

## Thinking About Tomorrow

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It was not so much a grand dream, as a desire not to become American, which brought the fathers of Confederation together. The pact has endured 140 years, making it the world's second oldest, and one of the most stable of federations. Its system of government has survived, while that of many others has failed. Notwithstanding, the country has changed beyond recognition since Sir John A. Macdonald's success in building and sustaining an unwieldy coalition. Essential lessons for keeping it together have not. In part because we frown upon the study of its history and, in universities, the subject has evolved into the pursuit of particularization rather than synthesis. As a result we are becoming ever dumber about the lessons of our forebearers.

Lester B. Pearson, a Nobel Peace Prize winner, was gentle, humble, and admired the world over. He laid the groundwork for our health and social policies, and co-operative federalism. The many failings of his wobbly and scandal-plagued stewardship have long been forgotten. Only the positives are recalled, which explains his elevation to near sainthood.

There have been three prime ministers of note since: Pierre Trudeau was complex, fascinating, awesomely intelligent, hated and loved, and larger than life. Jean Chrétien was the ultimate politician in a cruel and cunning way. Never gaining greater than 40 percent of the vote, he managed a full 100 percent of the power for nearly a dozen years. Brian Mulroney was despised for his intensive partisanship. A good leader provides for their successor. Sadly none of these men did. All left chalices so poisoned their heirs apparent were politically dead within months.

With only sixty seats in the House of Commons, Stephen Harper's minority is the smallest of ten since Confederation and, though woefully short of experience, it has many achievements to its credit. The prime minister's strategic genius is the reason why. He has mastered the art of manoeuvring his opponents into corners from which they cannot escape, and without their noticing until it is too late. Despite an unmistakable mean streak, Harper believes the longer he can continue to govern, the more Canadians will become accustomed to the idea of him as national leader. While Stéphane Dion's unassuming style can be endearing, his esoteric explanations of his priorities give the appearance that he has never left the ivory tower. He seems to maintain the same shrill pitch even on the most marginal issues. Were an election called today there would be little change in the results of

the past, both men having so far failed to relate to the voters despite their undoubted intelligence and grasp of policy.

The provinces will never abandon all grievances and competing interests. Even so, the prime minister should aim to keep the country together, and not sow division by dabbling in provincial politics. He needs to stop cavorting with opposition leaders and start building a sense of common purpose with the premiers. He must find a way to feel comfortable with people who are brilliant, talented, eccentric, even difficult, and demonstrate he has the ability to propose policies that are practical and acceptable by both the mid-right and mid-left of the political spectrum. Winners never imply it is their way or the highway out of town.

#### **BLACK KETTLES**

Canadians remain resolute in their moderate behaviour. With little appreciation of political nuance they, like private-sector executives, want the issues debated in an open and straightforward manner, rather than referred to a secretive independent committee of so-called experts. If the primary objective of the Federal Accountability, Lobbying and Conflict of Interest acts is to have the cards dealt face up, why is it the subjects discussed at caucus meetings never leave the room? Why are cabinet members' tongues tied? Could it be for fear of being excluded from the prime minister's inner clique, never again to get an idea in edgeways? Why do the powers that be persist in seeking revenge for the Opposition's past political transgressions, rather than doing away with redundant programmes and proposing new ones? Lobbying conjures up images of smoke-filled rooms with well-heeled corporate wheeler-dealers twisting arms of politicians and staff members for a special favour, decreasing public confidence in government in general. When it is done ethically and transparently it is a legitimate and necessary aspect of our democratic system. Individuals, organizations, and businesses should communicate with policy-makers as both have much to learn from each other. The challenge is to clarify the respective responsibilities, draw the line between appropriate and inappropriate behaviour, ensure it is done out in the open for all to hear, while avoiding excessive bureaucratic red tape. An honest face does not cut it anymore. It is an honest voice that counts.

An example of the three factions going astray is the sad case of Brian Mulroney. Though the former prime minister may have done nothing illegal, a grease monkey widely known for his sleazy dealings took advantage of his arrogance and greed in offering a questionable payment. In accepting, Mulroney violated the honour and dignity of the high office he once held, and tainted his credibility for life. His actions distract from his record, put his family and friends in an awkward position, and place a stone in the hands of those who never did wish him well. With many an opportunity to come clean and provide a creditable explanation for his curious behaviour, his version of Karlheinz Schreiber's soap opera of anecdotes and allegations was so riddled with holes and inconsistencies it satisfied only his most fervent supporters. Nonetheless, the last thing the taxpayers want is an expensive public inquiry. It would only deepen their cynicism about politics and politicians. Should the opposition parties band together and defeat the government over the issue, it is they who will suffer the consequences, and rightly so.

#### **THE BATTLE FOR BRAINPOWER**

In an increasingly complex and competitive world, Canada must realize its future prosperity rests in the development of its wealth of human capital. Private enterprise has

been battling for decades to attract and promote the best researchers in the humanities, science and technology. Other nations are now engaging in the same fight. We will squander our inherent advantages if we fail to respond in a constructive manner. The need to invest greater sums of money in education is paramount. Steps must be taken to convince the top students to stay put in Canada, and encourage those who studied afar to return in search of fame and fortune. In lieu of family connections, race and colour, creed and language, country and continent of origin – as the United Nations would have it – Canada’s immigration standards should favour those with well-honed skills and college degrees. The government ought to provide scholarships to those wishing to enhance their knowledge of the universe of business opportunities. Favourable income tax rates are essential for the game plan to be successful. Currently, they are amongst the highest in the developed world.

#### **TAXES, BLOODY TAXES**

Canada has done far more to blunt the growing disparity between rich and poor than our neighbours to the south. Recent changes that allow the wealthy to donate stock free of tax to charities of their choice suggests a move toward US-style philanthropy than state-led redistribution. This bodes well for museums, concert halls, private-school and university endowment, but not so for public infrastructure and health care. Still it is better to have more prosperous people choosing where to give away their money than not at all. Ontario is home to 51 percent of Canada’s top earners, 22 percent reside in Alberta, Quebec’s share is but 10 percent compared to its 23 percent of the country’s population. Alberta has the lowest personal income taxes. Its top marginal rate is 39 percent, sharply lower than Ontario’s at 46.4, and Quebec’s the highest at 48.2 percent. This translates into significant gains for migrants, making it easier for employers to negotiate salaries and benefits. Alberta’s corporate tax rate is also the lowest at 10 percent. Not only does it encourage investment in all sorts of industries, it shores up government receipts as companies shift profits from higher-tax jurisdictions. Smart fiscal policy to eliminate its debt, and encouraging the private sector to play a more significant role than is the case elsewhere are key reasons why the annual percentage gain in gross provincial product is greater at 6.6, versus 2.1 and 1.7 percent for Ontario and Quebec.

The currency conundrum is only one aspect of Canada’s inexplicable complacency about its ability to compete in an age where the principal dynamic is commerce-driven, globe-centred capitalism. Without a master plan to improve competitiveness, the economy continues to lag performance standards, slipping further into the great swill of mediocre nations that make do with middling growth and pathetic productivity gains. For many years industry benefited indirectly through a devalued currency. Now it appears determined to be subsidized directly with government handouts, a giant step backwards in a knowledge-based, e-networked world. Though the Conservatives have signaled more tax relief than any other federal party can muster, as yet there is no coherent moral or economic philosophy, or a comprehensive strategy. To be effective the system must be simple and fair for everyone. Tinkering and targeting do not equate to equality. If the prime minister and premiers can build an alliance of voters – assembled from all income levels, rich and poor – they stand to gain a majority for combining pragmatic tax cuts with a principled commitment to less government. So far, there is no such evidence!

## THE NEW PARADIGM

One who is surprised and shocked, and at a loss for words is dumbstruck. “Pollstruck” are those political party leaders who lack initiative and, instead, depend on the answers to someone else’s questionnaire to set their course of action.

In 2006-2007 the Conservatives spent more money on public opinion polls and focus groups than any previous government. The tally of \$31.2 million equates to over two per business day. Those which cross the line with regard to partisanship were conducted quarterly. Researchers say the added distraction they provide, and the false promise offered, the more likely Parliament is to procrastinate. The early bird no longer gets the worm. Taking a giant step forward is not worth the risk of coming up short of voter expectations. So they say!

Business leaders have the best of intentions. Great ones motivate people and inspire them to live up to their potential. They do it by sending the right messages, through facial expression, eye contact, tone of voice, choice of words, and a willingness to listen and give full rein to underlings who have something constructive to say. Ones overly sensitive to comments and gestures are more likely to hold a grudge. They typically have an inflated image of themselves, make unilateral decisions, are demanding and critical of subordinates. They can destroy the workplace environment if not dealt with effectively.

Many of today’s publicly traded companies will eventually run into trouble, as it is virtually impossible to have an outstanding CEO’s shoes filled by another who is equally capable, lucky enough to continue to grow the business, margins, cash flow and per-share earning and the multiples thereof from one year to the next, as demanded by investment dealer research analysts, institutional investors, and hedge fund hotheads. Private entities do not face the same sort of pressure. Rather than having to shoot for the moon on a quarter-by-quarter basis, they can take their own sweet time to get things right.

Politicians and senior executives must stop wringing their hands when a faltering icon is taken over by an up-and-comer, as inevitably it will be revitalized, employment will rise, as will the governments’ take. The key to a prosperous future is in fostering the creation of start-ups with above-average potential, not in trying to prop up the dying and the dead just to get a few more votes. Entrepreneurs have a sixth sense. They recognize a money-making opportunity long before anyone else is willing to gamble their life’s savings and the security of working for an established enterprise to give it a go. Though all the pieces of the puzzle may yet be in place, these venturesome souls are committed to spending countless hours on the job, the first sign of success encouraging them to fight on. If a change in course is felt necessary, they will do so overnight, or as soon as it is practicable. They need not wait to convene a board of directors’ meeting beforehand in order to get approval to proceed. Unlike a big-time hired-hand executive who gets fired, or a union-member employee who is let go, they are not in line for a multi-million dollar severance cheque or a generous buy-out package. While a mentor can be a very valuable addition to the management team, and government agencies may lend a hand in the quest for capital, let us celebrate their up-and-go. It is never too early to be thinking about tomorrow.