

**WRITTEN SUBMISSION FOR
THE PRE-BUDGET
CONSULTATIONS IN ADVANCE
OF THE 2020 BUDGET**

BY

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RECOMMENDATION # 1

That the Government seek agreement with all political parties to the basic non-political principles of Governance upon which policy is to be developed.

RECOMMENDATION # 2

That the Government reevaluate, and where appropriate withdraw Canada from, its participation in international and regional financial and economic agreements.

RECOMMENDATION # 3

That the Government provide basic, practical and non-political macroeconomic education to all Members of Parliament after opening of the 43rd Parliament.

RECOMMENDATION # 4

That the government direct the Bank of Canada to create all money required to be in circulation, without the creation of debt or inflation.

RECOMMENDATION # 5

That the Government immediately undertake elimination of the Income Tax Act and its replacement by sourcing bases other than income.

“Climate Emergency: The Required Transition to a Low Carbon Economy.”

It has been stated that unless the economic policies are right no other goals of Government can be achieved. After fifty years of following failed neo-liberal policies by the Governments of Canada, the only solution is to identify and adapt policies through rational thinking. Since excessive consumption by western countries, including Canada, has been encouraged by Governments policies, those policies must change. The following suggestions are but a starting point.

“The bigger the lie the more people will believe it”. The big economic ones that have been repeated over and over have been believed by the people of Canada, including by the Members of Parliament. Overriding the many smaller lies, that allowed the “ neoliberal experiment” of the last half century to happen, has been the big lie that corporations and the market sector do things better than Government. One must assume that the Members of Parliament accepted the policies promoted by the international financial interests through lack of rational thinking rather than for personal gain.

As Nobel Laureate Economist Joseph Stiglitz wrote in June of this year, **“The neoliberal experiment – lower taxes on the rich, deregulation of labor and product markets, financialization, and globalization – has been a spectacular failure.”** The Canadian Parliament, and Parliamentarians, could lead the Western empire to recover from that failure. They must make the effort to understand and implement the economic, financial and economic alternatives to the “spectacular failure” of the last fifty years..

If Parliamentarians created the “spectacular failure” through lack of rational thinking, it is the duty of current and future Parliamentarians to use rational thinking to implement more effective policies. Rational thought must be based on truth and facts. The first fact is that Members of Parliament have

the duty to govern for the effect on the population as a whole not the effect on individuals or special interests. They must enact policies that are most beneficial for the nation, its economy, its environment, and to the equal benefit of all citizens. All the citizens that they represent includes both those living and the generations yet to become citizens. Canada, with all of its natural and human resources, should not follow other countries down the economic ladder, but institute immediate policies of change. The most basic rationality to recognise is that consumption of goods and services does not benefit the nation. All consumption requires resources, labour and, most of all, energy. Resources are finite, labour demand is shrinking and energy consumption is killing the earth. Without infringing on the personal freedom of choice to consume for an appropriate standard of living, government should discourage, not encourage, consumption.

“But we need productive work for our people”. True, but work that creates goods and services that are used, eliminated, consumed is of zero benefit to the country. Production creates wealth, consumption destroys wealth. There is lots of work than can be done which creates wealth and provides lasting benefits for individuals and collectively for all Canadians. It is just a matter of rational national policies to keep adequate money in circulation.

Perhaps the most irrational big lie policy foisted on Canada by the international financial elite was for the Government to transfer the function of creating money from the Bank of Canada to the financial community. Canadians are finally realizing the irrationality of our Government giving the banks the power to create money and then borrowing it back, at interest, that the taxpayers then pay. Prime Minister MacKenzie King warned that loss of control of the money supply would “wreck any nation”, and it is doing so.

Perhaps the most irrational policy of the last century is taxation. The gradual increase in complexity has made it beyond the understanding of most Canadians, including Members of Parliament. What can be

understood is the basic place of taxation in the Canadian economy. There are economists who state that taxation is not necessary to pay for the costs of Government as long as Government retains the power to create money. Only the federal Government has that power. But taxation may be necessary for other purposes. The foremost is to control inflation by removing money from circulation. Removing money from circulation reduces the consumptive demand for goods and services.

The second place that taxation can be desirable is to deter consumption or undesirable transactions. It is certainly not desirable, to either the individual or the nation, to deter Canadians from working. Rather than legislating to restrict purchase choice and freedom of the individual, taxation should discourage the choices that may not be beneficial to the nation. The taxing of wealth spent on excessive consumption may also encourage investing in lasting wealth. And, its calculation would be a much simpler tax than the present tax on income.

The taxing of many things would benefit the nation, the economy and the individual Canadian by discouraging their use. Consumption of things injurious to the health and wellbeing of individuals could be deterred by adding a tax to their purchase price. Certainly, a tax to reduce climate change would be beneficial. The taxing of imports, at least to the same extent that Canadian produced goods and services bear tax, would enable Canadian goods and services to compete fairly both in Canadian and foreign markets. As tariffs of the past enabled the development of the manufacturing sector in Canada, they could again be beneficial in adding economic growth.

The place most fertile for taxation revenue is a transaction tax on financial speculation. Except for the small percent of the financial industry that provides money to start up or expand production, securities trading is only speculation by people trading with one another, with a gain only to the middle persons. It is a waste of resources and of little consequence to the

“real economy”. Even the gain to the brokers is of small benefit to the economy. Since the trading itself is of little benefit, the cost for the services provides no benefit to the nation. Besides, that is where the money is.

Two areas where the implementation of a direct tax would be most beneficial would be on advertising and packaging. Advertising encourages consumption contrary to the interests of the nation to limit excess spending. Additional benefits are to reduce the predatory effect of diverting standard of living purchases to impulse buying or the encouragement of personal debt. The recent evidence of the harm caused by plastic packaging warrants both a very high tax and even banning of their use.

The fixation of Government on status quo taxation, fiscal and monetary policies denotes complete failure of Canadians and their representatives to take the effort to think rationally about options to such obviously destructive policies.