

## The Importance of AIMS—A Personal View

Our research institute -- the Atlantic Institute for Market Studies, or AIMS -- is now nearly five years old, and it has been making quite a name for itself. We are in the news a lot, and our research documents continue to make their mark in the public policy community.

Many of our published documents contain specific and positive prescriptions for what ails the Atlantic economy. Yet, if you were to do a survey of Atlantic Canadians, I imagine that you would find that most of them know AIMS best as a critic of the status quo.

That is neither surprising nor alarming. Good prescriptions are always based on good diagnosis -- we have to understand what is wrong with our economy before we can fix it. So the job of devising good policy options for the future must begin with good analysis of the past.

And AIMS has done a lot of what I consider to be very sound analysis.

### GIFT HORSE

One of the most important projects the institute has undertaken is *Looking the Gift Horse in the Mouth*. That was the first book published by AIMS, and the first one written by our senior policy analyst, Fred McMahon. It came out a couple of years ago to considerable controversy, with critics lined up to lambaste it, and some very impressive supporters who argued in its defence.

It's not hard to understand the reasons for some of the criticism of *Gift Horse*. For a lot of people, the central message in it carried quite a sting. The book argued that the massive infusions of federal money pumped into Atlantic Canada over the years not only failed to produce enough of lasting value, but it also undermined potential activities that otherwise would have had a chance to grow. In other words, our book said that things were actually made worse when too much money was spent in ways that were motivated purely by politics, rather than by good economic sense.

Fred, AIMS President Brian Crowley, and Brian's predecessor Don Cayo have worked hard to respond strongly, but in a calm and reasoned way, to the attacks on *Gift Horse*. And all that work is paying off. A growing number of people around the region are starting to understand that government "help" can be perverse when it starts to interfere with things that are better left for the market to sort out. More and more people are starting to question the wisdom of propping up dying industries that are long past their time, or trying to arbitrarily designate winners by showering money on favoured firms. There's a broad and growing recognition that society has to start demanding and expecting good value for the money its governments spend.

That change in attitude sets the scene for all of AIMS' activities, including two new books that the Institute expects to publish in the coming year.

As Chairman of AIMS, I and the other Directors of AIMS set out the general research program, but we don't define the individual projects nor do we choose the authors that will research them. That is left to our president and staff, with guidance from our volunteer Board of Research Advisors. And none of us on the Board get to see any of the studies until they are published -- we adhere to a strict hands-off policy that ensures the independence of our staff and the writers who are contracted to conduct research for AIMS.]

Don Cayo and Brian Crowley have both told me that Fred McMahon's new book will be another landmark one. It builds on the thesis of *Gift Horse* and moves beyond to discuss a prescription for an ailing economy: a path to vigorous and sustainable growth.

It will focus on broad principles that are the under-pinning of a healthy economy, not on narrow programs that have never had more than limited success in this region, despite endless tinkering with them.

Brian Flemming is another writer whose AIMS book is nearing completion. His task is to look at the thorny question of government regulation. Like Fred, Brian is seeking to identify some broad principles. How, on one hand, can governments keep their whole maze of rules up to date, and how can it make them more effective in the areas where society has a genuine need to regulate? And how, on the other hand, can these thousands and thousands of regulations be made less intrusive and less onerous for the businesses and industries that have to live with them?

A title has not been chosen yet for Brian's book, but around the AIMS office they're calling it "Sensible Regulation". That, to my mind, is an overdue concept, if ever there was one.

#### WRITERS' INDEPENDENCE

Will Brian Flemming identify areas that he thinks no government ought to try to regulate? He very well might. I suspect some of us in this room can think of regulatory problems faced by our own businesses that might lead us to hope that he will.

But whether or not he calls for significant de-regulation is up to Brian. He has the independence that AIMS gives to all of its writers. He's not told what to write by our president, who recruited him, and he's certainly not told by the Board. His assignment is to investigate the area thoroughly, and then to make up his own mind.

And I ask you to think for a moment about the premise of his assignment. It's not to find ways to eliminate regulations, or to eviscerate them. It's to look at how regulations, in all of the many areas where society has a stake in the outcome, can be made BOTH effective in ensuring the desired outcome and efficient in that they don't impose undue burdens on either the regulators or the regulated.

#### ROLE FOR GOVERNMENT

The premise behind our "Sensible Regulation" project is common in most of AIMS' work. Contrary to the perception some people may have of AIMS, we believe there IS a proper role for government. Now, sometimes that role might be considerably smaller than what many governments try to do today. But sometimes it is not. And, regardless of the appropriate size of the role, we think it is important that government define its activities very carefully. We want it to be very good at the things that it ought to do. And we think it should step gracefully aside from the things that are better left to the private sector and market forces.

#### ROLE FOR GOVERNMENT II

We have done, in fact, some specific studies that document why government should step aside from some of the activities it has done, or tried to do, for a long time.

For example, AIMS published two papers that argue persuasively for the privatization of NB Power.

AIMS has been the leading voice in the Atlantic region in talking about the concept of property rights in the fishery. Our researchers conclude that Individual Transferable Quotas and other forms of property rights are a management tool that has can be far more effective than the old command-and-control structures the policies that, despite endless tinkering, allowed fish stocks to be imperiled, and fishermen and plant workers to be left idle.

AIMS has tweaked governments for profligate spending. But our spokesmen Don, Brian, and Fred, who are often quoted in the media, have also given credit where credit is due. They are careful in their public

pronouncements to give credit for sound budgetary provisions when they are implemented, or for improvements to various other policies.

## NEED FOR PLAIN SPEAKING

But if the goal is the efficiency of government and that goal is not being met, someone has to say so, clearly and forthrightly. So AIMS' willingness and ability to be critical -- sometimes sharply so -- is one of the key reasons that, in my view, make the institute so important to the region. Government has been such an overwhelming presence in Atlantic Canada for so long that there are too few non-partisan people who feel they have complete freedom to speak their mind. I'm pleased that we have built AIMS into a credible voice that is counted upon to tell it like it is.

Since AIMS' inception nearly five years ago, we have never sought and never taken grants or contracts from any government or any government agency. This is a matter of principle for us. AIMS is a think-tank funded by the private sector, and we believe that businesses ought to be prepared to support us. Most of that support comes from companies based in or connected to the Atlantic region. But a lot of AIMS research projects -- including the kinds of ideas being discussed at this conference -- are of interest to people far beyond the boundaries of Atlantic Canada. That broader interest is also being reflected in our fundraising, which is extending beyond the geographic boundaries of the region.

We are determined to look for support only to businesses or foundations that are independent of government. After all, we talk about the need for leaner government, and we talk about the need for businesses to wean themselves from government grants. So when it comes to government money, we simply have to practise what we preach.

## A LEAN OPERATION

Speaking of practising what we preach, we talk a lot about the virtue of being lean. And we live it.

AIMS gets an immense amount of invaluable time donated. As Chairman, I have the support of a lot busy business people like Vice Chairman [George Cooper](#) or Director [Bill Mingo](#). Both these men were instrumental in getting AIMS started, and both have continued to be actively involved though their positions on the Board. The AIMS Board of Directors is composed of many of this region's leading business, professional and university leaders -- in fact I would go so far as to say that it is the finest Board in the region. We also have a Board of Research Advisors -- volunteers who have sterling reputations in the academic community. We have two volunteer officers, Treasurer [Martin MacKinnon](#) and Secretary Fae Shaw, and they do untold amounts of work on AIMS' behalf. And there are a variety of other supporters: students, businesspeople, academics, professional people, and others.

The private sector and a number of individual supporters also sustain us with gifts of money. While their support is gratifying and generous, it doesn't add up to a huge budget.

## A LEAN OPERATION II

Former AIMS President Don Cayo tells me a story about being interviewed a couple of months ago by a researcher who was trying to get a handle on policy issues in various parts of the country. He talked to her for a long time, expounding on a number of subjects that he thought were important. Her last question was, apparently, intended to find out which one he thought was the most important. She asked: "If you had eight hundred thousand dollars to spend on one research topic, which one would it be?"

Don says, and I believe him, that he was flabbergasted at the thought of having eight hundred thousand dollars to spend, let alone to research just one subject. That's well over double his total annual budget.

Well, he recovered enough to tell her that he thought it would be irresponsible to spend that much on one subject, that AIMS could do many valuable studies for that much money. And then it was her turn to be surprised. No one else she had talked to had thought eight hundred thousand dollars was a lot of money. I can assure you that AIMS thinks any number with six figures in it is a great deal of money.

And if the researcher was hinting that the government department she works for was planning to give away eight hundred thousand dollars, let me go on record we don't want it. I'm proud that AIMS takes that position. I'm proud of the fact that we know we can do a lot of good work for a lot less. And I'm proud that we feel confident we can win the support of interested people and find the money we need without dipping into taxpayers' dollars.

Don't take this talk of leanness, however, to suggest that AIMS does not want or need to grow. We have come a long way from the early years when a start-up grant from the Donner Canadian Foundation provided more than half our revenue. But we have a ways to go yet, and we'll be pressing ahead to increase our financial base modestly, but steadily.

### THE CHALLENGE AHEAD

These are exciting times for this region. The whole world is moving into a global economy, which gives Atlantic Canada the opportunity to expand its always-modest base of resource-oriented industries to build upon them and move into a fully modern economy. And the resource sector itself is a source of new wealth and new challenges. Our fishing industry is finding new ways to extract value from the stocks that remain, the forest industry is diversifying and adding more value than in the past, and offshore oil and gas is at long last delivering on its promise of jobs and business opportunities.

Of course, the nature of exciting times is that they are fraught with new dangers as well as being rich in new opportunities. It makes a huge difference whether we respond in the right ways or the wrong ones.

The quality of our leaders -- and I'm talking about leadership of both public and private institutions -- will also make a huge difference to the future of the area. It is beyond the role of a research institute to create leaders -- that is the job of society at large. But an institute like AIMS can help to inform leaders. We can lay out for them a fuller range of options than may otherwise be obvious. We can measure and explain the consequences of actions that they take or don't take. We can help those with the courage to act to move toward some very important goals.

So the challenge facing AIMS grows greater, not lesser, in this era of rapid change. We intend to be out front, on the cutting edge of ideas, developing and promoting sensible alternatives, and advising and -- if necessary -- prodding our leaders to move forward.

I have every confidence that the people of the Atlantic Provinces will learn to cut our losses and build on our successes. To value our past, but to focus on our future.

Purdy Crawford, Chairman  
*Atlantic Institute for Market Studies*