

Haute Politique

Edmond G. Eberts

Chairman

RAPPORT Capital Formation Strategists Inc.



TORONTO

Tuesday, September 30, 2008

Wednesday, October 1, 2008

MONTREAL

Thursday, October 2, 2008

RAPPORT CAPITAL FORMATION STRATEGISTS INC.
703, 141 Adelaide Street West
Toronto, Ontario M5H 3L5

Telephone: 416-366-9264
Toll free: 800-363-8134
Fax: 416-366-1855

rapport@rapport.ca
www.rapport.ca

Haute Politique

Once elected to Parliament, many members acquire an aura of inflated self-importance, warped perspectives, and a sense of tax-funded entitlement. “Ottawashing” invariably soils the reputation of most who swear to serve the voters and act on real priorities. Their vituperative nature is predictable. Turning questions into accusations with indignant fury does not allow for an intelligent response. Pledging a new ethic, they have lowered the tone to new depths, reducing governance to a political con game.

All parties are guilty of being hypocritical. It is common practice to take out the trash in sufficiently large volumes on the eve of a long weekend, when scarce reporters on tight deadlines are too swamped to do their job properly. The stealth-release treatment given the foreign affairs probe report into a possible security breach is an indication paranoia still reigns. The ethics committee investigation of the in-and-out affair, whereby the Conservatives may have inappropriately funnelled national campaign expenses through individual ridings, emerged as little more than an opportunity for members to lob partisan potshots at one another, further diminishing Canadians’ faith in the country’s democratic institutions. Enjoying a *de facto* majority for the better part of three years, the prime minister should have been having the time of his life. But he overlooked the possibilities of using the considerable power in his command. Promising a new way, he found comfort in the old. Deflecting questions with references to past Liberal misdeeds, it was clear – the Conservatives had run out of ideas. With key committees paralyzed by procedural antics, the party’s coffer full, the others’ empty, and the polls having turned in his favour, Stephen Harper decided to take matters into his own hands. His haste in pulling the trigger may be construed by some as an attempt to *éviter le pire* before the economy takes a turn for the worse, and by-election results prove disappointing. Skilful at complementing its progressive arm with a business side, the so-called natural-ruling Liberals appear to be flying on only one wing. Shifting its focus from the controversial carbon tax to the troubled economy, they have moved Stéphane Dion into the background in favour of a dream-team theme, a way for the besieged professor to get out from under his nimbus of vulnerability. The idea is hardly novel: if anything, it is straight out of the party’s old-school playbook. Without inspiring candidates to excite us, nor fierce debates to enlighten us, the election outcome is likely to be determined by touting the same old stuff.

Politics involves slicing and dicing the electorate into itsy-bitsy segments, then delivering money to voters through either tax reduction or direct spending. Benefits once

given are hard to revoke. Subsidizing people for doing what they already do makes it more difficult to spur productivity and competitiveness. Time is short. The up-coming federal election should be about substantive concerns – not pooping puffins. Unfortunately many politicians prefer talking about the latter. The capacity to govern this diverse and complex country requires an ability to listen, to learn from and correct mistakes, to build trust. No party is without embarrassing flubs, press coverage a non-stop catalogue of foot in mouths. Though superficial bumbblings have overshadowed the key issues, there is still an opportunity to elevate the discourse. It is going to take a commitment by all candidates to stop dwelling on each other's slip-ups and start focusing on substance. Relentless attack ads and distortions could well backfire.

With the voting booths open on both sides of the 49th parallel for the eighth time in post-war history, the air is heavy with speculation about the statesmanship qualities of rival candidates. Does it involve leading by example, inspiring by rhetoric, or simply proposing programmes capable of bringing to fruition long-term and principled reform. Stephen Harper is regarded as being whip-smart, brusque, sometimes cantankerous, viscerally partisan, sublimely confident, hard-edged, decisive, and in command of his party. Critics see him as being cynical and manipulative, one who believes he is above the law. Promising greater accountability and transparency he has, instead, set aside the spirit of Bill C-16 calling for fixed-date elections. Notwithstanding, careful reading of the legislation will confirm governments are permitted to fall when they lose the confidence of the House of Commons, and legal leeway exists for the governor general to dissolve Parliament according to her royal prerogative. The real question to be addressed is whether or not such a dysfunctional condition existed, justifying dropping the writ at this time. Despite his obvious weaknesses, Stéphane Dion is seen to be as honest as sunlight, courageous, an adamant patriot, cerebral, charming, and a man of his word. Flatlined as champion of the Liberal Party, he can be overshadowed by the very individuals he beat at the nominating convention. Though noble, his climate-change proposal is too cluttered in its detail, and too diverse in its potential impact, to provide a rallying point. He will have to adjust his message to gain widespread support. Minority governments make few mistakes. They avoid engaging in reckless activities to do with significant changes. The Conservatives have in times past faced a backlash when approaching the majority threshold. This explains why Stephen Harper is consciously shying away from any such prediction. Premature vote counting can be dangerously presumptuous, particularly when just a few dozen crucial close-fought battleground ridings will play a pivotal role. A political campaign is a metaphor for government. If a party cannot run an efficient tour for its leader, it probably is not up to the task of leading the country either. The correlative is the reason political operatives obsess about aligning messages, medium, and supporting visuals. The mainstream media remains the primary site of political discourse, augmented by mobile and online devices. The growth of the blogosphere reinforces the imperative of framing the ballot question. Character, style, and politics will ultimately decide the outcome. Muddy details and crass pork barrelling aimed at buying votes will not be enough to hold sway.

Good intentions are ubiquitous in politics, scarce are actual beliefs. Aggregating wisdom is not a government's forte. The danger is not from ignoring the man on the street, but in catering to their delusions that point away from sensible policies. Anti-market and anti-foreign biases explain the widespread failure to understand the role of profits and the

importance of trade. The make-work inclination assumes prosperity is associated with employment, rather than productivity and output. Thus the loss of jobs caused by downsizing, outsourcing, and technology are treated as bad things requiring intervention. Over all lurks a tendency to imagine things can only get worse. Savvy party leaders hope to override voter prejudices. If they have a secret agenda they keep it to themselves, as chances are it is about an unacceptable reality. Capitalism promotes democracy, but democracy does not necessarily return the favour. Individuals sometimes act irrationally, inclined to be more so in the political arena, if for no other reason than the chance to spend gobs of other peoples' money. Stereotypes strip away uniqueness, amongst the most precious of human qualities. They dare not show more than a flicker of originality or intellectual élat for fear of sounding weird. The more powerful derive their strength from fear, not because of trying something for the first time. Canadians must be shaken out of their collective ambivalence. The lack of collaboration between business and universities, interior barriers to free trade, and red tape have inhibited the availability of venture capital to support the industry champions of tomorrow. Private equity firms must be encouraged to work their magic on iconic Canadian companies. Though such buyouts are not necessarily a cure for a struggling economy, they can be the strong medicine some sectors need for revival. A bid to bolster Canada's economic competitiveness and to lower costs to consumers makes good sense. Insisting on government consultation and approval beforehand does not, as it hampers the raising of capital required to position an enterprise to stand its ground. The elimination of corporate income taxes would stimulate economic growth. With an increasing number of jurisdictions competing for capital investment and the jobs provided, the more corporations are able to choose the tax rate they will ultimately pay. Few politicians can claim to have been entrepreneurs; fewer still appreciate how success comes about. If they did, they would have a far better understanding of who ultimately drives the economy. It is the risk-takers who make the difference and improve everyone else's standard of living, not the hangers on. Most share the same vision: sell out for big money and watch the enterprise flourish in its next incarnation. Few take into consideration the challenges to be addressed when they stop being the head of a startup and become a cog in the wheel of a major corporation. Many continue to be successful, but lacking authority, wrestle with the fact their decisions are sometimes reversed by the new owners. They seldom become good foot soldiers.

Turning to the field of sports, it has been said Canadians lack a culture of competition. Politicians and coaches fault Ottawa's stinginess for the malaise; fans scold our Olympic participants for not trying hard enough. The athletes, in turn, chide them for being fickle, caring about amateur sports for only the two weeks they are on the international stage. We are not as obsessed with victory as a mark of success, and some observers note a leeriness about the winner-take-all mentality of other nations. We are proud of our medalists, but quietly so, emblematic of those who value the healthy benefits of participation over stressful demands and possible disappointment. Despite an eighteen-medal performance, surpassing both the United States and China on a per capita basis, if we want to do even better in 2012 it will take more serious investment and better organization. Nobody is suggesting we adopt the Chinese approach, a vertically integrated juggernaut of scouting teams and tiny-tot training camps almost exclusively state-sponsored. Our goal should be to emulate the Americans who are totally dependent on volunteers, private sponsors, and fundraising. Many are convinced Canadian taxpayer support is more than adequate but

misdirected. Longer term, we need to build a better understanding of the merits of excellence at the grassroots level.

While the Road to Excellence and Own the Podium objectives are commendable, government interference must be kept to a minimum, donations to athletic associations and stipends to individuals tied to performance. The focus should be on sports with multiple-medal potential, the number to be won limited only by our collective imagination and commitment to succeed. Contenders with the sagacity to demand the best of themselves, and the mental and physical fortitude to come through when it counts, should never play it safe. There is no doubt corporations and individuals from all walks of life are willing to back the elite athletes, even those dissatisfied with finishing out of the medals. The days of next-time wishful thinking and mediocrity are no long acceptable.

An analogy concerns cabinet ministers walking a tightrope, trimming fat from the cultural portfolio. The resultant mewing by the arts community is predictable. Instituting a comprehensive value-for-money management system, setting priorities, and awarding grants based on merit is a step in the right direction. Assessment of recipients dependent on their political ideology discloses a fundamental misunderstanding of the nature of free speech. Centrally determined notions of good taste is censorship. As to the jocks-versus-arties squabble, the very suggestion a \$40-million cheque from Ottawa to help pay for the across-Canada torch parade and opening ceremonies of the 2010 Olympic Winter Games in Vancouver buys creative control is ridiculous. If the world has learned a valuable lesson from the celebration in Beijing, it is to never mix politics and sports. There are but three things the federal government must handle, for no one else can: internal law and order, external defence, and maintaining an honest currency. Nothing more!

When the time comes for you to exercise your democratic right on Tuesday, October 14, 2008, ask yourself which of the federal party leaders best answers your questions about business, sports, and the arts, coupled with a believable vision for the future. The topics are each and all interrelated. It is high time Canadians started challenging the mystery of haute politique. Make your voice heard. Get out and vote!