

Wondering where the lions are

When market lions imagine a perfect veldt, they conjure a Serengeti brimming with easy prey. In their dens, they dream of the young, so fleet of foot but bound to trip. They purr at the thought of the old ones, standing still, waiting to be gored. Then they come, when the landscape of opportunity is fat with fools and the time is for killing again.

So it is that the big American banks, the ones that nearly plunged the world into the Second Great Depression, continue to hand out bonuses to their predatory cats; payouts so obscenely large they stagger the imagination. According to a 2008 report by New York Attorney General Andrew Cuomo, entitled “No Rhyme or Reason: The ‘Heads I Win, Tails You Lose’ Bank Bonus Culture”, nine U.S. financial institutions paid \$32.6-billion in premiums while receiving \$175-billion from taxpayers to remain solvent. Last year, the unearned rewards totalled \$150-billion.

In Canada, which did not endure the American model of fiscal malfeasance, the nation’s six biggest banks distributed bonuses totalling \$8.3-billion in 2009 – an increase of 18 per cent from the previous year. Finance Minister Jim Flaherty refused to consider imposing taxes on any of this largesse, stating in December: “We want to grow Canada as a financial centre; we don’t want to impose punitive taxes on anybody.”

All of which invites a question: In the post-calamity world, what is the proper role of Government? Specifically, does the public sector have any obligation to level the playing field on which the rest of us struggle to compete fairly and successfully?

Two decades of neo-conservative thinking have all but eviscerated the once felicitous notion of governments as productive partners with the private sector in the progress of western economies. Now, a wild, survivalist spirit infects the body politic in which the strong devour the weak with impunity. Its application in these tough times displays its perversion: Billions of dollars of public money in Canada and the United States lent to car companies and financial institutions; but mere scraps for working entrepreneurs whose only crime is that they are not too big to fail.

The federal stimulus packages on both sides of the international border are not targeted programs

designed to improve what politicians glibly call “the foundation of our economy”. They are emergency relief funds whose benefits are anything but long-term. And when they grandfather in the next year or two, the wreckage they will have wrought will be measured in decades of systemic deficit and debt.

Still, none of this is actually necessary or even inevitable. Without transforming our societies into socialist gulags of centralized industrial planning, governments can begin to deploy the dwindling resources at their disposal sensibly and strategically. In fact, they’re already doing it in the Atlantic Provinces.

The Government of Canada, regardless of its political stripe or ideological bent, maintains a decade-old commitment – through programs like the Atlantic Innovation Fund – to the productivity tools that enable the private sector in this region to compete both domestically and internationally. Contrary to some popular assumptions, this involvement has not undermined private enterprise with nanny-state conventions and assurances. Rather, it has helped deepen the pool of talent, broaden the store of marketable skills and enhance entrepreneurial appetites and ambitions. Timely, and comparatively modest, public investments in training and education, innovation and commercially viable R&D, export support, and community economic development have generated more, not less, competition in Atlantic Canada.

The results are compelling. The region boasts a thriving aerospace sector; burgeoning high tech clusters in precision

component manufacturing, pharmaceuticals, bioscience, environmental engineering, and information and communications technology. Meanwhile, businesses here are no longer tethered as they once were to the shifting fortunes of a handful of large monopolies.

There is something exquisitely ironic about Atlantic Canada’s efficacious model of public-private sector cooperation. After all, this region rarely impresses Bay Street barons and Wall Street warriors with anything remotely resembling a competitive edge. But if real competition in a civil society is a product of sustainable growth and steady diversification, not taxpayer-funded carnage, who cares what they think?

At least, we’ll never have to wonder where the lions are.



Alec Bruce

**A WILD,
SURVIVALIST
SPIRIT INFECTS
THE BODY POLITIC
IN WHICH THE
STRONG DEVOUR
THE WEAK WITH
IMPUNITY.**

Alec Bruce, our contributing editor, is an award-winning journalist and commentator. His column on competitiveness appears in each issue of *Atlantic Business Magazine*. The views expressed are those of the author. Feedback: dchafe@atlanticbusinessmagazine.com