

Fractured Canada

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OTTAWA — Henry Kissinger, the former U.S. Secretary of State, once quipped that if he needed to discuss a global crisis with Europe, there was no single number to call.

His point: that while Europe wanted to be perceived as a single political entity, it was in reality a Hydra-headed beast made up of multiple jurisdictions with multiple masters.

In the three decades since, the countries of the European Union have largely solved this problem, agreeing to pool their sovereignty in key areas in order to present a more united front to the world.

The same cannot be said of Canada.

In this country, the provinces guard their powers jealously, seeing any attempt to forge a common approach as a power grab by Ottawa. It is this inability of the provinces to pull together for the common good that will prevent the talks Canada and the EU are expected to launch at their Quebec City summit Friday from resulting in anything resembling a free trade agreement.

Mexico signed a free trade deal with the EU in 2000. Chile followed suit in 2002. One is not in the cards for Canada. And while Prime Minister Stephen Harper and French President Nicolas Sarkozy, representing the EU, will likely speak in glowing terms about improving the economic partnership, the words "free trade" will not pass their lips.

If you are not a fan of free trade agreements to begin with, then that is all to the good. But keep in mind that the same hodge-podge of provincial laws and regulations that will frustrate an international deal also hamper the free movement of people, goods and services within Canada. Too often they are barriers erected to protect the most local of interests at the expense of everyone else.

The joint study The joint study Canada and the EU will release Friday on the costs and benefits of a closer economic partnership highlights quite a number of areas where the problem of multiple jurisdictions has held back bilateral trade and investment. All of the usual suspects are there, plus some new ones that aren't ordinarily addressed in terms of trade.

Pride of place goes to Canada's system of supply management for dairy, poultry and egg producers. While federal politicians constantly pledge to protect this system, it is in fact administered by individual provinces to protect their farmers from outside competition.

The federal government does its bit by keeping a lid on imports. As the report points out, cheese imports from abroad are limited to 20,412 tonnes a year. Once that quota has been met, any additional cheese is subject to a tariff of 245.6 per cent, making it so exorbitantly expensive that no one would buy it. A similar system exists for butter.

There are further restrictions related to dairy that the report does not deal with, but are worth mentioning here. They come from Robert Knox, who before he retired from the federal civil service worked for many years with the provinces trying to remove internal barriers to trade within Canada.

Butter mixed with canola oil made in Ontario cannot be sold in Quebec. A dairy in Nova Scotia cannot sell its milk in New Brunswick. And no Canadian company can create and sell a new beverage that combines skim milk with canola oil.

When Quebec finally yielded to pressure from the Western provinces last summer and removed its prohibition on margarine coloured to resemble butter, it was seen as a big step forward (or backward if you happened to be one of the Quebec dairy farmers who had fought to maintain that discriminatory law in the first place).

Yet many other barriers remain in this one sector. We are not just making it difficult for other countries to sell us their dairy products; we are making it difficult for ourselves.

Another familiar barrier in the report is the continued existence of 13 separate securities commissions instead of one national one in Canada.

"Separate laws and separate sets of fees apply for each of Canada's provinces and territories, with no mutual recognition agreements existing between them," says the report. "The obvious inefficiency of the situation is well-recognized in Canada, but, until addressed, continues to act as a major practical restriction for EU securities firms."

Jim Flaherty, the Finance Minister, has been beating his head against this wall for years, but we are no closer to having one national securities commission in Canada than we were when he started.

The recognition of professional credentials also makes an appearance. "A multitude of players are involved in the assessment of skills and credentials to recognize, certify, register and/or license applicants," says the report. "Few professional bodies or employers have systematic approaches to assessing or recognizing foreign credentials. Requirements and procedures vary by jurisdiction."

There are apparently more than 440 occupational regulatory bodies in Canada covering more than 100 occupations. If the EU wants a deal of mutual credential recognition, does it have to negotiate with all 440 of them?

We have all heard stories of the foreign doctors or engineers driving taxis because their credentials were not recognized in Canada. This is a waste of badly needed talent, which the federal and provincial governments have pledged to do something about.

In the meantime, something similar goes on within Canada. The Paramedics Association of Canada has an interesting calculator on its website for registered paramedics wanting to do the same job in another province. You put in what province you are from and where you want to move to and the calculator shows you what new tests you have to meet in order to work there. The provinces agreed last summer to have mutual recognition of credentials issued in Canada by the summer of 2009. It's not clear whether they will make it.

There are many more examples in the joint study of where multiple and often competing jurisdictions get in the way of reaching a comprehensive trade accord. Until Canada gets its own act together, the best we can hope for are modest improvements in the trade and investment relationship with the EU.

Currently, we are not even moving in the right direction. Mr. Harper believes in more decentralization, not less, a policy whose logical end is an even more fractured, fragmented Canada.

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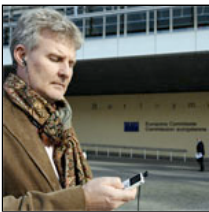
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