

## **“Up Our Game, Canada” Module 6 Transcript: Summary and Analysis of Steven Globerman’s “The Growing Imperative to Create a More Integrated Internal Economy in Canada”**

### Slide 1

Welcome, everyone. I’m Prof. Ian Lee (AI), from Sprott School of Business at Carleton University Today, we embark on a journey to explore a transformative idea that speaks directly to the heart of Canadian innovation. We begin with the analysis of Steven Globerman’s proposal, 'The Growing Imperative to Create a More Integrated Internal Economy in Canada.'

Now, consider this: in a world where U.S. protectionism looms large, Globerman challenges us to rethink our internal strengths. He argues that by tearing down the barriers that impede interprovincial trade, investment, and labour mobility, Canada can safeguard its future and seize new opportunities.

In this discussion, we’re honoured to be joined by the insightful perspective of Prof. Tony Bailetti (AI) also from the Sprott School of Business. His expertise will guide us as we unpack these ideas with clarity and purpose.

So, as we step into this analysis, let’s reflect on the power of integrated ideas and prepare to discover how our united efforts can pave the way for a resilient and dynamic Canadian economy.

Let’s dive in.

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### Slide 2

Now, let’s focus on the heart of our discussion. Our purpose today is twofold. First, we’ll summarize Steven Globerman’s compelling paper, and second, we’ll explore both the benefits and the disadvantages of his proposal.

Imagine a Canada where the barriers between provinces—be it in trade, investment, or labor mobility—are lifted, paving the way for an economy that’s as unified as it is dynamic. Globerman’s vision is precisely that: a call to reduce our vulnerability to external pressures, notably U.S. protectionism, by embracing integration from within.

On one hand, this approach promises several benefits: enhanced interprovincial cooperation, increased economic resilience, and the potential for greater innovation through shared resources and opportunities. These are the building blocks of a robust national economy.

Yet, as with any transformative idea, there are challenges to consider. Removing long-standing barriers can invite complexities—regional disparities might widen, and the transition could be met with resistance from those wary of change. It’s a balance between bold progress and the caution needed to ensure no province feels left behind.

As we continue, let's keep in mind that every great change demands both vision and careful consideration. Together, we'll explore how these ideas might reshape our economic landscape, and what it takes to navigate the benefits and challenges of such an ambitious proposal.

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### Slide 3

Before we take further deep dive into the analysis, let's shift our focus to the visionary behind the proposal—Steven Globerman. Picture a man whose career is built on the foundations of deep insight and unwavering commitment to excellence. Steven Globerman is not just a name; he's a force in the realm of economic thought.

He currently serves as the Senior Fellow and Addington Chair in Measurement at the Fraser Institute—a role that speaks volumes about his expertise. His distinguished career has also seen him as a tenured professor at Simon Fraser University and York University, where he not only taught but inspired countless minds.

Globerman's contributions are as vast as they are impactful. He is the author of seminal works such as 'The Impacts of 9/11 on Canada-U.S. Trade' and a key textbook on international business management. With over 200 academic articles and monographs to his name, his scholarship has shaped discussions far beyond the classroom.

But his influence doesn't end there. He has lent his expertise to two Canadian Royal Commissions on the economy and served as a research advisor to Investment Canada on foreign direct investment. His academic journey is equally impressive—holding a B.A. in Economics from Brooklyn College, an M.A. in Economics from the University of California, Los Angeles, and a Ph.D. in Economics from New York University.

Each milestone in Globerman's career is a reminder that great ideas are built on a foundation of rigorous thought and persistent inquiry. As we move forward, let his remarkable journey inspire us to seek wisdom and take bold steps in our own pursuits.

Now, let's continue this exploration with a clear vision and the determination to understand how these profound ideas can shape our economic future.

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### Slide 4

In 'The Growing Imperative to Create a More Integrated Internal Economy in Canada,' Globerman lays out a blueprint built on four pivotal components.

First, he calls for the **elimination of interprovincial trade barriers**—a bold step to dismantle the walls that have long separated our provinces.

Second, he advocates for **leveraging existing trade agreements**. By capitalizing on these established frameworks, Canada can harness their full potential, fostering growth from within.

Third, Globerman emphasizes the need to **implement mutual recognition**. This idea invites provinces to honor each other's standards and achievements, creating a more cohesive and reliable economic landscape.

And finally, he encourages **provincial cooperation**. In uniting our efforts, each province contributes to a stronger, more resilient national economy.

Together, these four components form the backbone of a proposal aimed at reimagining Canada's internal economic framework—a vision that calls us to think boldly about integration and progress.

As we transition to the next section, let's keep these four key elements in mind, for they are the stepping stones to a more unified and prosperous future.

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#### Slide 5

Let's now zoom in on the first cornerstone of Globerman's vision—eliminating interprovincial trade barriers. Imagine a Canada where the legal and regulatory hurdles that have long held us back are lifted. By reducing these restrictions, we not only smooth the flow of trade, investment, and labor between provinces, but we also ignite the spark of a more dynamic economy.

Consider the current discrepancies in product standards, occupational licensing, and government procurement rules. Each inconsistency is like a small dam, limiting our collective potential. By addressing these gaps, we open the door to a freer exchange of ideas, goods, and talent across every province.

This bold step is about more than just policy; it's a call for unity—a shared commitment to progress that strengthens the entire nation. As we clear these obstacles, we build the foundation for an integrated and resilient Canadian economy.

Now, with this clear understanding of how eliminating barriers can empower us, let's prepare to explore the next element of this transformative proposal

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#### Slide 6

Now, let's turn our attention to the second key element—leveraging our existing trade agreements. Think of these agreements as the solid bridges already connecting our provinces and territories.

First, we have the **Canadian Free Trade Agreement**, or CFTA. This agreement is the backbone of our national unity, linking every province and territory under one economic umbrella. By strengthening the CFTA, we fortify these bonds, ensuring that our collective strength is harnessed for mutual prosperity.

Next, consider the **New West Partnership Trade Agreement**, the NWPTA. Currently, it binds British Columbia, Alberta, Saskatchewan, and Manitoba in a shared vision of progress. Imagine if we expanded and deepened these ties—transforming this regional pact into a powerhouse of economic collaboration and innovation.

By leveraging these existing frameworks, we not only build upon our proven strengths but also set the stage for a more dynamic, interconnected economy. Each agreement is a stepping stone on our path to a resilient and integrated Canada.

As we move forward, let's carry this vision of unity and growth into the next phase of our discussion.

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#### Slide 7

Let's explore the third pillar: Implement Mutual Recognition. Picture this—a world where goods and services approved in one province gain instant credibility in every province across Canada. It's a simple yet powerful idea.

By establishing this policy, we eliminate unnecessary duplication in regulatory compliance. Businesses no longer face the burden of re-certification for each new market. Instead, they can expand confidently, knowing that their approved standards carry national weight.

This isn't just about reducing paperwork—it's about creating a seamless, integrated marketplace that empowers innovation and drives growth. As we embrace mutual recognition, we take another significant step toward a more connected and dynamic Canadian economy. Now, let's continue our journey and see how this integrated approach unfolds further.

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#### Slide 8

Now, we arrive at the final pillar of Globerman's proposal: Encouraging Provincial Cooperation. This step is about building bridges, uniting our regions to create a stronger, more cohesive economic fabric.

Imagine the transformative impact if the Atlantic Provinces and Ontario were to join the New West Partnership Trade Agreement. This move would not only broaden the scope of internal trade integration but also strengthen the collaborative spirit that drives our national progress.

At the same time, it's vital that we address the sectoral exceptions that currently constrain our growth under the Canadian Free Trade Agreement—exceptions in healthcare, financial services, and public procurement. By overcoming these limitations, we clear the way for a more fluid and dynamic exchange of goods, services, and ideas across all provinces.

This call for cooperation is more than just policy; it's a vision for a united future where every province contributes to and benefits from a shared prosperity. With these integrated steps, we lay the groundwork for a resilient, innovative, and truly unified Canadian economy.

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#### Slide 9

Let's now transition to a deeper analysis of Globerman's proposal—a proposal that stands as a robust, economically sound strategy to shield our nation from the challenges of U.S. protectionism.

Consider this: by weaving a more integrated Canadian economy, we unlock a realm where businesses and workers alike can enjoy the fruits of lower costs, enhanced mobility, and broader market access. It's a vision where the barriers of isolation give way to the bridges of opportunity, inviting us to prosper together.

Yet, as we know, every transformative idea must face its share of obstacles. Political resistance and regulatory challenges loom on the horizon. While the economic case for internal trade liberalization is compelling, we must also acknowledge that some provinces are understandably hesitant to cede control over key sectors.

This resistance reminds us that change, no matter how visionary, must be met with both perseverance and practical strategy. As we analyze these forces, let us remember: true progress is born from the courage to confront and overcome the barriers that stand in our way.

Let this thoughtful analysis guide us as we move forward—reminding us that in the face of adversity, the potential for unity and growth remains our greatest asset.

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Slides 10 - 11

Now, let's turn our attention to how this visionary proposal translates into tangible benefits for Canada.

**First, Economic Growth and Efficiency:**

Imagine the impact of removing interprovincial trade barriers—a move that could boost Canada's GDP by as much as 4%. This isn't just a number; it represents lower business costs and a surge in productivity. Reduced trade costs in finance, transportation, and services could channel billions into our economy, igniting growth and innovation.

**We then look to reduced Dependence on U.S. Trade:**

By integrating our domestic market, we lessen our vulnerability to U.S. tariff risks. In a climate of rising protectionism, this strategy not only creates alternative revenue streams for businesses but also secures our economic independence.

**Third, Enhanced Labor Mobility:**

When we harmonize occupational licensing standards, we empower workers to move seamlessly between provinces, effectively addressing regional labor shortages. Easier credential recognition opens the door for more skilled professionals to fill critical gaps, fueling a more dynamic workforce.

**Additionally, we would consider lowering Costs for Businesses and Consumers:**

Regulatory harmonization cuts down on compliance costs, enabling businesses to expand effortlessly across provinces. For consumers, this means access to a broader array of goods and services at lower prices—a win-win that energizes the market.

**Finally, Stronger Bargaining Power in International Trade:**

A unified domestic market strengthens Canada's position on the global stage. With a consolidated

economic front, we gain a formidable edge in negotiating international trade deals, ensuring our nation stands tall in global markets.

Each of these points builds a compelling case for a more integrated, resilient Canada—a nation ready to seize opportunity and drive prosperity from within.

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#### Slides 12 – 13

Let's now pause and consider the challenges that accompany this ambitious vision—a reminder that every transformative idea carries its own set of hurdles.

First, there is **political resistance from provinces**. Some regions may oppose the harmonization of regulations, fearing a loss of their cherished autonomy. Quebec, with its strong provincial protections, stands as a prime example where full integration might be particularly challenging.

Next, we face **challenges in implementing mutual recognition**. While the idea is to streamline and simplify, certain industries—such as healthcare, financial services, and agriculture—possess unique, localized regulations. These exceptions, embedded within the CFTA and NWPTA, create legal complexities that could slow down the process of integration.

We must also consider the **potential for unequal economic gains**. Smaller provinces like Prince Edward Island and Newfoundland might reap greater benefits from interprovincial integration than larger provinces such as Ontario and Alberta. This disparity could breed reluctance among larger provinces, should they perceive limited advantages.

Lastly, there's the issue of **loss of provincial control over economic policy**. Provinces have long enjoyed the freedom to set their own labor laws and industry regulations. Moving toward a fully integrated internal market may require them to give up a degree of this control—a change that is sure to be met with political contention.

In examining these weaknesses, we remind ourselves that progress is rarely without its obstacles. Recognizing these challenges is the first step toward addressing them, ensuring that our journey toward a more unified Canadian economy is both thoughtful and inclusive.

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#### Closing

As we stand at the crossroads of opportunity, remember this: an integrated economy isn't just a concept—it's our shield against U.S. protectionism, a pathway to a resilient future. Yes, challenges exist, but when we implement these ideas strategically, the benefits far outweigh the obstacles. And let's not forget, the heartbeat of this vision is provincial cooperation. It is only by uniting our provinces that we can transform our economy and our nation.

Today, I call on each one of us to embrace this challenge. Let's turn vision into action, and together, build a Canada that is stronger, more innovative, and united for the future. Let's get to work!