Stephen Kimber

Explaining the 'Occupy' movement in 15 minutes

The occasion was a recent luncheon at the Halifax Club to mark Global Ivey Day, an annual opportunity for alumni of the University of Western Ontario's Ivey School of Business to come together to celebrate their Iveyness. I'd been invited as the post-lunch speaker, even though I'm neither an Ivey graduate nor a business person. (I did once pile-drive a business into the ground, but I'm sure that's not why they invited me. Besides, that's a story for another day.)

My guess is the organizer, a thoughtful Windsor, N.S., lawyer-politician-businessman named Jim White, had been reading about the Occupy movement, fretting those Wall Street tenters were on to something important and wanted someone else — me — to jolt his fellow Iveys into confronting the question too.

I was happy to oblige. But I wasn't sure I would require 15 minutes.

Even if the Occupy movement's tents get flattened, the issue they raise will not go away.

Illustration: Iain Keith Murray

Just as Bill Clinton had used his it's-the-economy-stupid mantra to become U.S. President in 1992, the essence of Occupy boils down to four words: It's the Inequality, Stupid.

Thanks to the three g's — go-go globalization, government de-regulation and corporate greed—the traditional gulf between rich and poor is becoming an unbridgeable chasm.

Consider. The Conference Board of Canada — hardly a hotbed of socialist radicalism — reports the top 10 per cent of the world's population now gobbles up 42 per cent of its income, leaving the bottom 10 per cent with one per cent of their crumbs. That gap has widened dramatically since the mid-1980s. In Canada, the divide is growing even faster than in the United States.

If you made $3 million in 2005 — lucky you! — you paid, on average, 25 per cent less in taxes than you did in 1990. Luckier you! The poorest 20 per cent of Canadians, by contrast, paid a higher percentage of their income in tax in 2005 than they did in 1990. Unlucky them.

Luck, in fact, has little to do with it. Capital gains, the mother's milk of the better-off, is taxed at just 50-cents on the dollar. Why is a dollar earned speculating on the stock market taxed less than income earned educating children or caring for the sick? A hint: Child care workers and nurses don't have powerful lobbyists to write tax rules for them.

Governments tell us we're in a fiscal mess. We can no longer afford basic, opportunity-leveling services like health and education.

Meanwhile, those same governments slashed corporate taxes from 28 per cent to 15 per cent between 2000 and 2012, and promise more to come.

No wonder we can't afford public services. The rich can pay for their own health and education, thanks. And their legacies.

A few days before I spoke at Ivey Day — the business school is named for Richard Ivey, who was rich enough to give enough to get the place named after him — Nova Scotia businessman Ken Rowe donated $15 million to Dalhousie University's business school.

I respect Rowe. He's a business builder and significant employment generator. But let's look at his generosity through other lenses.

How many years would it take the average Nova Scotia worker to earn what Ken Rowe chose to give away in an instant?

Three-hundred-and-nineteen plus!

How much of that $15 million — thanks to tax benefits the giver gets — will ultimately be paid by the rest of us?

More than you'd probably guess.

So why does Rowe alone get to choose which good is greater? There are 59, mostly generously endowed, business schools in Canada. Why a Ken Rowe School of Management, but no Ken Rowe School of Social Work, or Education, or Child Care?

No wonder people are frustrated and angry — and not just the Occupy tenters. Look around. At the race to the bottom that only benefits those at the top. At skyrocketing education debts and youth unemployment that is robbing the next generation of a future...

Even if the Occupy movement's tents get flattened, the issue they raise will not go away. And the consequences of not righting that balance will only get worse.

It really is the inequality, stupid. | ABM

The views expressed in this column are those of the author and not necessarily those of Atlantic Business Magazine. Feedback: dchafe@atlanticbusinessmagazine.com