

Intelligence MEMOS



From: Benjamin Dachis
To: The Right Honourable Justin Trudeau, Prime Minister of Canada
Date: August 16, 2023
Re: **WHY NOT A MINISTER OF COMPETITION?**

The government's 23-move cabinet shuffle last month missed out on one sensible extra move. As a major review of Canada's competition policy continues, it's a good time to highlight competition's crucial importance in the economy by giving it its very own minister. An effective and dedicated competition minister might actually raise Canadians' incomes by thousands of dollars a year.

At the moment, competition policy is the responsibility of the minister of innovation, science and industry – currently [François-Philippe Champagne](#) – one of only seven unshuffled ministers. Many think Mr. Champagne has been effective in executing government priorities. But his portfolio is vast and it would be better if advocacy for competition and oversight of its enforcement by the Competition Bureau were given to a new minister of competition, who could also more easily stickhandle future reforms.

The Bureau's enforcement role would need to remain independent but the new minister could oversee its priority-setting, budget and [performance management](#) and also have the power to direct it to initiate market studies. Giving the minister this role could allay concerns about enhanced market-study powers leading to [Bureau overreach](#). A minister, representing the government and accountable to voters, would authorize such studies and set boundaries and terms of reference. Minister-initiated studies, which occur in [New Zealand](#), could come with a pre-consultation requirement with the Bureau to ensure appropriateness of the study and the resources needed.

Even more importantly, the minister would have a key job at the cabinet table: to be an advocate for consumers and take the most pro-competitive approach on every policy his or her colleagues introduced. This is best done by a person explicitly responsible for competition and therefore held accountable by the media and the public. When cabinet – or, to be realistic, the Prime Minister's Office – decide against the most competitive approach, this minister would have to explain why. A minister in this role would tie the government to the mast when considering anti-competitive action. When options that are clearly more competitive options are passed over, the minister of competition would face tough press questions that might change government behaviour. Finally, if competition reform languished, questions would emerge about the minister's effectiveness.

A minister for competition is an extension of suggestions from the Competition Bureau itself, past expert advice to government, and international practice. Australia has recently appointed an [assistant minister of competition](#). And the Bureau has [suggested](#) that governments assess both existing and new policies through a competition lens. That would be a useful start, even if such assessments risk becoming but one more skimmed page on already lengthy box-checking cabinet submissions that ministers and staff may or may not read or internalize. The 2008 [Compete to Win](#) panel suggested more institutional importance for competition advocacy. A similar option would be to create an independent parliamentary competition officer – though only to call out government behaviour after it had happened. There needs to be a whole-of-government focus on competition within the government.

How might this structure have played out in past debates? In 2019, Ottawa [passed legislation](#) to allow the minister of transport to unilaterally reject the views of the Competition Bureau in merger cases. A minister of competition could have tried to stop that. He or she could also have promoted competitive measures in areas as varied as [pharmaceutical policy](#), supply management or [open banking](#). There is no end of policies where keeping the playing field level needs a strong advocate against the endless lobbying as one group or another in society tries to tilt competition in its favour.

An advocate for competition with a clear mandate to promote competition at the cabinet table could tackle these issues better than a minister of industry whose purview includes responsibility for sectors, like telecom, that have significant competition issues. The debate on how much to shelter such industries from competition for industrial policy purposes should not take place inside one minister's brain. It should be fought out at the cabinet table, with a strong advocate for competition going up against those who would hand out protectionist favours.

This new minister could be the chair of a cabinet committee in which competition-relevant proposals would come through.

But the main reason to create another minister is that raising the government's and the public's focus on competition could increase Canadians' well-being. We are among the [world's worst performers](#) on barriers to entry, whether to domestic or [foreign](#) would-be competitors, and government involvement in business operations. A minister for competition – an inside advocate for competition – would help tackle the anti-competitive [conduct](#) sanctioned by governments.

Australia embarked on ambitious competition reforms during the 1990s. Its Productivity Commission has [estimated](#) they increased annual GDP by at least 2.5 per cent. If greater competition had the same effect in this country, that would amount to about \$4,400 in higher average incomes year after year. A Canadian minister who helped achieve that would be a very popular person.

It's not too late for a shuffle postscript.

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