



**The State of Freedom in Canada, 2014**

**Guest: Redmond Weissenberger**

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***Redmond Weissenberger is the founder of the Mises Institute of Canada.***

**WOODS:** Redmond, welcome to the show.

**WEISSENBERGER:** Thank you very much, Tom. I've been a faithful, longtime listener of your show.

**WOODS:** Long-time listener, first time guest. One thing you would have noticed as a longtime listener is that, unfortunately, for whatever reason on this show, we act as if there is no Canada. Canada does not exist. I want to rectify that today. There is a Canada. I have listeners in Canada. That's not the only reason I'm interested in Canada. I'm interested in it from a comparative standpoint. What kind of policies has Canada pursued as compared to the U.S., and just in general, I'm curious to know what's going on there. There are a number of issues related to Canada I'd like to get your thoughts on, and then I want you to tell us a little something later on about the Mises Institute of Canada. First of all, let's talk about economic performance. Canada, for some time, anyway, was apparently engaged in getting its fiscal house in order in terms of spending and wound up having fairly good economic performance in the years leading up to the financial crisis. Can you talk about that a little bit, and then we'll talk about what happened after the financial crisis.

**WEISSENBERGER:** Absolutely. When you go back to the 1990s, Canada coming into the 1990s from the late 1970s and late 1980s, obviously had racked up a large amount of debt, massive deficit spending. We were sort of on the same track as places like Sweden and the Nordic countries. What happened was, especially at a certain point in the early 1990s, basically the investors in New York City and around the world said, we're not going to buy Canadian bonds anymore, so you need to start cutting. What happened was, the liberal government of the day actually stepped on the brakes. They started cutting the bureaucracy. They cut their budget. They lowered their budget deficits.

We started running surpluses. In about two to three years, the Canadian federal government started running a surplus, and what happened from there is after the federal government got cut, you had the provincial governments cutting as well. They were getting their economic house in order, and subsequently, after the provincial governments cutting, you had the city level governments cutting. All along the line, you had a reduction in the size of government. You also had lowering of things like corporate income taxes and these sorts of things and a real turnaround in the economic performance of Canada, which really set us up in a lot of ways for a lot of years of good economic performance here.

**WOODS:** So what happened after the downturn of 2008? Did the Canadian government say it's served us well to have government be less and less involved, so why don't we stick with that plan?

**WEISSENBERGER:** Unfortunately, that didn't happen.

**WOODS:** No.

**WEISSENBERGER:** Yeah, you know, of course, it didn't happen. I'm sure it'll come as a huge surprise to people in the United States, but Canada actually has a long history of having a smaller government than the United States and less intervention. When you go back to the late 19th century and early 20th century, the liberal party that we have was founded as a classical liberal party, and they believed in smaller government. They believed in lower taxes. They believed in free trade and these sorts of things, and they actually saw that as a way to have Canada improve, be a better competitor. They would look down on the United States and see this monumental power and say, how do we compete? Do we compete by having lower taxes, a freer economy, free trade, open borders, all these sorts of things? Over the years, the liberal party became the political party of expediency. We do have that route there.

Currently, we have a conservative party. The current leader of Stephen Harper is a big fan of Hayek and Thatcher and these sorts of people, so he does know about the Austrian School. He does know about the benefits of free markets and lower taxes. We also are sitting beside the United States, which is our largest trading partner. We have an independent central bank, or we have an independent monetary policy. Of course, the Canadian government doesn't have an independent monetary policy from the United States, because we have a lot of exporters. So what they like to do is keep the Canadian dollar trading within a certain band against the U.S. dollar.

I think what happened is that when the floodgates opened into the United States, and the monumental amounts of printing and interest rate suppression that went on there, essentially the Canadian government was forced to follow suit, because they're not willing to have the pain of having a massive change in our exchange rates. There's no reason why Canada couldn't be

sort of the Switzerland of North America, but for a variety of reasons, they're choosing not to do that. In leading up to the 2008 housing crisis, Canada has all the same problems with interest rate manipulation that is going on in the United States. Technically, Canadian banks have no reserve ratio requirement. Theoretically, they can lend out. What they have is a leverage requirement. They can theoretically lend out a certain amount based on what their assets are worth.

You may hear about Canadian house prices. We have Vancouver on the West Coast, and we have Toronto, which is where I live. I guess it's the New York City of Canada. It's the home of all the banks and the financial sector. We are currently experiencing, I would say, a housing bubble on par with any of the biggest ones that occurred in the United States. What happened is that within the 2000s, we kept our interest rates low, just like the United States did, just like the Fed did, and we've managed to now have three-bedroom houses in downtown Toronto going for \$1.5 million, let's say. Apparently, Vancouver's even worse. So you've got \$2 million condos, \$3 million condos. In downtown Toronto, you have multimillion dollar condos, buildings that are half empty. Basically, people have purchased them. Nobody's renting them. There's tons of supply in the market, yet at the same time we're continuing to see record-high housing prices in Canada. Around 2007, 2008, we had a lower debt-to-income ratio within Canada than there was in the United States and the U.K., but now Canada, Canadians in general, are above U.S. and U.K. levels in terms of debt to income.

**WOODS:** I want to talk about the key issue I think in a lot of people's minds about Canada from a U.S. perspective, and that is your health-care system. We hear an awful lot about this: it's vastly superior to our own; our own is full of problems.

**WEISSENBERGER:** Right.

**WOODS:** Nobody denies that. But it's being compared to yours, and the direction that we ought to go in is in your direction. First of all, is the Canadian system a so-called single-payer system, and if so, can you explain what that is?

**WEISSENBERGER:** In the late 1960s, interestingly enough around the same time that Medicare and Medicaid were created, we came up with a socialized health-care system. It is a single-payer system, so what that means is that for the majority of health-care coverage, health-care procedures, you only have one payer. So if I need heart surgery, the government pays for it. If I need knee surgery, the government pays for it. If I need to go to the doctor and get a checkup, the government pays for it. It's 100% covered by the government. We do have certain procedures that fall outside of that. So if you have certain things that the medical system won't cover—laser eye surgery is one of these classic ones. A lot of people within the free-market

movement like to talk about something like that, because it's a fairly recent procedure that a lot of people are using, but government systems aren't covering it.

When we have the socialized system, a single-payer system, the problem is that the only way that the government can control cost is through rationing. Understanding the Austrian School of economics, and understanding the economic calculation problem, you can see that within our socialized system, the government doesn't really know how to allocate resources. What ends up happening is that because people perceive health care here in Canada to be free, there's virtually an unlimited demand for it. People just go to their doctors and say I need this or I need that, and so the way that the government controls the number of people who are going in for procedure is through rationing of care.

The government actually sets the number of doctors. The government controls the number of procedures that can be done within a certain year. It sets how much the doctors can charge for each procedure, and it also sets a cap on what doctors can charge every year. So you now have situations where you might have people sitting on waiting lists for a very long time. Let's say somebody needs some knee surgery. They might wait on a waiting list for six months to see. They might see their doctor after a couple of weeks, and then the doctor will say I'm going to refer you to this specialist. The specialist has a three-month waiting list. Then you finally see the specialist. The specialist says, well, now you need an MRI. We need to take a look at that knee. Now you've got a six month wait for that MRI. Then once the MRI comes back, you've got to go to the specialist. He makes an appointment for your surgery. Your surgery could be another 18 months, 16 months to a year down the line.

All this is about controlling costs. Essentially the doctors act as a union, and they're always working to reduce the number of hours that they work and increase the amount of pay they have. I have a friend who I was doing some work with a little while ago. He was mentioning to me that his doctor said to him that they were only going to work eight months this year, because they had hit their salary cap, essentially.

**WOODS:** Wow.

**WEISSEBERGER:** So we have a situation where we have a shortage of doctors within Canada, and people keep talking about that. My own wife, when we moved to Toronto, it took her a good long time, about a year, to even find a doctor. And that doctor explicitly said to her, "If you're young and healthy, I'll take you on as a client, as a patient. But if you're not, I'll show you the door." The main issues that we have is that people end up essentially dying on waiting lists. The Canadian press, for whatever reason, doesn't like to talk about it. I think there's some sort of chauvinism where we like to think that we have a far superior system to the American system. But a lot of the same problems that happen in the United States happen here. So say

with things like chemotherapy, or certain types of drugs that you might need to take, there's often a story where Canadians will say, "Well, at least in our system people don't go bankrupt waiting, because they can't afford their healthcare, can't afford their drugs."

**WOODS:** So what's the answer to that?

**WEISSENBERGER:** Of course, we have within Ontario the Ontario Health Insurance Program. Funds are distributed at the federal level, but each province, which is roughly equivalent to a state, actually controls health-care distribution. Even from province to province, you can have different levels of care. Because they want to control cost, and because they ration things, the government not only is controlling the number of doctors, the number of procedures, they're also controlling the types of drugs that they sell and the type of drugs that they will make available to you. You can say if a brand new drug comes out, and it's life-saving, and everybody wants it, it's essential to your care, you can go to the government, and the government will say we don't cover that drug under our plan.

You can purchase private healthcare insurance, and oftentimes, many people who work for large corporations or work for a company of a fairly large size will have separate plans that can cover these drugs. But we do have a lot of Canadians having the exact same problem where they will go bankrupt because they can't cover the cost of these drugs. When they can't cover the cost of the drugs, they have to pay for it out of pocket. They have to sell their house. They have exactly the same issues that the Americans do.

And the other issue, we end up with these crazy stories. We have these crazy stories. Veterinary medicine, obviously, isn't covered under the socialized medical system. You'll have dogs and cats going and using MRI's or CT scans that a human would use, because the CT or MRI machines will say you can use this machine. We've got a budget for 500 operations or 500 scans per year or something like that. These machines will not be on at night. They might not be on the weekends or sometime like that, so veterinarians will use them and they will send dogs and cats there. And, of course, they say a dog or a cat is not a human, so we can let it in. We can charge for it, and you can have it next day. This is the absolutely ridiculous system that we have.

**WOODS:** What about people who say, look, you people who have these criticisms, you're grasping at straws. These are unfortunate aspects of the system, but this is nitpicking. For the most part Canadians are quite happy with their system. There's not one of them, or there's very few of them, who would want to give it up. Don't poll numbers show that most people are happy with the system in Canada? And if they are, how bad can it be?

**WEISSENBERGER:** I think what happens, I'll say it right out, is that oftentimes a lot of Canadians, they like the idea of the system, and they like to have the idea that, yes, this is being taken care of. But when they actually have to go and interface with the system, they come away from it

having a lot of reservations. Oftentimes, Canadians don't really realize how the system operates until they have to deal with it.

With socialization, people like to have the idea that they don't have to worry about something. They don't have to be the one going out there and thinking, okay, do I have the right coverage? Am I going to be taken care of if I get sick? I have children, so I can only imagine if I had to go to the hospital, and I don't have insurance, I didn't get the right kind of insurance. I get there, and the child is not being covered for something. You can only imagine what people are thinking about. So I think what happens is people think that okay, yes, it's taken care of. It's free. It's universal. It covers everybody. It's fair. But when they actually have to interact with the system, they realize it's a real house of cards.

We'll also have a situation where out in a city like Toronto, a city like Ottawa, obviously, it's a very populous place with several million people. There are lots of doctors. There are lots of specialists. There are lots of machines. But once you get out of those major urban centers you might have somebody in northern Ontario or Sault Ste. Marie travel eight to ten hours to get to southern Ontario to be able to see a specialist. I think that's really what is at the root cause, is that people think it's good that everybody's covered, or at least they think that everybody's covered. They think that's more caring. The brutal system of profit and loss shouldn't be applied to something as key as healthcare, but then when they actually interact with it a lot of people start to see the problems. But unfortunately, many times it doesn't start happening until they actually have to use the system.

**WOODS:** Let's talk about one other issue that comes up a lot when people in the United States think about Canada and the state of freedom in Canada, and that has to do with political correctness and hate speech and issues like that. We hear horror stories coming from Canada related to this. Is this the kind of issue that varies by province? Are these federal issues? Do you know what it is that I'm talking about?

**WEISSENBERGER:** Absolutely. What Canada has are these things called humans rights tribunals.

**WOODS:** That's what it is.

**WEISSENBERGER:** So there's a number of Canadian writers, guys like Mark Steyn. Some of your listeners might have heard of that person. There's another writer called Kathy Shaidle, another guy named Ezra Levant. They're sort of more on the conservative side of things. They're often pointing out legitimate issues. But what will happen is that somebody will decide, well, that insults my religion, or that insults my belief system, or that insults my personal choice about my sexuality, or these sorts of issues, and they'll say that violates my human rights.

You might have the Council of Hurt Feelings. Now it's come to the point where a comedian in a club in British Columbia was dealing with some hecklers. And they slapped him with a human rights suit. So this comedian was fined thousands of dollars for essentially dealing with hecklers in a comedy club. It also becomes laughable. Somebody in British Columbia felt that they needed to wear combat boots into a gym. So the gym said no, you can't wear combat boots into this place, and they sued them. They said this is my human right to be able to wear combat boots in this place where you can work out.

What does happen with these hate speech laws, and human rights tribunals as far as I've seen, are essentially to try to stifle speech that they don't deem to be politically correct. I was talking to Kathy Shaidle about this, and she said, "If a Catholic group or a Christian group had the same complaints and went to one of these human rights tribunals, they would sort of laugh them out of there and say well, what are you talking about? This isn't an issue". But when certain protected groups, or politically favored groups complain, then they deal with it.

**WOODS:** All right, I had to get that off my chest. I'm glad you covered that. I want to talk about you, actually, and your background. If somebody looked at your educational background, he would not think this guy is going to go on to found the Mises Institute of Canada. So tell us about your life. How did you get to this point?

**WEISSENERGER:** It's funny. I often say that I didn't have the experience to work at a think tank, so I had to start my own. I actually studied fine art here in Toronto, painting and drawing. At the same time, I was always very much a student of history. I was reading lots of books. I grew up in Ottawa, so it's sort of the place where it's just politics all the time. You can't help but notice these things. The different laws and economic policies, free trade, and of course, my father lived in the United States for a time, so I would travel specifically outside of Washington D.C. He was a diplomat. I would travel back and forth between Washington D.C. and Canada and watch all these political shows.

I had a great interest in history and economics, philosophy and law, so I was reading a lot. I think it was around the year 2000 that a lot of people like Naomi Klein were complaining about capitalism and free trade and international trade being the root of all evil, essentially, so I wanted to know more about it. Of course at that time, the Internet was just beginning. It was hard to find things like the Mises Institute down in Auburn, Alabama, so I picked up Adam Smith's *Wealth of Nations* and started my economic education there. Oftentimes if anybody, the common person may have actually heard about the invisible hand or Adam Smith being the founder of capitalism. I started my education there.

After I got out of school I was working within the lighting industry. This was residential lighting. We were designing in Canada, manufacturing in China, and then distributing across Canada and

the United States. So, of course, this was a proxy for the housing market. I got to see the whole housing bubble from the inside, and so I would get these stories from China. They would say, "Okay, we're running out of fuel. We're running out of electricity. Everything's going gangbusters. Sorry; those lights that you wanted to buy, we've got to increase the price of them, because the price of zinc just tripled within the last two months." I would go down to Dallas, Texas, where all the showrooms happened to be within the United States for lighting companies. All the lighting companies down there were saying, we need bigger space, we need to expand the showroom, and if you don't do it, we're going to go to Las Vegas.

If you listen to Doug French and his stories about the Las Vegas housing market and the housing bubble there, you'll understand what was going on. They expanded their showrooms with extra space, filled them with lights just in time for the housing crash to happen. You would go down there, it was like a ghost town. I got to witness from the inside the housing boom and bust.

When that all happened, I started looking for answers. I was trying to find out what's causing these things. This could greatly affect my life. Look at my own house. What's going to happen with house prices in Canada? As I was searching I found a blogger, and again the beauty of the Internet, who was essentially a self-taught Austrian scholar. He was linking to the Mises Institute in Auburn, Alabama. I started reading that, and once I read this stuff, I realized that I'd been an Austrian economist or an Austrian my whole life and didn't even know it.

It spoke volumes. It spoke a lot of truth to me. I started reading about the business cycle and examining what was happening within my own industry and was like wow, this is actually what happened to me, to my industry. I looked at interest rates. I looked at inflation. I could see through international trade how the central bank was inflating, house prices were being pushed up, then that inflation would filter through to all the base metals like the zincs and the coppers, that price would be incorporated into the price of our lights. Six months down the line, our lights would get to market. This inflation would be baked in. It all sort of came together.

Then I wanted a change in my career. I wanted to move into a different world, more the world of ideas and whatnot. I sort of reached out. I felt like a real passion for the Austrian School of economics for getting these ideas out there. I think it's so important. I reached out to Jeffrey Tucker and Doug French, who at the time were with the Mises Institute in Auburn. I had noticed that there were all these other Mises Institutes around the world starting up. There was Mises Brazil. There were Mises Institutes in the Czech Republic and Poland and Germany, Lithuania, Estonia, Sweden. I guess I decided to launch Mises Canada. I guess the rest is history. It's been going very well since then.

**WOODS:** What does Mises Canada do? It's presumably analogous to the Mises Institute in the U.S. This is a question I already know the answer to, but how can I not ask it? A better way of

putting it would be: tell us about Mises Canada. What do you guys do there? You guys do have some special events, and you do have a very active website. I know Bob Murphy writes for you very regularly, and he appears on this program very regularly.

**WEISSENBERGER:** Obviously, I was greatly inspired by the work that Lew Rockwell did in launching Mises Institute in Auburn, Alabama. I think it's really important, because obviously, the ideas that we support, the Austrian School of Economics, we all know that the mainstream economist, the mainstream media, the central banks, all these sorts of things, they're not interested in any of these ideas. I think sometimes these central banks know perfectly well what they're doing. They know what damage the increasing money supply will do to the economy, but they don't want to deal with the ramifications of that. The more that these ideas spread around the world, I think the better we're all going to be.

To that end, Mises Canada we have several events that we've launched. Our first even that we started doing was the Toronto Austrian Scholars Conference, so that's a general scholars conference that's open. Obviously, we focus on the Austrian school of economics. I think it's probably one of the few in the world now. I think the scholars conference in Auburn was the first one. There's one in Brazil now. There's maybe a few others, but I think the Toronto Austrian Scholars conference is one of the first other ones in North America to focus on the Austrian School of economics. We're now into our third year of that. We've rebranded it the International Conference of Prices and Markets to go along with the academic journal that we've also launched. You can find out more about that at [www.pricesandmarkets.org](http://www.pricesandmarkets.org). That's going to be happening November 8. So far we've got about 20 participants, 20 papers being presented, people from around the world as well. In fact, Jeffrey Herbener will be attending, Sean Ritenour from Grove City, Pennsylvania.

The other event that we just launched, and we ran it just this summer, was Rothbard University. So this is expanding. We sort of took what Lew Rockwell started with Mises University at the Mises Institute in Auburn, and we started our own here in Toronto, and we called it Rothbard University. We had Walter Block here teaching. We had Dave Howden, Doug French, Glenn Fox. We had three days, about 50 students. It was a great success, and we're going to be running that every year. Largely were focused on Canadian students, but it's open to everybody.

We find that especially a lot of young people now, kids who are 18, 19, 20, they lived through the housing bubble, the crash, 9/11, the expansion of empire, the wars, all this stuff, and they're starting to look for answers. Because like in the United States, here in Canada, kids are getting out of school, and there aren't jobs. We have a massive oversupply of people coming out of teachers' college. We are having these problems with structural unemployment. They look at somebody that might get married at 25 or 26, go to buy your first house, and all of a sudden that starter home that ten years ago, 15 years ago, is going to cost you maybe \$175,000 in

Toronto now is costing you \$500,000, \$600,000, \$700,000. They realize something's up. Something's going wrong. They're going to start their lives, and what are they going to do? So they're looking for answers.

For whatever reason, I think that some people seem to think that unlike the law of gravity, certain laws of economics function differently in different countries. So in some ways it's essential to have these Mises Institutes around the world, so they can speak to the general populace and talk specifically to the problems. We have specific problems to deal with our socialized health-care system that, say, the United States doesn't have. We need to be able to speak to Canadians about these things, to speak to the young, to the students, so they can hopefully make a better future. That's really the reason why I started Mises Canada.

**WOODS:** The website is [www.mises.ca](http://www.mises.ca). Redmond, of course you already know the importance of the work you're doing. Nobody was doing it until you did it, so we can see how truly indispensable it is, and the people you have associating with you are top notch. You've got Bob writing regularly, but David Howden from Canada—in a way it's an insult to him to say he's up and coming. I think he's already arrived. He's a tremendously creative scholar with all kinds of fresh and interesting ideas and applications in the Austrian School. To have him as part of your project is a real coup for you guys. Best of luck to you. I want to urge people to check it out. Even if you're not in Canada, there's a lot of great stuff you're going to find interesting at [www.mises.ca](http://www.mises.ca). Thanks so much for being with us today.