

## Conquering Canada's competitive ambivalence

JUDITH MAXWELL

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Red Wilson and his colleagues on the Competition Policy Review Panel are trying to shake Canadian business and governments at all levels out of their ambivalence about competition.

Their goal is to make Canadians more active and willing participants in competitive markets. What is missing, however, is a recommendation that would bring the provinces and the big cities into the front lines of the battle for competitiveness.

Politicians and business leaders talk the rhetoric of globalization and freer flows of trade, investment and people, but they do not walk the talk. Governments don't seem to believe they can have an impact on competitiveness and business gripes about government inaction.

Stacks of reports from think tanks and large-scale national conferences involving business and government are gathering dust, but the underlying mindset does not change. As a result, decisions do not treat competition as a driver of economic success.

The panel's critique of governments and business is not particularly new. But it does remind us how much both sides have been dragging their feet.

“Long-standing inaction” in the regulation-making process; the lack of business-university collaboration; internal barriers to trade that drive up costs and inhibit business opportunities; the unwillingness of five provinces to harmonize their sales taxes with the GST; serious deficiencies in venture capital available to support the growth of small and medium-sized businesses into robust competitors; and so on.

But the panel's strategy is different: “We wish to emphasize that competitiveness is a journey, not a destination,” says the panel report *Competing to Win* issued at the end of June. “Periodic reforms will not get us to where we need to be. ... Canada's policy improvement process must be ongoing and continuous.”

Thus, a lot of the 65 recommendations propose changes in the way decisions are made, the speed of decision making and regular reviews of existing rules and laws to keep them up to date in a rapidly changing global competitive context.

The cornerstone recommendation is to establish a competition watchdog called the Canadian Competitive Council – an independent voice to promote competition as one of the key forces which drives economic success. “A council that is free to speak out without being constrained by the bureaucratic or political ramifications of its work will be the most effective way to advance an agenda for a more competitive Canada,” the panel said.

The role of the council would be to speak truth to power on the basis of rigorous analysis. The panel says it must be able to control its agenda, set its priorities, and be free to foster national debate and dialogue. The council would report to Parliament and would be evaluated after five years.

Canada has several think tanks that focus on competitiveness, including the Conference Board of Canada, the Ontario Institute for Competitiveness and Prosperity and the Centre for the Study of Living Standards. For the most part, they address broad macro trends in productivity and costs, but they do not get to the cutting edge of policy decisions. The proposed council would look more at the micro and policy roots of competitiveness, examining particular policies or specific sectors, and benchmarking them to other countries.

This is all well and good. But independent councils can be abolished at the behest of a Prime Minister – witness the demise of the Economic Council of Canada. How long could this new council survive in today's climate where governments, especially the federal government, are determined to control the debate? More

important, what could be done to make it more effective and give it a better chance at survival?

First, as Red Wilson pointed out in an interview, the tone will be set by the first council chair. That person must be passionate about Canada's competitiveness, experienced in the pressures of the market place, and unencumbered by other loyalties.

Second, the council should be an institution advising all governments in Canada – not just the federal government. After all, competitiveness is a national issue. Every province has ministries for trade, economic development, industry, science and education, among the many departments that can impact on competition. And, as the panel acknowledges, the big cities are central to Canada's ability to nurture and develop Canadian-based global companies.

One model for this integrated approach is the Canadian Institute for Health Information. It works with Ottawa and the provinces, but not the cities. But the Competitiveness Council will need a far stronger mandate to comment on public policy than the one given to CIHI. By building relationships with provinces and the big cities, the council will strengthen its independence and improve its chances of survival.

The report was delivered to Industry Minister Jim Prentice (whose predecessor commissioned the panel). But, if the government is going to take competitiveness seriously, Mr. Prentice and the Prime Minister should take the proposal for the Canadian Competitiveness Council to the fall summit with the Premiers, inviting them to become co-sponsors of the council. They should also invite the mayors of the six largest cities to consider this role as well.

If this council is going to convince Canadians to overcome their collective ambivalence about competition, it will need a truly national mandate, with an outstanding chair as well as direct working relationships with Ottawa, the provinces and the six biggest cities.

*Ms. Maxwell is the former head of the Economic Council of Canada and Canadian Policy Research Networks.*