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Taxes, Bill 101 drive people away 2

For intellectual capital — and it's part of a vicious circle with no relief in sight

Monday's CBC-Ekos poll found that 42 per cent of 1,001 Quebec anglophone respondents have considered leaving the province following last September's Parti Québécois election victory. Promising them anonymity, I asked two anglos who are exceptionally familiar with this attitude for their thoughts.

One of them, a natural-resources executive, is leaving Quebec this month.

This born-and-bred Montrealer earns \$300,000 to \$500,000 most years, which puts him in top one per cent of income earners. He's the sort of person students wearing the red square regard with suspicion while demanding that he pay higher taxes to help finance their entitlements. But they won't get his help any more. His furniture is being shipped next week.

Several months ago — after the PQ victory — he turned down an offer to become president of a natural-resources company working in Labrador. The reason: "The owners wanted me to live in Montreal." What's wrong with that? Primarily the taxes, he says. The fiscal crunch was bad enough when the Liberals were in power — Quebec, in 2012, ranked second in Canada for combined local, provincial and federal taxes. When he earned half a million dollars in stock options several years ago, Quebec took 39 per cent in taxes. Ontario would have taken 30 per cent.

So that's where he's moving — eastern Ontario.

He'll wave goodbye to the sovereignty threat and the income-tax hike that the Marois government imposed on Jan. 1. (It brings the rate for people earning \$100,000 or more to 25.75 per cent from 24 per cent.)

Was language also factor? No and yes, he says. No because he's fluently bilingual — he's a fan of French TV. "The anglos who left Quebec for language left a generation ago," he says. "The rest of us learned French."

But, yes, the linguistic climate is still aggravating. He owns a modest natural-resources firm in Africa, and hates having to communicate to the Quebec government on corporate matters in French. What also rankles is how ordinary people — a cable technician visiting his West Island home, for example, or a security scanner at Trudeau — sometimes refuse to speak in English. "I feel like a foreigner in my own country."

His company's employees are in Africa, not here, so no one is losing a job. But this most indebted of provinces is losing his considerable tax revenue and that of others whom, he says, are likewise trickling into Ontario or into northern New York State.

His parting thoughts. "The government needs to cut expenditures, cut tax rates and mean it when it says it is open for business." It also has to grasp that the Internet makes for mobility. "Members of my board of directors live on different continents, and I hold board meeting from my home on Skype. Nothing keeps me in Quebec."

Moral: "The government has to make people want to live here." Now there's a radical thought. Sharing it is my second interviewee. He's a partner in the Montreal office of a headhunting firm with operations in dozens of countries.

This veteran recruiter of executive talent for local companies says, "Montreal has a shallow talent pool, and it's become shallower since the PQ's election.

"The problem is not just that anglos are leaving Quebec — they've been leaving for years and years. The problem is also that we've built a great big fence around Quebec that effectively keeps outside talent out. Any dynamic economy has to cross-fertilize with other cities and bring in new talent."

The election has made that tougher. He estimates 20 to 30 per cent of Americans his firm approaches now consider the city, at least at first view. Yet only 10 per cent of Canadians from other provinces do. Why the difference? "Canadians are more aware of conditions here."

He sighs: "I try to put a positive spin on coming here — I talk about the opportunity to learn French and the *joie de vivre*." But the barriers to entry are imposing.

Like the Ontario-bound executive, he says that, despite the low cost of living here, taxes are the No. 1 deterrent. No. 2 is Bill 101's restriction on access to English schools.

Other handicaps: the difficulty in obtaining social services in English, the shrinking size of the English community (which reduces the options on where some newcomers want to live) and, not least, the problems that two-income families encounter. Many executives' spouses are lawyers, doctors, accountants or dentists, for example, and they cannot pursue their careers without passing French-proficiency tests.

To be sure, these problems existed before the election. "But," he says, "before the vote we had a government that at least was pro-business and sought political stability. Now we have a government that's pro-socialism and is in effect pro-instability."

The bottom line: "Quebec is being starved for intellectual capital."



It's a vicious circle: As Quebec loses talent it becomes more difficult to attract talent, and so more businesses leave and there is less demand for talent. It's déjà vu: We saw far more intense versions of this scenario after the 1976 election of the PQ and the 1995 referendum. And if that history is any guide, we know that PQ sees the starvation of that capital as a worthwhile price to pay when pushing for sovereignty. Expect no relief.

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