

# Canada's Conservative leaders outdo U.S. economically

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Canada's 40-year flirtation with socialized medicine has created the impression in the minds of many Americans that Canada is an example of a socialist country.

But one sector does not a country make. By recent measures of economic freedom, Canada ranks as high as or higher than the United States.

The "Economic Freedom of the World" report, published in 2010 by the Fraser Institute and the Cato Institute, gave the U.S. and Canada virtually equal overall rankings. The more recent 2011 "Index of Economic Freedom," published by *The Wall Street Journal* and the Heritage Foundation, ranks Canada three places higher than the U.S.

If Canada is less free than the U.S. in its health-care sector, then it more than makes up for it with greater freedom in other areas. But even in the health-care sector, the Canadian government does not interfere with everything, and the U.S. government does not interfere with nothing.

For several decades, more than half of U.S. medical expenditures have been paid through government. Medical-related services and insurance are among the most heavily regulated activities in both countries.

During the 1960s and 1970s, both countries embraced new welfare programs. Such programs are often described as popular, and always will be to those who believe that they are getting something for nothing.

Canadians love the fact that they can walk into a doctor's office and present a little plastic card. Most have no idea what it costs them or that it costs them anything at all.

But the smart ones make the connection between this and the long waiting lists for specialist consultations and procedures, and sometimes long journeys for diagnostic tests. There is also a serious shortage of family physicians.

We can afford certain indulgences as long as we remain prudent and productive in other aspects of our lives. Canadians reached the peak of indulgence more than a decade ago and have made a reluctant peace with the need for fiscal restraint.

Like it or not, privatization has been a necessary and successful solution to the inefficiencies and shortages created by government programs. This applies also to segments of the medical sector.

During the past five years, Canadian Prime Minister Stephen Harper has led a minority conservative government. Despite the need to pull parliamentary votes from liberals and socialists to pass legislation, Harper and his finance minister, Jim Flaherty, cut the national sales-tax rate to 5 percent from 7 percent. They also cut the federal corporate income-tax rate to 16.5 percent and will reduce it to 15 percent next year. This is less than half the U.S. federal rate of 35 percent.

I have met Harper on several occasions and have had lunch with him and Flaherty. Both men exhibit a high level of economic understanding and executive competence that is, unfortunately, not matched by their current American counterparts. Last week, their Conservative Party won a majority of the seats in Parliament.

Canadians should not be surprised to see reductions in their personal income-tax rates, strengthened national defense and a greater reliance on private enterprise.

This sounds like good medicine.

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