

Methinks the think-tanks protest too much

By Russell Wangersky

This week, the talk is equalization and every one of the usual suspects is putting in regular appearances.

There are crying premiers and reassuring Members of Parliament, worried commentators and an uncaring public who, by and large, wouldn't care about equalization if they tripped over it.

But worst of all, there is the inevitable sideline sniping from Canada's collection of business-friendly charitable institutes – and they are the most irritating of all.

Equalization, they harp, distorts the economy of poor provinces – it makes their government fat and careless and rewards inefficiency. Small government is better, they trumpet, is necessarily better, as are lower taxes and fewer benefits.

Receive donations

Pull up your bootstraps and pay your way, they charge, while carefully making sure that they get the spelling right on the tax receipts they write for their business donors.

That's right: tax receipts. When business institutes make hay about people taking advantage of government largesse, those same institutes get by, in more than a small way, by exploiting the same government largesse. They are

charitable foundations, able to issue the same sort of receipts as the Red Cross or the Canadian Cancer Society. If it wasn't so tragic, it would be downright funny.

It's like having someone with no children telling you the right way to raise your kids. The fact is, there is something wrong with the federal government: it gives a tax break to businessmen who fund research to back up and espouse their own particular points of view.

Here's an idea.

As long as the think tanks use charitable status to issue tax receipts and avoid the real costs of operating as the businesses they so revere, they should have no right to talk about the fundamental problems of the government that bankrolls them.

That means no commentary on the unfairness of the tax system, the burden of that system on business owners or, for that matter, anything at all about the government's roll in the economy.

Ban taxation

There should be no talk about employment insurance or business funding programs or equalization – or even taxation, for that matter. Especially taxation.

So, what would institutes talk about? Well, how about the way oil profiteering is distorting their beloved market economy?

Two weeks ago, OPEC was seriously talking about cutting back oil production to deal with a worldwide oversupply of crude oil – yet prices are the highest they've ever been, as a result of anticipated shortages of oil. Why doesn't some place like the Fraser Institute take a good hard look at that?

More to the point: perhaps the impartial institutes could have a few researchers examine the benefits of federal programs.

Has anyone ever thought about how an educated workforce actually benefits employer who – wait for it – are only obliquely paying for part of the training and education? What about the financial benefits of having the state maintain a federally funded health-care system, so that employers don't have to factor in the costs of a full-scale health insurance system? Or even the net gain to businesses of the workers' compensation system – yes, it costs employers money, but in these expensive and litigious days, it also provides a statutory protection from lawsuits. Priced liability insurance lately, boys?

The think-tanks regularly describe themselves as funding impartial research into economic and government issues. That may be the case. The research may be as impartial as any scholarly research being done on market issues.

But there's also the choice of what research gets done. It's easy to believe that the Atlantic Institute for Market Studies would fund research that critically examines the way business subsidies distort business in Atlantic Canada – it's harder to believe

that they would undertake a study to examine how often individual businesses divert project funding to costs separate from the project in question.

It's equally hard to believe that a business think-tank might ever examine the thorny question of the amount of profit that EI actually makes for business owners – after all, EI allows plant owners to keep a skilled workforce in place for an entire year, while only paying them for short periods of seasonal work. Especially in areas with small populations, EI benefits business owners every bit as much as it does employees.

It would affect the bottom line

If plant owners had to pay to keep their workforce in place for the rest of the year, the profit dynamic might be different. Still, we get plenty of proselytization about the evils of EI, at least as far as the employees involved are concerned.

And in the final examination, criticism of our economic system rings hollow when it comes from a think tank that depends for its fiscal existence on a government loophole.

It can be no more plain than this: don't tell me about how things like the tax system are open to abuse when you're heartily abusing it yourself.

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