

## CBC: Jingo all the way

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### *A lot of Roots' Canadian costs would also be incurred by an imported bag*

This is not about protectionism at all, declared the CBC's senior business correspondent Amanda Lang at the end of a report on Monday's National that in fact was about nothing but protectionism, albeit morally coerced, consumer-driven protectionism.

In a country that normally exports more than \$400-billion of goods and services a year, you'd think encouraging jingoism about where people buy their Christmas presents would be considered very dangerous. What if our foreign customers got the same idea? But the premise of Monday's story was that if more Canadians bought more goods in Canada, we'd all be better off. (You can see the piece online at the National's website. Title: "Buying Canadian.")

"What if you were to shop a little closer to home?" asked Peter Mansbridge, introducing the report. "Your purchase could make a big difference, not only to that special someone who receives it, but also to those who are involved in making it." The implicit message is that only Grinches would take their Christmas custom to foreign suppliers, thus depriving fellow Canadians of their livelihood.

Then Ms. Lang picked up the thread: "Where what we're buying was made has a big effect on employment, on income, right across the country." To find out just how big, she followed up with a nice piece of journalism, along the lines of the Discovery Channel's How It's Made series, looking at what goes into the production of a Roots Canada village bag, a nifty \$150 leather item that apparently has been a big seller for the company over the years and that it still makes in Canada.

To begin with, we learn that the leather that goes into the bag actually comes from Italy. In fact, \$69 out of the \$133 net-of-tax price, more than half, comes from imported inputs and machinery. Ms. Lang didn't ask Roots' co-founder, whom she interviewed, how much more of a difference he could be making for Canada if he used Canadian leather and machinery instead. It seems sometimes you've got to go with the best price-quality combination wherever that takes your dollars. Good thing Roots doesn't always practise what the CBC preaches.

Then we saw the leather being cut — with fancy computer-guided cutting machines, presumably not Canadian — then glued, sewn, finished, packed, shipped to the

warehouse, inspected, packed again, shipped to a retailer, put on display and finally sold — to a young woman who expressed appropriately patriotic satisfaction that her shopping dollars would help her neighbours in Ontario. Along the way we learned that 400,000 Canadians work in trucking and another two million in retail.

The breakdown on the bag's other input costs? Financing, \$6. Transportation and warehousing, \$2. Wholesale trade, \$6. Retail trade, \$35. For the manufacturer, \$5. And \$10 "other."

But wait a second: If this were a Chinese bag, it would still have to be moved around the country and spend time in Canadian wholesale and retail facilities. So a lot of Roots' Canadian costs would also be incurred by an imported bag. Some of that activity might even be financed in Canada, so our bankers would get a piece of the action, too. And you can be sure the bag would be taxed in Canada. It might even pay a tariff at the border.

Out of the total of \$150, what's left that Roots offers and the Chinese Roots wouldn't? The manufacturer's share of \$5, which is actually a pretty small part of the made-in-Canada part of the bag, and the \$10 "other," which we don't know anything about.

So even by its own premise, this story doesn't really work. Half the purchase price of the bag goes to Italian leather producers and machine sellers from unspecified countries, while another third goes for Canadian activities that any bag's sale, Canadian or otherwise, would trigger.

But should we accept the premise? As an exporting nation, should we really encourage the jingoistic philosophy that whenever possible Canadian consumers should buy local? What if the Taiwanese or Australian or German versions of Peter Mansbridge and Amanda Lang told their viewers it's always best to buy at home, what would we think of that? Better yet: What if Fox News pushed a Buy-American philosophy on its viewers? (Perhaps it already does. I don't watch.) Most mainstream Canadian commentators would be pretty much horrified by such Neanderthal economic nationalism, wouldn't they?

If this Christmas season the Canadian bag offers the best price-quality combination, go ahead and buy it. But if it doesn't, don't give a second thought to buying the foreign bag. If you favour altruistic justifications, stiff competition is the only way the Canadian producer will get better. Beyond that, we have two very well-established ways of helping out our fellow citizens in need: elaborate networks of charities and non-profits and, Lord knows, a highly redistributive system of taxation and public spending. Even at Christmastime, there's no need to extend charity into your retail choices.

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