

“Short-term deals come at a long-term cost: local businesses pay local salaries and local taxes which provide local services and infrastructure. In a race to the bottom, we are all losers.”

GREED, GLOBALIZATION AND THE #BUYLOCAL REVOLUTION

A financial advisor I know has a favorite saying: do you want to look rich, or do you want to be rich? He says it to motivate clients to save more and spend less; unfortunately, too many people are spending less without saving more and unintentionally squeezing vulnerable populations in the process.

Nerd that I am, I'm going to paraphrase a young Obi Wan Kenobi: we, all of us, form a symbiote circle. What happens to one of us affects us all. Some people call it karma; physicists call it string theory. Bottom line: 2020 saw us paying the price for centuries chasing lowest-cost production.

Not so long ago, only 154 years in fact, each of the Maritime provinces was a self-governing colony. Just 72 years ago, Newfoundland was its own autonomous state within the British empire. Confederation with Canada brought much-needed investment to the region, especially in regard to social services and public infrastructure, but the trade synergies proved harsh on local business—particularly independent manufacturers and retailers. Most of the stuff that used to be made here was gradually replaced by stuff made in factories on the mainland. Locally-owned retailers melted under the competition from outlet stores based elsewhere. Centralization was the order of the day: it was the cheaper, more efficient way to operate... it just made sense.

Over time, centralization was replaced by globalization. Stuff that used to be made in Canada, to Canadian labour standards and product quality, was increasingly made in places where wages and working conditions would be considered criminal here. Remember the 2013 collapse of the Rana Plaza factory in Bangladesh that killed over 1,100 garment workers? Many of them worked six days a week for the Canadian equivalent of 37 cents an hour—that's the human cost of \$20 pants and \$30 jackets.

When I joined this magazine in the '90s, the global marketplace was still gaining momentum. Online shopping hadn't yet become a 'thing' and Amazon was still Jeff Bezos' virtual dream. Most people shopped in actual stores, paying local store prices. But that quickly changed as people found bigger selections and lower prices from international retailers. So they swapped their car rides and mall outings for web surfing and mouse clicks.

The virtual experience seemed to spawn an online hunter-gatherer culture, with people boasting to each other and on social media about the deals they'd caught. But those short-term deals come at a long-term cost: local businesses pay

local salaries and local taxes which provide local services and infrastructure. In a race to the bottom, we are all losers.

The problem is that globalization, as we've allowed it to evolve, hasn't redistributed wealth. Instead, the ultra-rich have gotten ultra-richer while the middle class shrinks and the poor grow increasingly poorer and larger in number.

This past year, COVID revealed yet another dirty little secret of globalization: excessive reliance on foreign supply meant that we'd lost the capacity to take care of ourselves. Remember the desperate call for PPE in the early days of the pandemic? Masks, face shields, gowns and disinfectants were in demand around the world; without a domestic supply, Canada had to wait in line.

Then, in one of the most heartwarming developments of the year, local industry stepped up to the challenge. Businesses searched their warehouses for PPE that could be redirected to health care workers. Over a four-week period, Stanfield's Ltd. in Nova Scotia—one of the few large clothing manufacturers left in the country—found a pattern, sourced material and began producing more than 100,000 hospital gowns a week. Back in June, president and CEO Jon Stanfield told *Atlantic Business Magazine* that they'd have been able to react even faster if they'd been producing a quantity of PPE all along.

It's something to keep in mind as we negotiate with international partners for a share of the COVID vaccine. If Canada had even a small measure of domestic capacity for pharmaceutical production, we'd be better equipped to help ourselves. I'm not suggesting we cut ourselves off from the global market. What I am recommending is that we support a level of dedicated local supply as a rainy-day investment. It may cost more now, but ultimately we'll be richer for it.

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FEEDBACK

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