COMPARING ECONOMIC UNION REFORM: CANADA, AUSTRALIA AND THE EUROPEAN UNION

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COMPARING ECONOMIC UNION REFORM

- The Role of Economic Unions in Federations
- Globalization and the Need for Reform
- European Union as Model
- Comparing Australia and Canada
- New Market Rules and Intergovernmental Decision-Making for federations

THE ROLE OF ECONOMIC UNIONS

- Institutions for “negative” and “positive” integration
- Norms of economic citizenship
- Trade-offs: integration vs diversity, efficiency vs equity

THE NEED FOR REFORM

- Regional and global economic integration
- Canada and Australia: Institutions and rules designed in 19th century
- Internal barriers become international irritants
- National competitiveness requires more national integration

EUROPEAN MODEL

Internal Market Reforms, 1986 - 1992
- Non-discrimination, National treatment, Mutual Recognition, Minimum approximation
- Over 300 directives passed

Political integration process
- Single European Act
- Council of Ministers with qualified majority voting
- Legal enforcement by Court of Justice
COMPARING CONTEXTS: CANADA AND AUSTRALIA

Canada: concentrated market integration (one big trading partner dominates rules)
- domestic adjustment strategy: free trade

Australia: diffuse market integration (many small trading partners, weak regional institutions)
- domestic adjustment strategy: competition policy

COMPARING BARRIERS TO ECONOMIC INTEGRATION

Canada:
- weak free trade clause in Constitution
- federal powers for banking, railways, product standards, international trade
- Key gaps: procurement, agriculture, beer, energy pricing, occupations, subsidies

Australia:
- stronger free trade clause in Constitution
- Federal powers for trade, corporations, labour arbitration, securities
- Key gaps: product standards, restricted competition in utilities and transport, occupations

CANADA'S REFORM VIA FREE TRADE

Dynamics:
- Easier to get agreement in bigger deals
- Increases pressure to make progress at home
- North-south vs. east-west: a new urgency

Results:
- FTA 1989: services, investment, monopolies, wine
- NAFTA 1995: financial services, investment, labour and environment standards
- WTO 1995: procurement, beer, telcos, occupations, services, subsidies
AUSTRALIA’S MICROECONOMIC REFORM AGENDA

- National Competition Policy
- Mutual Recognition of Product Standards, Occupations
- New national standards: food, financial services
- National railways infrastructure
- Creating a national market in electricity, gas and water
- Performance benchmarking for public enterprises and government services

AUSTRALIA’S REFORM OF INTERGOVERNMENTAL RELATIONS

- Council of Australian Governments
- Rationalization of Ministerial Councils
- Ministerial Councils with voting rules and regulatory mandates
- Uniform legislation schemes
- New joint national agencies

CANADA’S AIT

- international/ domestic hybrid
- 18 chapters similar to FTA
- general rules vs sectoral rules
- voluntary mutual recognition
- non-binding dispute settlement
- weak political oversight
- consensus decision-making only

COMPARING ECONOMIC UNION REFORMS
(Note: lower case denotes partial achievement only).

- mobility guarantee: C A EU
- product standards: C A EU
- common competition rules: C A EU
- government procurement: C a eu
- subsidies: c eu
- occupational standards: C A eu
COMPARING CAPACITY FOR CO-DECISION
(Note: lower case denotes partial achievement only).

- Qualified majority voting: A EU
- Legally binding enforcement: A EU
- Mandatory mutual recognition: c A EU
- National (= joint) institutions for consensus-building: c A EU

CONCLUSIONS

- Integration in Canada and Australia now deeper than in European Union.
- Canada’s AIT is comprehensive but with flawed institutions.
- Australia’s approach to competition reform worth considering.
- Australia ahead of game in capacity for intergovernmental co-decision.