

Cash and Curry - Beware politicians with money

Hector Brimson - April 2001

Like a ghost rising out of the past to haunt us comes the specter of politicians roaming the country with bags of money.

The Deputy Prime Minister's development fund reminds Brimson of the halcyon days of regional development in the early 70's when Rural MP's drove through the regional cities dispensing money like a winter feed out, driving slowly through town throwing bales of cash from the back of a tractor.

Today not a single enterprise in those towns remains from those wonderful days of government largesse in the glorious days of the "buy the regional cities vote campaign"

There is a reason for this. It stems from the sheer impossibility the government acting as a business investor.

As Brimson is vaunt to say when you take the clothes of Government you find naked bureaucrats.

And by their nature bureaucrats are the last people on earth you would put in charge of venture capital. They are administrators, good ones and needed if the affairs of state are to run well. Hand them wads of cash to invest and they bury the process in red tape and administrative sclerosis.

That or back every losing scheme that sensible business has wisely ignored.

Then there's the conscription angle. Investors who lose money in high-risk ventures are volunteers. The government hoists its investment funds from smokers, drivers and low income tax payers.

Its not new money its money taken from one end of the economy and sunk into the other.

Much has been made of the schemes of Israel and Ireland where government investment has contributed to prosperity.

The handouts were other people's money, German mainly. Thats new money into the economy. At the first sign of ships in the harbour with handouts to business Brimson will be out in a rowboat with a glowing proposal rest assured.

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The other trouble with people from Wellington descending on the business community with the taxpayers cash is that it crowds out good ideas and pushes aside honest venture capitalists and steady investors.

How can you compete with someone who does not want equity in business or even high returns but simply wants pictures in the papers and short-term popularity?

Short answer, you can't.

The most drastic downside of the Government fairies cloud seeding businesses with the taxpayers money is that the business lose sight of the main player, the customer. (Brimson hesitates to use the word market as its so upsetting to the gentry).

The customer gets forgotten in the trample to please the new source of money.

More time is spent writing fancy proposals than testing the product or selling its benefits to the people who really matter - the buyers.

People start taking the wrong turn at the Airport.

Instead of the turning to the international terminal to get out there selling they go to the Wellington departure gate so they can talk with their new friends and bankers in the bureaucracy.

Its all been done before, done badly and with nothing to show for it.

They say there's a generational memory of about twenty years before you can drag out some daft idea that didn't work and get a parade out and beat the drums and pack it through the town again.

Must be that time again.

Hector Brimson