corporate tax rate is just 16.5% compared to 35% in the USA. Why such a low corporate tax rate? The government wants companies located here to stay here and create jobs with their employees paying more taxes, and for companies in the USA or elsewhere to relocate here and do the same. The USA now has the highest corporate tax rate in the western industrialized world. Senseless.

There is no social security funding crisis in Canada. A decade and more ago the federal finance minister almost overnight, at the stroke of a pen and with little public debate hiked compulsory payroll premiums for everyone by a staggering 70%. That was the biggest single tax hike in the nation's history.

Yet, today pension experts worldwide agree Canada's system is now so robust it will never likely face a financial crunch. It takes in more than it pays out, and invests the surplus in a wide-ranging number of profit-making endeavors.

Bottom Line: Outfits like the International Monetary Fund (IMF) and so on say Canada is the most economically and financially stable nation in both the G-7 and the G-20. Bacon concludes his own column by saying while talented Canadians have long regarded the United States as the land of opportunity, it may not be long before Americans see Canada as the land of the future.

I'll leave that assessment to you.