



**Infomail**

October 10, 2015

## Real Change? Welcome back to the 1980's

Canadians voted resoundingly for change last night, opting for more glamour, youth and charisma. The final tally looked something like this:

Liberals 184  
Conservatives 99  
NDP 44  
Bloc PQ 10  
Green Party 1

Not only was it a surprise that the Liberals surged to not only win, but to a large majority, but also on how far the left NDP party, which had made significant gains last time around, fell.

Young Mr. Trudeau's policies are, by US standards, rather left, with his stated intentions of increasing federal spending on a multitude of programs, greater national regulation on the energy sector, and cuts to spending on Canada's already weakened national defenses.

This morning's commentary in the world famous Gattman Report, read all over the world, portrayed the results as follows:

*No one foresaw this coming, and we mean absolutely no one. The polls only as of this past weekend had the Liberals defeating the Tories and the NDP, but had them perhaps winning a plurality of the seats and of the votes cast. Instead, the Liberals took almost a huge plurality of the votes and a ready majority of the seats. Any way that one tries to spin this election one has to spin it as a refutation of Mr Harper and his long standing Tory government and an embrace of the young and untested Liberals.*

*Right from the results as the Maritime provinces reported in with a stunning clean sweep of the 33 seats it was clear that the election had gone to the Liberals. Province after province after province went for the Liberals, with the Tories holding on only to Alberta, winning at last count every riding there; winning most of the important ridings in southern Saskatchewan and Manitoba and winning a few of the southern ridings in British Columbia. Canada has become like the US: a nation of two liberal, left-of-center coasts the surround.....and some might say impound.....the middle.*

*We find it interesting that Alberta, having elected an NDP provincial government only a few months ago, has voted overwhelmingly Tory, hence fully repudiating the policies that the NDP government has pushed.*

*Prime Minister Harper has already tendered his resignation as the leader of the party and we can be reasonably certain that at his still very young age Canada and Canadians have not seen the last of Mr Harper. On the other hand, we can expect the new government.....which shall take power in only a few days once the Governor General has approved the votes cast and has summoned Mr Trudeau to Ottawa and has asked him formally to create a government.....to swiftly move to making the Canadian military even less impressive; to increase spending on entitlements and "infrastructure;" to increase taxes upon the wealthiest Canadians; to expand the health-care system and to increase Canada's debt situation materially, for that was Trudeau's platform. He has the majority in place to put these ideas into effect. Oh, Canada?! Indeed.....What have you done?*

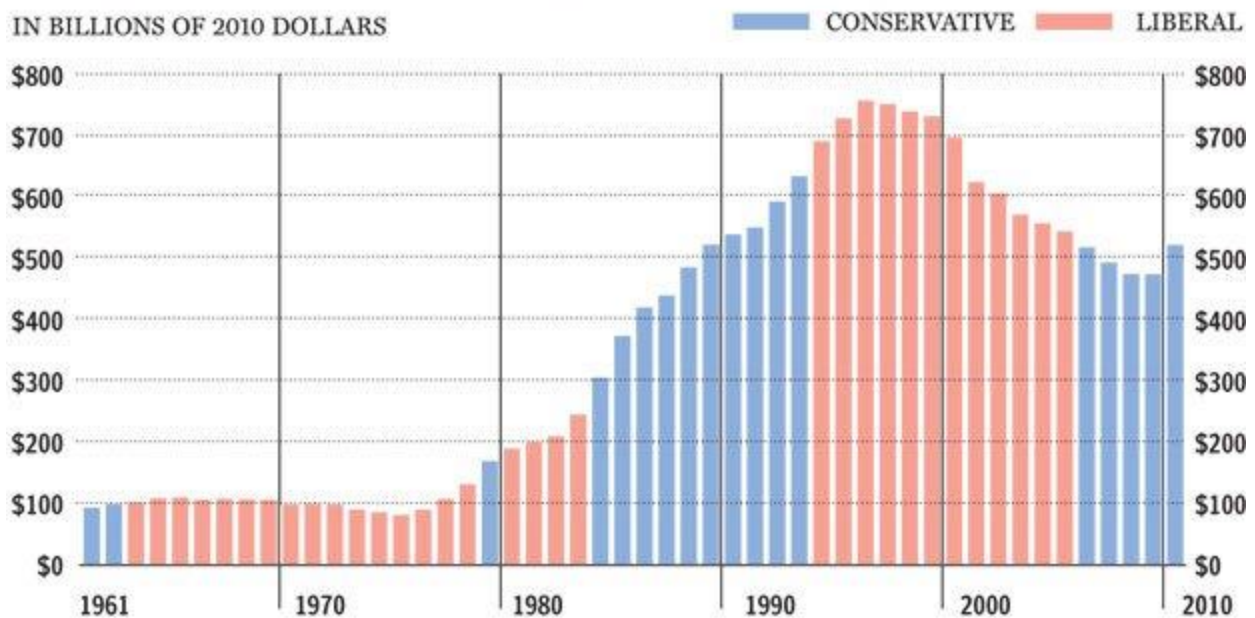
To get an idea of what to expect, one only has to look at what happened to Canada's debt under the elder's Trudeau reign when he was elected as PM from 1968-1979, and then from 1980-1984, when Canadian debt rose 738%.

## 50 YEARS OF CANADIAN DEBT

*Canada's debt may be at an all-time high, but in real dollars only.  
When adjusted for inflation, the figure is far less dramatic, more than \$200-million  
less than at its height in the mid-'90s.*

### CANADA'S DEBT IN INFLATION-ADJUSTED DOLLARS 1961-2010

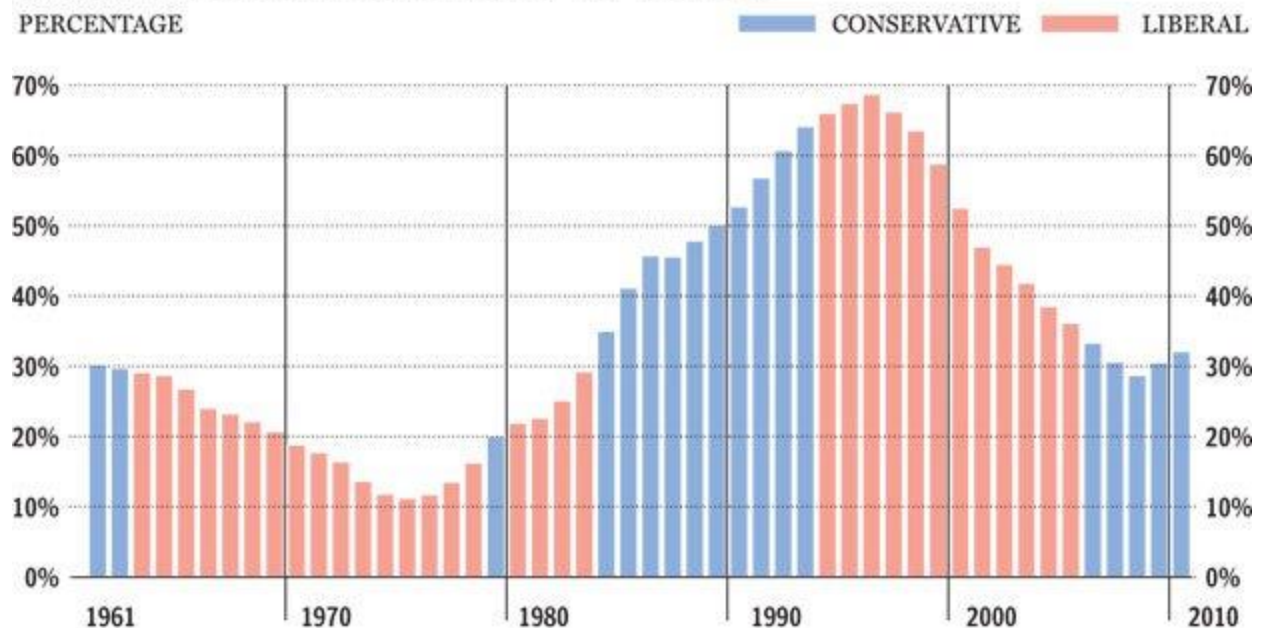
IN BILLIONS OF 2010 DOLLARS



*When calculated as a percentage of Gross Domestic Product, Canada's debt  
in 2010 looks downright reasonable, echoing the levels seen in the early 1960s,  
25 years before spending took a sharp rise.*

### CANADA'S DEBT AS A PERCENTAGE OF GDP 1961-2010

PERCENTAGE



SOURCE: GOVERNMENT OF CANADA

TAMSIN McMAHON & RICHARD JOHNSON / NATIONAL POST

I would suspect more of the same, if not more, with the younger Trudeau in charge.

Here's how Canada's debt looked like under the various PM's:

Prime Minister	Tenure	Canada National Debt in Billions	Percentage Increase
Lester Pearson	1963-68	\$18.75	+19.6%
Joe Clark	1979-80	\$77.40	+18.3%
Pierre Trudeau	1968-79, 1980-84	\$157.00	+738%
Brian Mulroney	1984-94	\$487.00	+68%
Jean Cretien	1994-2004	\$496.00	+1.8%
Paul Martin	2004-06	\$481.00	-4.7%
Stephen Harper	2006-2014	\$542.00	+12.6%

Fiscal Year	Surplus/Deficit (millions)	Net Debt (billions)
86 - 87	\$ (29,842)	\$ 281.8
87 - 88	\$ (29,017)	\$ 313.0
88 - 89	\$ (27,947)	\$ 343.6
89 - 90	\$ (29,143)	\$ 374.8
90 - 91	\$ (33,899)	\$ 411.1
91 - 92	\$ (32,319)	\$ 445.7
92 - 93	\$ (39,019)	\$ 487.2
93 - 94	\$ (38,530)	\$ 527.9
94 - 95	\$ (36,632)	\$ 567.5
95 - 96	\$ (30,006)	\$ 598.6
96 - 97	\$ (8,719)	\$ 609.0
97 - 98	\$ 2,959	\$ 607.2
98 - 99	\$ 5,779	\$ 602.9
99 - 00	\$ 14,258	\$ 590.1
00 - 01	\$ 19,891	\$ 571.7
01 - 02	\$ 8,048	\$ 563.3
02 - 03	\$ 6,621	\$ 559.6
03 - 04	\$ 9,145	\$ 551.0
04 - 05	\$ 1,463	\$ 549.6
05 - 06	\$ 13,218	\$ 536.9
06 - 07	\$ 13,752	\$ 523.9
07 - 08	\$ 9,597	\$ 516.3
08 - 09	\$ (5,755)	\$ 525.2
09 - 10	\$ (55,598)	\$ 582.5
10 - 11	\$ (33,400)	\$ 616.9
11 - 12 (e)	\$ (24,900)	\$ 641.8
12 - 13 (e)	\$ (21,100)	\$ 662.9
13 - 14 (e)	\$ (10,200)	\$ 673.1

So here we are. If one truly believes in democracy, then the people have spoken. In the end, we've elected a leader who while charismatic and energetic, was a part time high school teacher who has promised to spend \$40 Billion more than we have in just the next four years.

Young Mr Trudeau has promised "Real Change," we will see. I think we will see the 1980's style tax and spending the "Elder" Trudeau delivered, from which we have never truly recovered from as a nation.

For our kid's sake and for Canada's sake, I wish Justine all the best.

Stay tuned,

Vito Finucci  
Vice President and Director  
Investment Advisor

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