

## NO SUCH THING

-William Trench

(A **Freedom Party** member, William Trench was born and educated in South Africa, spent his early years travelling both in Africa and Europe, working at a variety of occupations including freight-checker, bank clerk, parking attendant, bartender, and factory hand. After qualifying as a Chartered Corporate Secretary he moved to Canada in 1966 where, over the years, he has held various managerial positions in the corporate world. The following essay appears as a chapter in his book, **Only You Can Save Canada - Restoring Freedom and Prosperity**, published by the author in January 1992.)

*"The one absolutely certain way of bringing the nation to ruin, of preventing all possibility of its continuing to be a nation at all, would be to permit it to become a tangle of squabbling nationalities." --- Theodore Roosevelt*

"In all my years in Canada I have never been witness to a single racial incident. It has always appeared to me that Canadians in general treat each other politely, irrespective of race. I have worked with, and for, many corporations during that time, and have never come upon a company where race or nationality played a role in the hiring process."

The above paragraph was written when I wrote the first draft of my book, *Only You Can Save Canada*, and was true then. However I regret to say that I have since been involved in an incident which points up the changing situation in this country. I recently narrowly avoided colliding with a teenage cyclist who was riding on a pedestrian crossing against a red light. Sticking my head out of the car window I asked him what the h--- he thought he was doing. I was interested to learn that in his eyes I should 'f--- off', and was a 'white motherf---er'.

So I am sorry to say that yes, I have now been witness to a racial incident in Canada. I can also attest to the fact that racism here is not confined to whites.

One of the reasons I came to Canada from South Africa was to live in a society where the differences (visible and invisible) between people were of no consequence. I was prepared to bury my former life and become a 'Canadian'; to adapt in whatever ways were necessary in order that I would fit in.

Well, I was successful to a certain extent. I changed my pronunciation of certain words in order to make myself understood, but my accent has changed little over the years, and continues to betray my origins.

I naturally knew before I arrived that not all Canadians were white English mounties and French lumberjacks as depicted in the movies. I was very comfortable with the thought, however, that everyone, when travelling abroad, would describe himself of herself as 'Canadian'. I very much liked the idea of a new nation being forged out of the strengths brought from many others around the world.

Well, it looks like I was wrong again! I am now informed that Canada is not one society but many! We are not to consider ourselves Canadians at all, but English Canadians or French Canadians or Ukrainian Canadians or Indian Canadians or Native Canadians or whatever Canadians; even worse, the government is spending more of our money to support these nation-destroying activities with everything from a Ministry of Multiculturalism on down.

I would be rather interested in finding out whether a group of South African Canadians would get government funding to carry on its own cultural activities, particularly in view of the fact that the government will not let its citizens trade with that country.

My question about all this is: Do Canadians as a whole want this policy of 'multiculturalism', or is it just another governmental vote-getting gimmick?

'Multiculturalism' was introduced by the Trudeau government in 1972. However in December of 1989, nearly twenty years later, the government of the day was still debating just what this word means and what the policy of multiculturalism includes. I do know that during the Free Trade debate Canadians were warned that signing the agreement would "threaten their culture". What culture? Multiculture?

One thing there is no doubt about. Multiculturalism is costing you and me money.

First of all be aware that about 84% of the population were born in Canada. That means that only about 16% were not. Yet we have this absurd multicultural boondoggle going on as if it were something important. What may be worse, no government policy is ever decided in this area without the agreement of a group called the Canadian Ethnocultural Council, which professes to represent 38 national ethnocultural organizations across the country. What is worse is that this group is funded to the tune of some half a million dollars annually by your tax money and mine.

Eighty-four percent of the population were born in Canada. Yet on the 1991 census form there is no provision to record one's nationality as 'Canadian'! Instead one is asked to record one's origins. If your great-great-grandparents came from Russia you are to list yourself as

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*To those who consent, no injustice is done*



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Russian, and the government will devote sufficient public funds to ensure that Russians are not forgotten in the multicultural mish-mash. Whether or not you give a hoot about Russia or Russians, that's where your money's going!

Can you imagine taking a census in Italy and, instead of listing 'Italian' as a nationality, requiring people to check off any one, or more, of Roman, Gallic, Visi-Goth, etc.? This is bureaucracy gone mad!

I, for one, am totally opposed to this whole multiculturalism idea. I left a country preoccupied with racial differences. Government

programs that seek to stress and promote these differences are utterly distasteful.

If individuals wish to create and support private societies, clubs and groups, this is their right, and I have no objection to that at all. Along the Danforth in Toronto one can see many private Greek clubs. Italian societies abound in the west end. Within the city there are groups of every description, from boy scouts to credit unions, for every nationality, from Irish to Latvian to Norwegian. They have existed for years. Their members are people who want to keep their links with their country of origin, who want their children to know something about their parents' history.

And that's fine. More power to them.

From time to time on the CBC I hear some idiot pontificating on how we have decided not to be like the United States with their 'melting pot' absorbing all the immigrants into one nation, but that instead we have decided to follow our own system of 'multiculturalism', preserving each individual nation's heritage.

Whenever this happens I want to ask the speaker: who are 'we' that decided all this? I know that I certainly was not consulted. If I had been I would have stated in no uncertain manner that the melting pot idea's just fine with me and that I've had enough of governmental meddling in people's private affairs, particularly racial, to last me a lifetime. In fact this snide insinuation (that Americans are right-wing, loud, distasteful people, therefore if they have a 'melting-pot' we'd better have something else) quite frankly annoys me. To

discount the successes of the most freedom-loving nation in history is small-minded. If the melting-pot works we should use it. At the very least the taxpayers should be consulted before the policy is dismissed out of hand.

Do you know what I think happened? I think some politician got the idea 'Wow, all these immigrants. If we promise support to their particular group we can get the votes of all the (fill-in-the-blank)'. And so this whole mechanical, bureaucratic, costly, government 'multiculturalism' thing was set up. And an added political benefit to the Quebecois was that it was only English-speaking Canadians who were being fragmented. French Canadians remained French Canadians.

However it originated, I believe multiculturalism contains the seeds of serious social problems for the future. Any system that emphasises people's differences as opposed to their similarities will do just that.

Your reaction to this may be one that I've often heard. "But our government is only doing this for the good of the people. Not like the South African government which just wanted to keep the black races down."

Well, I have news for you. As we have seen, private national social clubs and societies existed in Canada for a long time before the government decided to get in on the act. In just the same way, racial segregation existed in South Africa for a long time before the government drafted laws to make it mandatory.

It was after the National Party won the 1948 general election in South Africa that the 'apartheid' laws began to be passed. And the critical point that most people do not appreciate, is that when these laws were introduced it was with the best of intentions. They were introduced for the good of everyone, black and white. Many of the well-intentioned political theorists in the National Party genuinely believed that the best way to safeguard the national heritage of each race was to allow

them their own areas in which to conduct their own affairs in whatever ways they deemed fit. It was felt that the situation as it then existed, with blacks generally in positions of subservience to whites, was not acceptable. The plan of *apartheid*, or separateness, was that the country would be divided between the whites, who would give up their black servants and live in a totally white society; and the blacks, who would live in their own wholly black areas.

The history of how this all worked out is well known. In practice the plan proved economically and socially impossible. However the point I want to make is that the intentions were good. And maybe the Canadian government's multiculturalism intentions are good too. But of such good intentions is the road to Hell paved.

And so, now that it is government policy to stress the differences between citizens, we have seen, and will continue to see, more and more 'incidents' involving disputes between citizens of differing national or racial origins.

As I said at the beginning of this essay, my experience of Canadian hiring practices has been completely positive. In fact it was extremely interesting to me, when I came to this country, to see that Canadians appeared to be totally colour-blind.

It seems that businessmen continually get a bad press in this regard. Any businessman who is a businessman at all makes his hiring decisions on one criterion only. Which applicant will do the most economical job? I have seen discrimination on the grounds of inability to speak English, uncleanness, stupidity, verbosity, surliness and argumentativeness. Never race. It wouldn't make good business sense. Turn down a good worker of one colour for a bad one of another? Businesses making decisions like that don't stay in business too long.

It is becoming more and more obvious that when we spurn the melting-pot we are opening a whole new can of worms. As soon as we start to band together in racial groups we are creating the climate for a backlash from another group.

So don't be surprised to see more and more of the racial incidents that have been

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**"I, for one, am totally opposed to this whole multiculturalism idea. I left a country preoccupied with racial differences."**

**"Government programs that seek to stress and promote these differences are utterly distasteful."**

**"Those who are of the opinion that money will do everything may very well be suspected to do everything for money." --- Sir George Savile**



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taking place recently. Like the calendar featuring a turbaned Sikh in an RCMP uniform, and labelled 'Sgt Kamell Dung'. Or the lapel pin showing a white man surrounded by a black, Asian and Sikh, and bearing the question: Who is the minority in Canada? These incidents are the tip of an iceberg which stands a good chance of wrecking this Titanic unless our government's policies change, and change dramatically.

I do not want my taxes to go to support some Nazi-style white supremacy group. Neither do I want my taxes to go to some 'multicultural' group of anti-white bigots who spout racist rubbish under the guise of helping their community.

Let me be very clear on this. I have no object whatsoever to these individuals saying anything they like about anybody they wish to attack. What I do object to is having my tax dollars go to support them in any way, shape or form, including 'heritage language' programs and all the other 'cultural enrichment' programs the federal and provincial governments have dreamed up.

A direct outcome of this policy of considering Canada to be a whole bunch of nations and not just one, is the recent trend towards discrimination on the grounds of race. Such things as 'affirmative action' programs are nothing other than discriminatory; the fact that they discriminate in favour of minorities is no justification. What the world objected to about the South African government's policy was that it discriminated in favour of the white minority.

Government programs that discriminate in favour of anybody are wrong, and are not justified, even on the grounds that the individual receiving the benefit has a handicap. If some people wish to assist others, that is their right, but the government should be seen to treat every citizen equally before the law. No one should receive a personal benefit from public money.

I had a recent personal experience of a distasteful example of this whole tendency to justify discrimination by calling it something else.

### **"Government programs that discriminate in favour of anybody are wrong, and not justified."**

A year or two ago the City of Toronto instituted a policy of discrimination on the grounds of race by introducing a hiring policy whereby quotas are set as to how many employees of each racial group are to be hired in each department. This policy, sometimes called reverse discrimination, makes a quality other than suitability for the job the most important. This quality is skin colour, euphemistically called 'racial origin'.

In addition the city fathers have decreed that the city will not purchase goods and services from any company that does not make available to the city a list of employees, classified as to salary and racial origin.

The company for which I was working at the time this proclamation was issued obtained a lot of business from the city. It thereupon became my responsibility to question each employee as to his or her racial origin and record it for the benefit of the powers that be.

I can state quite clearly that this is the most distasteful task it has been my misfortune to perform since arriving in Canada. The employees as a whole did not take kindly to

this exercise of questioning their racial origin; many of them considered themselves Canadians and stated this emphatically. In one case a person was descended from two distinct racial groups and very much resented any attempt at classification.

The last time I was required to record racial information was when I lived in South Africa, and one of the reasons I came to Canada was to escape such preoccupation with race. It seems that expecting to leave racism behind was just another error in the long list of errors I made when I chose this country as a new home.

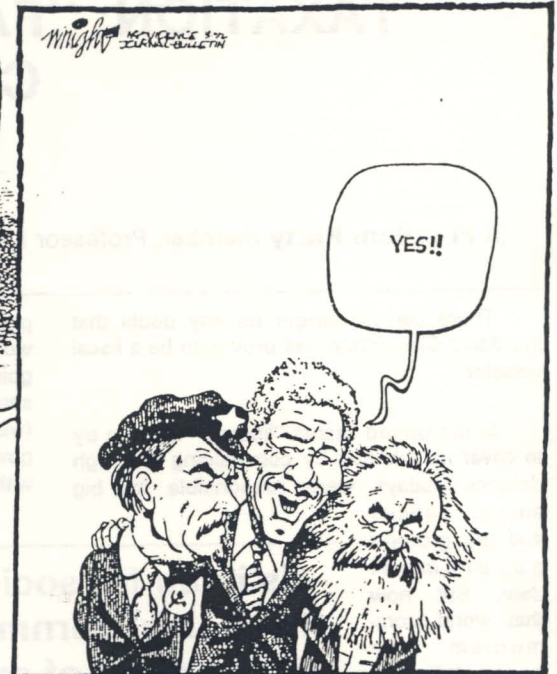
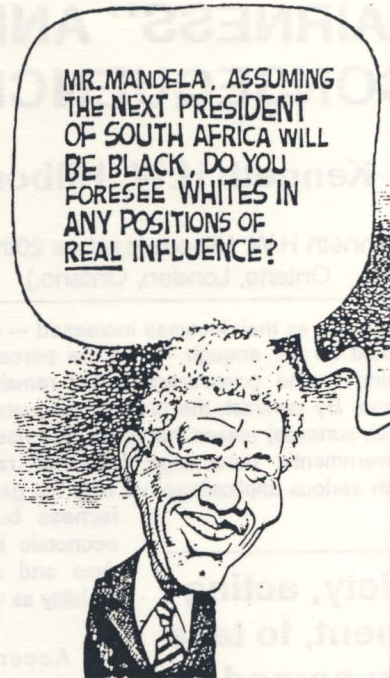
We were assured by the City of Toronto that 'no use was to be made of this information'. In this case, why collect it? It is quite obvious that this is the beginning of a plan to dictate to private companies who they are to hire.

But of course it's all being done strictly with the best of intentions.

Multiculturalism, as a governmental policy, is a stupid, costly, counter-productive idea and should be scrapped immediately. The sooner we think of ourselves as Canadians and not as English or French or Jamaican or whatever, the better.

Until that happens, there is no such thing as a Canadian.

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**"Politics is too serious a matter to be left to the politicians." --- Saying**



# TAXATION: "FAIRNESS" AND UNINTENDED CONSEQUENCES

-Kenneth H.W. Hilborn

(A **Freedom Party** member, Professor Kenneth H.W. Hilborn teaches 20th Century history at the University of Western Ontario, London, Ontario.)

There can no longer be any doubt that the Santa Claus state has proved to be a fiscal disaster.

In the United States "liberals" used to try to cover up this fact by complaining that high defence outlays were responsible for big annual deficits and the growing government debt. But now that world communism has been defeated and defence costs are declining, even "liberals" are being forced to

admit that the real problem lies in runaway spending on welfare-state handouts, known officially as "entitlements".

In Canada, where the burden of defence was always relatively light, collectivist "liberals" in all major parties diverted attention from deficits by emphasizing the overriding importance of "compassion" — something often portrayed as a distinctively Canadian virtue that made us morally superior to the "dog-eat-dog" Americans, and therefore an indispensable part of our national "identity". (Presumably, before the welfare state was invented, no Canadian identity existed.)

Now that the problem of deficits has become inescapable in both countries — and indeed even in Sweden, where high taxes once created an illusion that virtually unlimited state welfarism was feasible — Canadian and American "liberals" concede the necessity of curtailing expenditure here and there. But they seek a solution to the problem less in limiting entitlements than in reducing the freedom of citizens to spend their own income as they see fit. In the name of "social justice" as well as financial necessity, "liberal" governments increase taxes, especially the graduated income tax that falls most heavily on the most productive.

With a flat-rate income tax, people would

pay more as their incomes increased — which would be fair enough — but the percentage going to the government would remain the same. By contrast, the present graduated tax (with surtaxes) means that as income rises the government's percentage goes up rapidly, with serious implications not only for genuine fairness but for economic incentives and social mobility as well.

**"Is it fair for society, acting through government, to take back part of an earned reward by imposing a higher rate of tax?"**

According to a common justification for the graduated income tax, it is "fair" because it is based on "ability to pay." A problem arises, however, from differences in cost of living between different parts of the country.

At any given income level, actual ability to pay taxes is greater in a rural community or small town, where costs for food and housing are relatively low, than it is in the higher-cost environment of a big city (especially for those who move to a big city during a real-estate boom). But federal tax rates are uniform throughout the country, and provincial rates throughout the province.

A second problem of fairness arises from the reasons for one person achieving a higher income than another. High income often results from an individual's display of superior ability, or from harder work. Assuming that the individual is engaged in a legitimate occupation, he or she is thereby making a greater contribution to society, and is being rewarded accordingly.

Is it fair for society, acting through government, to take back part of an earned reward by imposing a higher rate of tax?

At some point, as tax rates rise, the financial incentive to increase one's pre-tax income, and therefore to work hard, is bound to suffer. In his memoirs, *An American Life*, Ronald Reagan recalls that in his days as an actor he was sometimes tempted not to take available roles, because he knew that the government would grab the greater part of his additional earnings. On an after-tax basis, he would not be adequately compensated for his time and effort.

If you are wealthy already, perhaps through inheritance, a graduated income tax affects you less than if you are trying to become wealthy. Such taxation adversely affects the upward mobility of able and ambitious people who are attempting to rise from humble origins, and establish new family fortunes, by earning high incomes, saving and investing.

The inclusion of capital gains in the income-tax system aggravates the problem. In times of low inflation, established wealth remains secure, but attempts to accumulate new wealth through investment and entrepreneurship are penalized.

When inflation surges, all wealth is in danger. Suppose that your assets rise in nominal dollar value just enough to keep pace with inflation, leaving you with no more buying power than before. If the assets are sold, that unreal increase in dollar value is treated as a capital gain for tax purposes. Thus, in effect, the government confiscates part of your original capital — as it also does when taxes reduce the interest or dividends from an investment to less than the inflation rate.

In their notorious *Communist Manifesto*, Karl Marx and Friedrich Engels recommended "a heavy progressive or graduated income tax"

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**"We see things not as they are, but as we are." --- Saying**



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as a weapon in the class war of "proletarian" socialists against capitalists. Marx and Engels chose their weapons wisely.

In their supposed quest for "social justice", ideological "liberals" as well as Marxists favour not only high taxes for the most successful individuals, but also high taxes for corporations. The corporations, we are told, should pay "their fair share". The difficulty lies in the fact that a tax burden ostensibly imposed on impersonal corporations always falls in reality on people, and often on people who are by no means wealthy.

Consumers and investors (shareholders), as well as both actual and potential employees, are the groups that may be affected by a company's tax obligations.

In a market protected by tariffs or other trade barriers, taxes may be passed along to consumers in higher prices. Under conditions of free trade, however, companies producing goods will probably be unable to raise prices without losing market share to foreign competitors. Obviously that is the case for companies dependent on exporting their products, whether trade barriers exist or not.

Businesses supplying services may be in a stronger position, since many services cannot be imported. Certainly consumers must expect to end up paying some part of a

corporate tax, though economists have never agreed on how large a part.

What about investors? Pension funds and people saving for their old age through registered retirement savings plans are the most likely to be hurt. They face legal restrictions on the amount they can invest outside Canada, and the value of their shares in taxable Canadian companies will suffer from any decline in after-tax profits.

By contrast, the wealthy (people with substantial capital not subject to special restrictions on its transfer across national frontiers) can respond even to the threat of higher corporate taxes by seeking investment opportunities elsewhere. While Canadian capital may go abroad, or perhaps to a lower-tax province, foreign capital may stay away. This situation makes it more difficult for a company to obtain capital for expansion. If its expansion is thus impeded, fewer jobs will be created, and would-be employees are among the losers.

That brings us to the impact on the pay and benefits of existing employees.

To retain people they especially need, companies cannot afford to offer much less for first-rate executive or technical talent than their competitors operating in lower-tax environments. In many cases, indeed, companies burdened with high taxes may have to offer more. A government that taxes corporations

heavily is likely to tax upper-bracket individual heavily as well, and they will therefore negotiate for the higher pay needed to provide an appropriate after-tax income.

It seems clear, therefore, that the cost of corporate taxation cannot safely be passed on to mobile individuals earning large salaries. If total compensation for employees is to be held down in an effort to maintain after-tax profits, it is rank-and-file workers with no outstanding experience or qualifications who will probably lose out.

Unions may have some success in protecting the interests of this group, but what unions can achieve depends to a considerable extent on what a company management believes it can afford to concede without jeopardizing the company's future.

It is difficult to avoid the conclusion that a quest for "social justice" through high corporate taxation affects the "average" worker adversely in several ways --- through the increased cost of some consumer needs, higher unemployment caused by reduced incentives for job-creating investment, additional pressure to hold down wages, and perhaps a reduced return on retirement savings.

When trying to achieve "social justice" and help the "less fortunate" in society, beware the law of unintended consequences!

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**"No freeman shall be taken, or imprisoned, or outlawed, or exiled, or in any way harmed, nor will we go upon him nor will we send upon him, except by the legal judgement of his peers or by the law of the land." --- Magna Carta, 1215**

**"A thing moderately good is not so good as it ought to be. Moderation in temper is always a virtue; but moderation in principle is always a vice." --- Thomas Paine, 1777**

HAGAR — BY DIK BROWNE



**"An injurious truth has no merit over an injurious lie." --- Saying**



# THE SLUMLORD

-Walter Block

(A **Freedom Party** supporter, Dr. Walter Block was past senior economist with the Vancouver-based *Fraser Institute* and now teaches economics at Holy Cross College in Worcester Massachusetts. The following essay originally appeared in his 1976 book, **Defending The Undefendable**, and was introduced as an exhibit by **Freedom Party** leader Robert Metz when he defended London landlord Elijah Elieff before an Ontario Human Rights Commission Board of Inquiry in 1993. (See Dec/93 *Freedom Flyer*.) Surprisingly, Block's arguments seemed to carry a significant amount of weight during the final arguments pertaining to Elieff's defence before the board.)

To many people, the slumlord --- alias ghetto landlord and rent gouger --- is proof that man can, while still alive, attain a satanic image. Recipient of vile curses, pin-cushion for needle bearing tenants with a penchant for voodoo, exploiter of the downtrodden, the slumlord is surely one of the most hated figures of the day.

The indictment is manifold: he charges unconscionably high rents; he allows his buildings to fall into disrepair; his apartments are painted with cheap lead paint which poisons babies, and he allows junkies, rapists and drunks to harass the tenants. The falling plaster, the over-flowing garbage, the omnipresent roaches, the leaky plumbing, the roof cave-ins and the fires, are all integral parts of the slumlord's domain. And the only creatures who thrive on his premises are the rats.

The indictment, highly charged though it is, is spurious. The owner of ghetto housing differs little from any other purveyor of low cost merchandise. In fact, he is no different from any purveyor of any kind of merchandise. They all charge as much as they can.

First, consider the purveyors of cheap, inferior, and secondhand merchandise as a class. One thing above all else stands out about merchandise they buy and sell: it is cheaply built, inferior in quality, or second-hand.

A rational person would not expect high quality, exquisite workmanship or superior new merchandise at bargain rate prices; he would not feel outraged and cheated if bargain rate merchandise proved to have only bargain rate qualities. Our expectations from margarine are not those of butter. We are satisfied with lesser qualities from a used car than from a new car. However, when it comes to housing, especially in the urban setting, people expect, and even insist upon, quality housing at bargain prices.

But what of the claim that the slumlord overcharges for his decrepit housing? This is erroneous. Everyone tries to obtain the highest price possible for what he produces, and to pay the lowest price possible for what he buys. Landlords operate this way, as do workers, minority group members, socialists, babysitters, and communal farmers. Even widows and pensioners who save their money for an emergency try to get the highest interest rates possible for their savings.

According to the reasoning which finds slumlords contemptible, all these people must also be condemned. For they "exploit" the people to whom they sell or rent their services and capital in the same way when they try to obtain the highest return possible. But, of course, they are

not contemptible --- at least not because of their desire to obtain as high a return as possible from their products and services. And neither are slumlords. Landlords of dilapidated houses are singled out for something which is almost a basic part of human nature --- the desire to barter and trade and to get the best possible bargain.

The critics of the slumlord fail to distinguish between the desire to charge high prices, which everyone has, and the ability to do so, which not everyone has. Slumlords are distinct, not because they want to charge high prices, but because they can. The question which is, therefore, central to the issue --- and which the critics totally disregard --- is why this is so.

What usually stops people from charging inordinately high prices is the competition which arises as soon as the price and profit margin of any given product or service begins to rise. If the price of frisbees, for example, starts to rise, established manufacturers will expand production, new entrepreneurs will enter the industry, used frisbees will perhaps be sold in second-hand markets, etc. All these activities tend to counter the original rise in price. If the price of rental apartments suddenly began to rise because of a sudden housing shortage, similar forces would come into play. New housing would be built by established real estate owners and by new ones who would be drawn into the industry by the price rise. Old housing would tend to be renovated; basements and attics would be pressed into use. All these activities would tend to drive the price of housing down, and cure the housing shortage.

If landlords tried to raise the rents in the absence of a housing shortage, they would find it difficult to keep their apartments rented. For both old and new tenants would be tempted away by the relatively lower rents charged elsewhere.

Even if landlords banded together to raise rents, they would not be able to maintain the rise in the absence of a housing shortage. Such an attempt would be countered by new entrepreneurs, not party to the cartel agreement, who would rush in to meet the demand for lower priced housing. They would buy existing housing, and build new housing. Tenants would, of course, flock to the non-cartel housing. Those who remained in the high price buildings would tend to use less space, either by doubling up or by seeking less space than before. As this occurs it would become more difficult for the cartel landlords to

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**"Rights are not a matter of numbers --- and there can be no such thing, in law or in morality, as actions forbidden to an individual, but permitted to a mob." --- Ayn Rand**

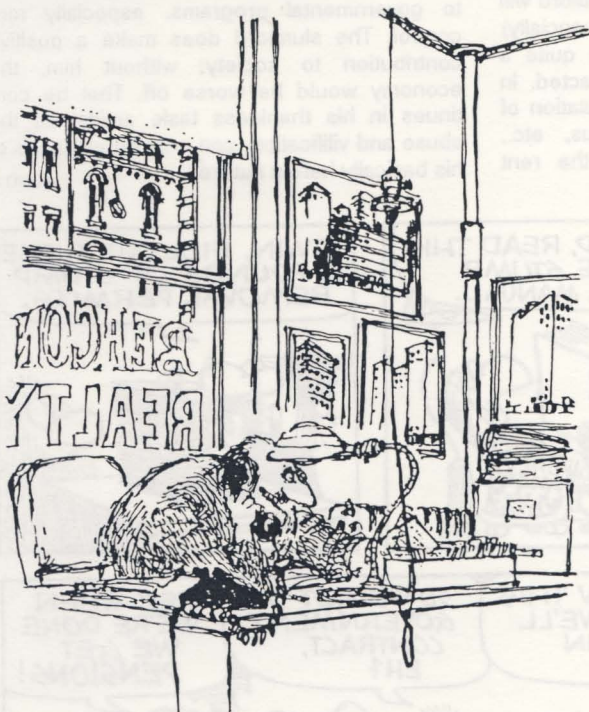


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keep their buildings fully rented. Inevitably, the cartel would break up, as the landlords sought to find and keep tenants in the only way possible: by lowering rents. It is, therefore, specious to claim that landlords charge whatever they please. They charge whatever the market will bear, as does everyone else.

An additional reason for calling the claim unwarranted is that there is, at bottom, no really legitimate sense to the concept of overcharging. "Overcharging" can only mean "charging more than the buyer would like to pay." But since we would all really like to pay nothing for our dwelling space (or perhaps minus infinity, which would be equivalent to the landlord paying the tenant an infinite amount of money for living in his building), landlords who charge anything at all can be said to be overcharging. Everyone who sells at any price greater than zero can be said to be overcharging, because we would all like to pay nothing (or minus infinity) for what we buy.

Disregarding as spurious the claim that the slumlord overcharges, what of the vision of rats, garbage, falling plaster, etc.? Is the slumlord responsible for these conditions? Although it is fashionable in the extreme to say "yes", this will not do. For the problem of slum housing is not really a problem of slums or of housing at all. It is a problem of poverty — a problem for which the landlord cannot be held responsible. And when it is not the result of poverty, it is not a social problem at all.



"... Let's see, I have a nice 3 room apartment on the upper West Side.—No, no, Madam, not a speck of lead paint on the woodwork—it's been all chewed off."

Slum housing with all its horrors is not a problem when the inhabitants are people who can afford higher quality housing, but prefer to live in slum housing because of the money they can save thereby. Such a choice might not be a popular one, but other people's freely made choices which affect only them cannot be classified as a social problem. (If that could be done, we would all be in danger of having our most deliberate choices, our most cherished tastes and desires characterized as "social problems" by people whose taste differs from ours.)

Slum housing is a problem when the inhabitants live there of necessity — not wishing to remain there, but unable to afford anything better. Their situation is certainly distressing, but the fault does not lie with the landlord.

On the contrary, he is providing a necessary service, given the poverty of the tenants. For proof, consider a law prohibiting the existence of slums, and, therefore, of slumlord, without making provision for the slumdweller in any other way, such as providing decent housing for the poor, or an adequate income to buy or rent good housing. The argument is that if the slumlord truly harms the slumdweller, then his elimination, with everything else unchanged, ought to decrease the net well-being of the slum tenant. But the law would not accomplish this. It would greatly harm not only the slumlord but the slum-dwellers as well. If anything, it would harm the slumdweller even more, for the slumlord would lose only one of perhaps many sources of income; the slumdweller would lose their very homes. They would be forced to rent more expensive dwelling space, with consequent decreases in the amount of money available for food, medicines and other necessities.

No. The Problem is not the slumlord; it is poverty. Only if the slumlord were the cause of poverty could he be legitimately blamed for the evils of slum housing.

guilty of underhandedness than other merchants, that the slumlord has been singled out for vilification? After all, those who sell used clothes to Bowery bums are not reviled, even though their wares are inferior, the prices high, and the purchasers poor and helpless. Instead of blaming the merchants, however, we seem to know where the blame lies — in the poverty and hopeless condition of the Bowery bum.

**"The problem of slum housing is not really a problem of slums or housing at all. It is a problem of poverty — a problem for which the landlord cannot be held responsible."**

In like manner, people do not blame the owners of junk yards for the poor condition of their wares or the dire straits of their customers. People do not blame the

owners of "day-old bakeries" for the staleness of the bread. They realize, instead, that were it not for junkyards and these bakeries, poor people would be in an even worse condition than they are now in.

Although the answer can only be speculative, it would seem that there is a positive relationship between the amount of governmental interference in an economic arena, and the abuse and invective heaped upon the businessmen serving that arena. There have been few laws interfering with the "day-old bakeries" or junkyards, but many in the housing area. The link between government involvement in the housing market and the plight of the slumlord's public image should, therefore, be pinpointed.

That there is strong and varied government involvement in the housing market cannot be denied. Scatter-site housing projects, "public" housing and urban renewal projects, zoning ordinances and building codes, are just a few examples. Each of these has created more problems that it has solved. More housing has been destroyed than created, racial tensions have been exacerbated, and neighbourhoods and community life have been shattered.

In each case, it seems that the spill-over effects of bureaucratic red tape and bungling are visited upon

Why is it then, if he is no more

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**"If you believe the majority is always right, the gas ovens lie straight ahead." — Richard Needham**



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the slumlord. He bears the blame for much of the overcrowding engendered by the urban renewal program. He is blamed for not keeping his buildings up to the standards set forth in unrealistic building codes, which if met, would radically worsen the situation of the slumdweller. (Compelling "Cadillac housing" can only harm the inhabitants of "Volkswagen housing". It puts all housing out of the financial reach of the poor.)

Perhaps the most critical link between the government and the disrepute in which the slumlord is held is the rent control law. For rent control legislation changes the usual profit incentives, which put the entrepreneur in the service of his customers, to incentives which make him the direct enemy of his tenant-customers.

Ordinarily the landlord (or any other businessman) earns money by serving the needs of his tenants. If he fails to meet these needs, the tenants will tend to move out. Vacant apartments mean, of course, a loss of income. Advertising, rental agents, repairs, painting and other conditions involved in rerenting an apartment mean extra expenditures. In addition, the landlord who fails to meet the needs of the tenants may have to charge lower rents than he otherwise could. As in other businesses, the customer is "always right," and the merchant ignores this dictum only at his own peril.

But with rent control the incentive system is turned around. Here the landlord can earn the greatest return not by serving his tenants well, but by mistreating them, by malingering, by refusing to make repairs, by insulting them. When the rents are legally controlled at rates below their market value, the landlord earns the greatest return not by serving this tenants, but by getting rid of them. For then he can

control program in the first place which encourages people of this type to become landlords.

If the slumlord were prohibited from lord-ing over slums, and if this prohibition were actively enforced, the welfare of the poor slumdweller would be immeasurably worsened, as we have seen. It is the prohibition of high rents, by rent control and similar legislation, that causes the deterioration of housing.

### "Perhaps the most critical link between the government and the disrepute in which the slumlord is held is the rent control law."

replace them with higher paying non-rent controlled tenants.

If the incentive system is turned around under rent control, it is the self-selection process through which entry to the landlord "industry" is determined. The types of people attracted to an occupation are influenced by the type of work that must be done in the industry. If the occupation calls (financially) for service to consumers, one type of landlord will be attracted. If the occupation calls (financially) for harassment of consumers, then quite a different type of landlord will be attracted. In other words, in many cases the reputation of the slumlord as cunning, avaricious, etc., might be well-deserved, but it is the rent

It is the prohibition of low-quality housing, by housing codes and the like, that causes landlords to leave the field of housing. The result is that tenants have fewer choices, and the choices they have are of low quality. If landlords cannot make as much profit in supplying housing to the poor as they can in other endeavors, they will leave the field. Attempts to lower rents and maintain high quality through prohibitions only lower profits, drive slumlords out of the field, leaving poor tenants immeasurably worse off.

It should be remembered that the basic cause of slums is not the slumlord, and that the worst "excesses" of the slumlord are due to governmental programs, especially rent control. The slumlord does make a positive contribution to society; without him, the economy would be worse off. That he continues in his thankless task, amidst all the abuse and vilification, can only be evidence of his basically heroic nature.

&lt;END&gt;

## Broom Hilda



"Wherever law ends, tyranny begins." --- John Locke



# WE ARE THE FUTURE

-Jack Plant

(Jack Plant is an executive member of Freedom Party.)

Change is something which most people fear and long for at the same time. We fear change for the worse and hope for change for the better. But often what we perceive as negative changes are really opportunities in disguise.

It is the great talent of the human species to be able to adapt, to change negatives into positives and obstacles into opportunities. I believe that the problems created by successive socialist governments present a unique opportunity for positive change, if only we will learn from the lessons of the past.

The great social upheavals of the past were caused by and healed by individuals such as ourselves, individuals who were able to seize the moment and create great changes. For example, in Freedom Party we have a vehicle through which we can focus our efforts and insure that we achieve a positive outcome.

Much of what is going on in the world today has created a great feeling of depression and helplessness amongst the general population. Depression and helplessness tend to create apathy and confusion which distort our perception of reality. We forget that

we have the ability to effect change. But there are solutions!

One of my favourite quotes by Ayn Rand runs like this:

"When a man, a business corporation or an entire society is approaching bankruptcy, there are two courses that those involved can follow: they can evade the reality of their situation and act on a frantic, blind, range-of-the-moment expediency --- not daring to look ahead, wishing no one would name the

truth, yet desperately hoping that something will save them somehow --- or they can identify the situation, check their premises, discover their hidden assets and start rebuilding."

We cannot evade this truth any longer! The majority of our population wanted most of the things that have brought us to the brink of devastation: government-run pensions, education, healthcare, welfare, transportation, culture and energy production have become undeniable failures. Because we have placed the responsibility for so much in the hands of the government we are now at risk of losing the very

things we cherish most deeply.

Many books have been written showing the way out of the dilemma we face but their advice has gone largely unheard. It is not within the purview of this article to go into these well-documented solutions in detail. Suffice it to say that there are solutions to our problems, the knowledge is out there.

Great opportunities for trade and freedom are presenting themselves at an ever-increasing rate and it is up to us, as individuals to seize them with the greatest fervour and do all we can to insure that our future will be one of hope and prosperity.

At the same time we must do all we can to extricate ourselves from the tar pit of government intervention. It can be done and it must

be done if we are to survive.

The helplessness and apathy many people feel can be overcome but there is no way to do this except through effort. Diligent, conscientious, sustained effort! There are many people who have been fighting for years and others who are just joining the fight. So far, the results may not be evident (many campaigns have been uncoordinated and ill-conceived), but by having hope and faith in

reason and our abilities and the efficacy of action, we can rest assured that we will prevail!

I don't mean to imply that we can rest and not do anything. Bringing about change requires great diligence and consistency of effort. But if we recognize reality in history, even the history of our own lives we can recognize man's ability to change. The annals of the history of success is replete with the stories of people who suffered failure after failure but finally succeeded in achieving that which they desired.

There are many books available that tell us how to overcome depression, how to become successful, and how to fight government. I urge each one of you to avail yourselves of as much relevant, helpful information as possible.

Have faith in reason. Have hope. And have faith in yourselves.

Don't let the inevitable stumbling blocks that you will find in your path deter you from your goal, this surely leads to failure. But let us all pull ourselves up by our own bootstraps face the future bravely and with confidence and continue on. There are many who would love to see you fail; please prove them wrong!

<END>

**"The loser is often someone who tried almost as hard as the winner." --- Saying**



# THE MEANING OF A FREE MARKET ECONOMY

-John R. Ferguson

(A **Freedom Party** supporter, John R. Ferguson is a retired financial economist and current writer who is now in the process of completing his book, **Pathway to Prosperity - How To Increase Productivity**. His book deals with free market economics, and proposes a free market system of taxation that would tax only income that is earned in the production of wealth. After working for seven years as a securities advisor for the Bank of Canada, Mr. Ferguson became registered as investment counsel under the Ontario Securities Act and over a number of years was responsible for the investment management of the pension funds of C.B.C., C.M.H.C., the City of Ottawa, GSW Ltd., and a number of smaller trustee funds. His lecturing experience at Sir George Williams University included courses on business organization, management, planning, and budgetary control.)

Canada's ability to produce goods and services in competition with its trading partners has been declining for decades and is unlikely to improve unless there are fundamental changes to the way the government and the economy operate. Past attempts by successive governments to manage and control Canadian economic activities have been unsuccessful and it must now be recognized that governments, in spite of their best efforts, do not have the ability to manage complex modern industrial states.

Successive Canadian governments have attempted for many years to manage and control the nation's economic activities with the objective of providing Canadians with a more productive economy as well as a more equitable distribution of incomes. As the attempt by each government has proved to be less successful than the one that preceded it, there is now undeniable evidence both in Canada and from all other industrial nations that the complexities of modern industrial states make it impossible for governments to manage economic activities, and their efforts to do so are counterproductive.

If a serious economic crisis is to be avoided, the only alternative now is for Canadians to take advantage of the benefits that would be provided by a free market economy in which the public and private sectors would work together to provide a more productive economy and a more equitable distribution of incomes. In order for this to happen, however, there must be a common understanding among Canadians as the meaning of a free market economy.

Those who advocate a government-managed economy often refer to a free market economy as one that is unfettered and unres-

trained and therefore provides opportunities for a relatively few to benefit at the expense of many, thus creating inefficiencies in the marketplace and inequalities in the distribution of incomes.

However, the term "free" when used to describe the market system, does not relate to the market itself, but to the buyers and sellers who engage in market activities. A free market economy is one in which individuals and business enterprises are free to act in their own interests by engaging in the production

domestic product is the result of government activities. Also both sectors would participate in economic activities under the same rules of the marketplace including, in particular, full recognition of property rights.

The move to a free market economy would require the resolution of two major problems. The first problem will be to change Canada's current tax system that has contributed so much to the economy's lack of ability to produce goods and services at costs competitive with those of other countries. It must be shown that government revenues sufficient to meet its expenditures can be raised from a simple tax system with a broad base and a low tax rate.

The second major problem will be to provide a practical measure that can be used by both the private and public sectors to measure productivity. The efforts of economists to measure productivity in terms of the output of products per inputs of person hours and more recently in terms of inputs of multi-factors of production are of much interest to them, but most of the nation's wealth is produced by business enterprises and they require a practical measure of productivity in order to assist them in their efforts to increase their productivity.

It must be demonstrated that both of these two serious problems could be resolved simultaneously by changes to the tax system so that the government's revenues from business enterprises would be derived solely from the income they earn in the creation of wealth, i.e., income earned by adding value to goods and services purchased from other producers.

As income earned by each business enterprise in creating wealth is equal to the

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**"The term 'free' when used to describe the market system, does not relate to the market itself, but to the buyers and sellers who engage in market activities."**

and consumption of goods and services in an economic environment in which their property rights are protected by government legislation. This means their rights to the fruits of their labour, their salaries and wages in the case of individuals, and income earned by adding value to goods and services purchased from other producers in the case of business enterprises.

Reference to an unfettered or untrained free market system therefore represents a contradiction in terms for in a free market economy all participants would be restrained by government legislation from entering into market activities that would infringe on the natural property rights of others.

Both the public and private sectors would be included in a free market economy as a significant proportion of Canada's gross

**"The only maxim of a free government ought to be to trust no man living with power to endanger the public liberty." --- John Adams, 1772**



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value of the wealth produced, the tax base for each business enterprise would represent a sound and practical measure of its productivity. The tax itself would represent the cost of government services that assist business enterprises in the creation of wealth. Thus the cost would be incorporated with all other costs incurred by business enterprises in their productive activities, thus ensuring full costing, an essential for a competitive free market economy.

With a simple tax system and a much greater predictability of revenues from taxation, the government would be relieved of many problems that currently exist in its existing fiscal policies and thus would be able to concentrate on reducing the size of the public debt.

With respect to monetary policies, increases in the productivity of the Canadian economy would enable the Bank of Canada to maintain the value of money and credit with less fear of the inflationary pressures that result when increases in the money supply are not matched by increases in the production of goods and services.

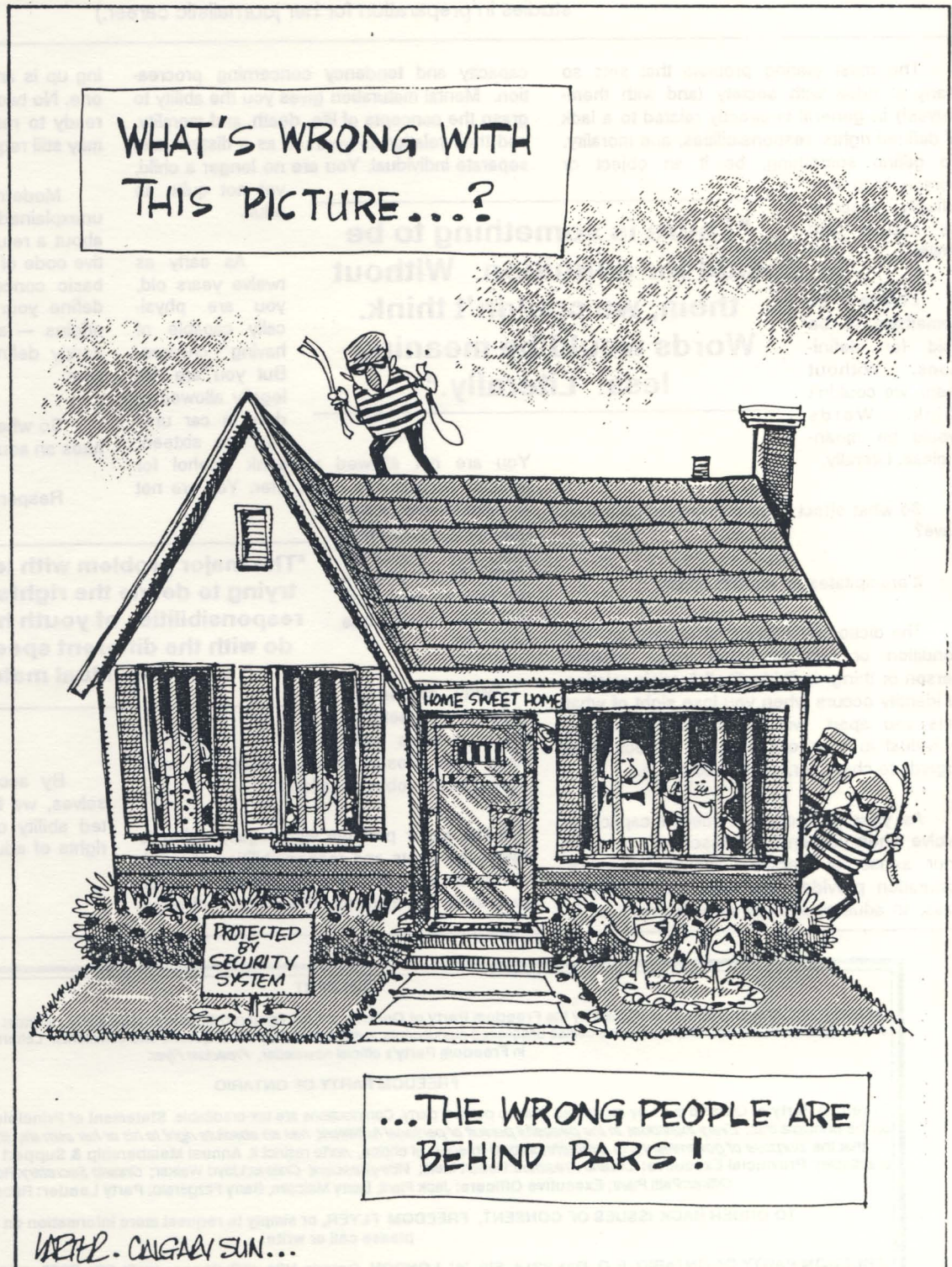
While there would be countless additional positive effects of moving from a government-managed to a free market economy, they would not be remarkable for they would simply be the results to be expected from an economic system based on sound economic principles and the natural laws of the marketplace. The most important of such laws is that which assures to individuals their rights to their property, in particular their rights to the fruits of

their labour, which rights are necessarily violated by all governments when they must attempt to control markets in their efforts to manage and control economic activities.

An important result of moving from a government-managed to a free market economy would be a

dramatic increase in the incentives that would exist in a dynamic and productive economy for both business enterprises and individuals to increase their productivity. Also, an economy highly competitive in both domestic and international markets with rising standards of living and a more equitable distribution of incomes would be in a position to afford high levels of social security.

<END>





# IDENTITY CRISIS

-by Danielle Metz

(A **Freedom Party** member, Danielle Metz is an aspiring writer and novelist who is currently completing her high-school studies in preparation for her journalistic career.)

The most glaring problem that sets so many at odds with society (and with themselves!) in general is directly related to a lack of defined rights, responsibilities, and morality. To define something, be it an object or person, is to specifically describe its nature and limits.

There is something to be said for definitions. Without them, we couldn't think. Words would be meaningless. Literally.

So what effect does this lack of definition have?

It precipitates an identity crisis.

The dictionary defines an identity as "the condition or fact of being some specific person or thing: individuality." A crisis relating to identity occurs when you lose sight of what sets you apart, with what makes you an individual in your own right -- especially in regards to character, goals, and origin.

As your physical and mental capacities evolve when you enter adolescence, so must your sense of personal identity. Physical maturation provides you with a new awareness, an adult awareness of both your body's

capacity and tendency concerning procreation. Mental maturation gives you the ability to grasp the concepts of life, death, and morality, and their relation to yourself as a distinct and separate individual. You are no longer a child, yet not quite an adult.

As early as twelve years old, you are physically capable of having children. But you are not legally allowed to drive a car until you are sixteen.

You are not allowed to drink alcohol for another three to five years after. You are not allowed to vote or see restricted movies until you are eighteen. Under the law you are not fully an adult until you are twenty-one years old.

Why sixteen or eighteen or nineteen? On what basis were these ages chosen? Nobody seems to know -- or at least, nobody's talking.

The major problem with legally trying to define the rights and responsibilities of youth has to do with the different speed at which each individual matures. The process of grow-

ing up is an intensely personal and individual one. No two people are the same. You may be ready to retire by fifteen, but another person may still require diapers at thirty.

Modern morality, too, is filled with such unexplained contradictions. I'm not talking about a return to religion or any other subjective code of ethics; I'm referring to a system of basic concepts that give you the ability to define your characteristics, your goals, your origins -- and most importantly, to independently define what is right and wrong, and why.

So where is the line drawn? What constitutes an adult?

Responsibility.

**"The major problem with legally trying to define the rights and responsibilities of youth has to do with the different speed at which each individual matures."**

If you can take responsibility for your actions and feelings, in society, in business dealings, at work, and in your personal relationships, then you are, in essence, an adult.

By accepting full responsibility for ourselves, we have earned, through the integrated ability of our minds and bodies the full rights of adulthood -- and of happiness itself.

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