

# **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 19<sup>th</sup> 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, telcoms, 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.