

Business ties can knit together a nation

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With the Quebec provincial election in the rear-view mirror, Canada may be returning to complacency with respect to national unity, rather than actively trying to improve this all-important preoccupation for a vast country with complicated regional differences. Quebec is certainly different from the ROC (Rest of Canada) but this difference must be embraced and used to strengthen the nation. One area that has always been quite distant are business relationships between Quebec and the ROC. However, business interests have continually been a major support for Quebec federalists arguing to remain within Canada. This is one reason why Quebecor scion Pierre Karl Péladeau's entry into the recent election as a PQ candidate, with vocal dreams of independence, caused major waves both within the province and outside. Thankfully success in business does not always translate into success in politics, and the PQ and sovereigntist threat has been dealt a significant blow.

Canadians should be determined to use Quebec's vote of confidence in Canada as an opportunity to strengthen national unity, and increasing business relationships between Quebec and the ROC is one manner in which this can be done. Constant relationship-building and dialogue is an effective manner in which to strengthen ties across the country, and what better motivator is there than making money?

The business elite in the ROC traditionally distanced themselves from taking risks in Quebec. Peter Newman in *The Canadian Establishment* wrote that English Canada's business leaders, in their dealings with Quebec, would "try to understand a part of the country and a state of mind that they view with only slightly less comprehension than the rumblings of some distant, mythical Transylvania". For this reason, dealmaker Paul Desmarais Sr. was an important ally in the Establishment's efforts to put pressure on Quebec Inc. to support a united Canada. The Establishment came to see that if Desmarais and his business interests should fail in Quebec, so would federalism. There can be little doubt that Desmarais' federalist loyalties were well vetted before he received the financing from the Royal Bank of Canada for his crowning business deal: the reverse takeover of Power Corporation of Canada.

While Quebec-ROC business relationships are important for Canada's corporate titans, arguably even more important is developing interprovincial business relationships between small and medium-sized enterprises. Quebec has a strong, historical entrepreneurial spirit that requires reawakening, and Canada needs Quebec to be a "have" province.

Montreal's vibrant, ambitious start-up tech and gaming community presents many opportunities for partnership. This is one opportunity in which entrepreneurs, especially those of the younger generation, can make serious inroads. Canadians can be reassured with a recent poll published in *La Presse*, announcing that younger generation Quebecers were largely disaffected with the sovereignty movement.

Furthermore, given Quebec's strong business and cultural ties with France, a partnership with a Quebec-based company may be a good starting point for Canadian businesses to ultimately attempt expanding into Continental Europe, thereby taking advantage of the recent free trade deal. Partnerships between Quebec and ROC businesses would bring differing world views to the table, capably adapting strategy to expand to different parts of the world.

Quebec's Plan Nord, estimated to attract approximately \$80 billion in investment, represents a great opportunity in the energy, mining, and infrastructure sector. While foreign investment is politically sensitive (whether in Alberta or Quebec), ROC-based companies can increase their presence in Quebec through investment in this area, having greater confidence in Quebec's place within Canada. Some of the infrastructure built for the Plan Nord can eventually be used for resource development in Canada's Arctic. While it was largely money from Montreal that originally paid for Canada's western expansion, today it is mostly Alberta paying Canada's bills; a century from now, it may well be the Arctic as Canada's economic engine. This is the benefit of being such a vast and rich country.

Critics may point to Quebec's language laws as a serious barrier to doing business, but perhaps this is a reflection of a stubborn mindset on both sides rather than an actual barrier to business. If business is done seamlessly in Europe with its variety of languages, or India with its 22 official languages, perhaps Canada is making too much of an arguably trivial issue. Pragmatism will be required on both sides, but if language does increase the cost of business, perhaps this is a cost we should be willing to pay. It is certainly a cost we are willing to pay when expanding business to China or other emerging markets, so why not at home!

Philosophical differences do exist between Quebec and English Canada's approach to business, yet this allows for constructive debate. Lately, business and legal thought leaders have been arguing about the appropriate defensive tactics that corporate boards should be allowed to employ during hostile takeovers. Quebec, citing the loss of major head offices, is largely in favour of stronger defensive tactics. This is a long-standing debate that will never fully be settled; indeed, you could swap the arguments from the players in Quebec and the ROC with those of legendary New York corporate lawyers Martin Lipton and the late Joseph Flom. Defensive tactics for boards should continually be debated, but at the same time Quebec should not wrap its flag around every acquisition target. For example, it is preposterous to pretend that Rona hardware stores constitute a "strategic asset" for the province of Quebec. The M&A tactics that may lead to the takeover of a Quebec-based corporation are the same tactics that have allowed firms like Bombardier, SNC-Lavalin, and Power Corporation of Canada to be so successful beyond Quebec's borders.

The old generation from the national unity fight are about to retire from the ring, and with them goes a lot of bad blood. Although we are grateful that the country has been kept together, it is time for a new generation of Canadians to take charge. Even the term "Canada anglais" is taking on new meaning; one walking through the downtown core of many Canadian cities will be impressed with the diversity of the crowd. Meanwhile, polls are showing that Quebec's younger generation is significantly pro-Canada, seeing the sovereignist movement as "dépassé". This new generation of Canadians must make their own contribution to the national unity file, and business offers an exciting avenue in which to advance the all-important duty of nation-building.

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