

Intelligence MEMOS



From: Michael J. Trebilcock
To: Canadians Concerned About Public Policy
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Re: **CRACKING CANADA'S POLICY SILOS**

Many of Canada's most pressing policy challenges entail significant interaction effects between policy domains, which for a federation like Canada poses major coordination hurdles.

These arise both vertically between levels of government and horizontally within levels of government that are often organized on a specialized basis with different ministries for different issues. These hurdles are most acute with respect to at least six polycentric issues that engage many policy domains.

And while various mechanisms already exist, they are typically neither publicly transparent enough nor broadly participatory enough to effectively face Canada's current challenges. That's why my colleague Edward Jacobucci and I have recently argued for a new approach.

First, however, here are six pressing areas of public policy (in no particular order), where Canada's performance has deteriorated in recent years.

1) Productivity

Canada now has one of the weakest productivity performances amongst major developed countries, which, if it continues, implies declining living standards for many Canadians. Improving our performance implicates a wide range of policy domains, both horizontally and vertically: Competition; foreign investment; tax; R&D; infrastructure; health and education; immigration.

2) Immigration

Canada has almost doubled its intake of new immigrants over the past decade or so and much more dramatically increased the annual intake of temporary workers, putting increased pressures on housing and healthcare, although Canada remains desperately short of skilled trade workers and healthcare workers. Barriers to recognition of foreign credentials and appropriate bridging or top up programs, which largely fall within provincial jurisdiction, are an urgent priority, as well as immigrant admission policies that focus on immigrants whose formal training and work experience are likely to raise the average productivity of the Canadian workforce, rather than short-run employer demand for often unskilled workers.

3) Healthcare

About 20 percent of Canadians now lack a primary care giver and measures beyond immigration are needed. Some provinces, including Ontario, are now commendably expanding privileging to nurses and pharmacists. Group family practices or clinics also need to be encouraged, maybe through alternative compensation arrangements, to take full advantage of the suite of these complementary service providers, rather than provinces endlessly demanding larger federal-provincial healthcare fiscal transfers.

4) Housing

Canada has had the steepest run-up in housing prices and rents of all OECD countries, which combined with escalating interest rates, has placed many people under severe financial stress and are a major barrier to first-time homebuyers. Federal, provincial, and municipal policies need to be coordinated to promote higher density housing, better public transit systems, and inducements for diffusion of populations beyond major urban centres.

5) Climate Change

Over the past several decades, Canada has committed itself to, and then missed or revoked, most of its major climate change commitments. The major policy instruments available include carbon taxes; cap and trade or quota systems; subsidies to sectors to adopt low admission technologies; or technology-forcing regulations, along with appropriate investments in infrastructure. These policies require major coordination both within and between levels of government. Instead, policy -making is rapidly degenerating into major conflicts between levels of government.

6) Foreign Policy

Foreign policy touches a vast array of policy domains, including defence, national security, trade policy, foreign investment policy, foreign aid policy, access to essential medicines, human rights and labour standards, immigration policy as it affects refugees and distressed immigrants (e.g. because of climate change). These issues often fall within the domain of different federal departments and often implicate issues under provincial jurisdiction. Coherent policies are crucially important in a multipolar world, especially given the looming prospects of a Trump reelection.

How to coordinate policy on these issues? There is no one answer, but by way of illustration rather than a generalized policy prescription, our current climate change policy paralysis could benefit from the long Canadian tradition of a commission of inquiry.

Headed by a notable public figure, with 10 or 12 members acting in their personal capacities and reflecting major regions and affected sectors, this commission could help cut the knot.

We envisage this commission, supported by a small but experienced multi-disciplinary team, being put on a tight timeline: three months to produce a short discussion paper outlining the major issues to be resolved, public submissions and consultations within six months, and an interim report within a year. While governments would be free to reject recommendations, they should be required to issue a reasoned public justification for such rejections. We see such a commission as providing a focused public forum for a national debate on climate change policy, which is currently sorely lacking. I and other colleagues have recently proposed comparable integration mechanisms with respect to immigration policy.

In the absence of such institutional innovations, we are not optimistic that Canada's deteriorating performance in many of the above areas can be effectively redressed.

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