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BEARING WITNESS TO AN INDUSTRIAL REVOLUTION

I found this gem on Twitter this morning: “the greatest trick the devil ever pulled was convincing the poor that being poor was their own fault.” In a convoluted way, it got me thinking about the evolution of small business—more specifically, how we think about it. It is convoluted, but bear with me.

One week after my first birthday, my parents did what generations of Newfoundlanders and Labradorians have been forced to do: move ‘away’ in search of work. Back then, the go-to destination was Toronto. Everyone knew it was the centre of Big Business in Canada, and where Big Business lived, gainful employment was sure to follow. So it was said and so it came to pass: dad joined Alcan’s accounting team soon after we landed.

Even then, the idea of Big Business as the Big Provider wasn’t a new idea.

Before 1949 and Confederation with Canada, the Dominion of Newfoundland had a Maginot Line-like delineation between the merchant class and everyone else. The non-merchant class had what could be best described as a subsistence existence: farming, fishing, hunting, gathering. If it didn’t come from the land or the sea, it came from the merchants: merchants provided credit in the company store; non-merchants traded the fruits of their labour as payment for what they’d bought on credit. The merchants typically got richer; the non-merchants prayed to catch enough fish and haul enough lumber so their family had food and warm clothes for the winter.

Times got better after Confederation (bless those government jobs with pensions and health benefits), but when my family departed St. John’s for the mainland in the late ‘60s, there were still very few large private-sector employers around these parts. Most businesses were of the smaller-in-size, lower-in-payscale variety.

Guided by the priorities of cash-starved voters, political leaders and their associated development agencies salivated rivers of public funds in an effort to lure large-scale industries to the province. Former N.L. Premier Joseph R. Smallwood was infamous for his “new industries” programme. In the late ‘80s, another former premier—Brian Peckford—sank \$22 million into the Sprung Greenhouse before pulling the plug on the hydroponic operation.

The Maritimes too have had hard lessons expensively learned. As recently as 2005, the Government of Nova Scotia crowed about its \$19-million commitment to Blackberry manufacturer Research in Motion—RIM, of course, is now MIA. (To be fair, the actual cost came in at only \$14.5 million

because the firm delivered less than half of their originally promised 1,200 jobs). Meanwhile, the Atcon bankruptcy cost New Brunswick taxpayers almost \$70 million and don’t get me started on the call centres (thankfully, the latest closure, this past March, was a mere half-million-dollar-tax-funded loss).

It’s easy to blame the wasted funds on government mismanagement (and there were surely elements of that) but the money wouldn’t have been committed in the first place if the electorate hadn’t been hungry for the big jobs and big paycheques that come from Big Business. Atlantic Canadians once looked at our preponderance of small business as a challenge that desperately needed to be overcome. If that meant subsidizing those industries to make this underpopulated, relatively isolated place a more attractive locale, then so be it. The end justified the means... until, of course, it didn’t.

These days, small business is getting a lot more respect—with good reason. We owe 75 per cent of all regional employment and 98 per cent of our total commercial activity to companies that are classified as small. Actually, almost 80 per cent are smaller-than-small micro companies with less than five employees. And stats from the Canadian Federation of Independent Business show that companies with less than 50 employees spend 5.8 per cent of their revenue; 5,000-plus-employee-businesses spend less than one per cent.

Small business is nimble and innovative and empowering. It’s local people doing for themselves rather than waiting for some far-away company to come here and save the day. And thanks to technological advances that make smaller enterprises ever-more competitive, they’re also more lucrative for the people who work there.

Big business is still a powerful economic generator—but it’s not the only (or necessarily the best) answer to our prayers. The devil, as always, is in the details.

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FEEDBACK

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