

STUDENT ESSAY CONTEST

JIM HUME MEMORIAL STUDENT ESSAY CONTEST 2010/11 WINNERS



CanadaWest
FOUNDATION

Without a Leg to Stand On

Health Care Reform & Lessons from China's Dual-Track Policy

In an incident reported nationwide in March 2011, emergency room patients at the Royal Columbian Hospital in British Columbia were treated in the hospital's Tim Hortons as emergency beds overflowed. Though this episode was due to a particularly busy day, there are in fact deep systemic problems responsible for the declining quality of health care in western Canada.

Rising costs and government and public opposition to change have led to the antiquation of our system of health care. And although it was an isolated incident, the Tim Hortons debacle painfully illustrates the reality that many concerned citizens, politicians and commentators have been pointing out for years: if western Canada is to maintain its reputation as a great place to live, health care must be reformed.

Health care has long been viewed as the most popular public program in Canada (Simpson 2010); Canadians feel more strongly about the health care system than perhaps any other issue. Moreover, publically-funded health care is tied closely to our national identity and differentiates us from our American neighbours like few other institutions. Indeed, "in 2005, 85% of Canadians believed that 'eliminating public health care' represented a 'fundamental change to the nature of Canada'" (Soroka 2007). Health care figures consistently in discussions of what makes Canada a great place to live.

Yet in many ways our prized health care system is in dire need of reform. Recently, costs to the provinces have begun to increase dramatically, growing faster than tax revenues or federal transfers. Accounting for around 45% of provincial spending, health care costs will almost certainly claim over half of spending in the coming decades, crowding out other areas such as education and infrastructure (Simpson 2010). Alongside this is a decline in the quality of health care nationwide that is both perceived and real. Over 60% of Canadians are "very concerned" with the standard of health care, while wait times have increased (Soroka 2007). And the situation does not promise to improve anytime soon: the first of the baby boomers are reaching the retirement age of 65. With those older than 65 consuming 44% of health care dollars, the retirement of a generation as large as the boomers means much greater stress on the system in years to come (Canadian Institute for Health Information 2010).

Politicians have been aware of the problems facing the health care system for years, but attempts at reform have been derailed, paradoxically, by its importance and popularity. Canadians are loathe to fundamentally change an institution so dear to the national identity. In addition, new taxation methods and user fees are unpopular, meaning there has been political deadlock on significant reform; the solution so far has been to spend more and cut other services. But ultimately, this is unsustainable as was recently illustrated by events such as the Tim Hortons incident. But what can be done to break the deadlock?

The answer may be found in China's dual-track system of economic reform. In 1981, the leaders of the ruling Communist Party became disturbed by weaknesses in the state-directed planned economy and wanted to introduce market-oriented elements. Their "dual-track" solution involved preserving the planned economy in its exact form while allowing a new, market-oriented economy to evolve alongside it. This created a slow "reform without losers," ensuring those who benefitted from the previous system continued benefitting while introducing new initiatives. Since reforms started, the private sector has grown to 70% of GDP, while contributing to China's rise from ninth-to second-biggest economy in the world (Engardio 2005).

A similar approach may work in Canada's case. Although we are concerned with health reform, not economic reform, the principle of the dual-track framework is nonetheless applicable; current spending and programs could be frozen in place while a new system is gradually implemented. Be it a greater emphasis on private delivery of health services, new taxes or service cuts, whatever new reform is chosen would be applied at the margin of the existing system. This would ensure greater public support and lessen political obstacles to reform. Currently, there is debate at the federal and provincial level on health care reform, adding to the difficulty of implementing it. With a dual-track structure, however, western Canadian provinces would be able to pursue a new system while maintaining old commitments.

Significantly, the nature of the new system is not as important as change itself. Realistically a change to the health care structure would take years to implement and vary from province to province—yet in essence any of the reform options currently considered would be better and more sustainable than the status quo. The greatest dilemma facing health care in Canada today is a lack of action; the greatest strength of dual-track reform is immediate action.

Western Canadians enjoy some of the highest living standards in the world, in part due to timely access to high-quality medical care. However, rising costs and the demands posed by an aging population threaten one of our most important and cherished institutions. If we use China's dual-track economic policy as a model, health care in western Canada could once again be restored to the heights envisioned by Tommy Douglas more than half a century ago. If not, it may be left without a leg to stand on.

Felim Donnelly is in his fifth year of an undergraduate degree majoring in International Relations with a minor in French. He studies at the University of British Columbia where he is President of the International Relations Students Association, a globally-focused student-led organization. He plans on pursuing further education after completing his undergraduate degree.

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It's the Little Things That Count

The Role of Municipalities in Canadian Governance

Many citizens living in Canada today remember the grand ceremony of the 1982 repatriation of the Constitution; they can still hear the echoes of lofty rhetoric reverberating through the intervening years. They remember the trials of the following decades, the heart-wrenching solemnity of a single feather laid down on a desk in the Manitoba legislature and the collective breath held by a nation waiting for referendum results just five years later. These images are iconic elements in our national history; however, all the political drama and weighty discussion in the world does not get a citizen's garbage collected on time each week. Something as mundane as garbage collection may seem insignificant compared to these momentous events, but it is banal tasks such as garbage collection and water treatment that most directly impact citizens' daily lives.

As the often-overlooked participants in Canadian government, municipalities provide services directly to citizens, keeping the country and the economy running in a thousand different ways. They provide infrastructure to cultivate and sustain growth, which is essential to cities' continued vitality. This continuous growth is in turn a key element in regional and national economic competitiveness. In order to ensure that the West remains a great place to live in the future, we must make sure that our elected governments at every level have the ability to fulfill their responsibilities effectively and legitimately. To achieve this we must enhance an existing precedent of enacting provincial legislation to strengthen the legal status and fiscal capacity of municipalities.

Municipalities count among their responsibilities water and sewage treatment, waste management, garbage collection and infrastructure. These responsibilities are expensive compared to municipalities' fiscal capacity, which mainly stems from property taxes and provincial grants, which can be conditional or unconditional but have been declining in recent decades (Stevenson and Gilbert 2005). Consider a recent policy change emanating from the Calgary City Council approving a partial transfer of infrastructure costs onto developers. The City Council increased the cost of development in order to "deal with mounting debt loads," explained Calgary Mayor Naheed Nenshi. The only viable option in this situation is to pass some of the infrastructure cost onto developers and ultimately onto homeowners. Developers blame the province, not municipalities "burdened with huge infrastructure costs but with little power to do anything about them" (Global Calgary 2011). This issue is not confined to Calgary; it is an endemic problem that municipalities shoulder an increasingly heavy burden without gaining commensurate fiscal capacity.

Urban development and maintenance is vital to ensuring western Canada's place in the 21st century. In the past, national economic competitiveness was measured and defined broadly, but it is recognized today that national competitiveness depends on the success of local economies (Bakvis *et al.* 2009). Municipal governments play a critical role in local economies,

providing the basic building blocks of commerce in their stewardship of infrastructure. The West depends on effective municipal governance in order to be successful. This is a heavy burden for a constitutionally unrecognised level of government. However, there is room for progress, as tentative steps have been taken in both British Columbia and Alberta.

Alberta's *Municipal Government Act* reflects a substantial effort at reforming the provincial-municipal relationship as it broadly defines municipal powers while giving more tax room to generate revenue (Bakvis *et al.* 2009). The *Act* officially recognizes municipalities' value and purpose (Government of Alberta 2010). Provincial recognition is crucial, as the inferior legal status of municipalities often precludes the possibility of innovation from the bottom of the pyramid. Attempts by the Federation of Canadian Municipalities to change the constitutional standing of municipalities have proven fruitless (Stevenson and Gilbert 2005); the only viable solution is statutory action on the part of the provinces.

BC's *Local Government Act* also makes strides toward more effective municipal government by providing a more formalised legal framework for local governance (Government of BC 2010). Giving municipalities more power and, most importantly, more fiscal capacity is necessary to ensure the continued vitality of western Canada's urban centres, thus western Canada as a whole. Provincial governments must act. Each province needs a robust statutory regime to enable local government to perform its vital role.

Municipalities are indispensable constituent elements of governance in western Canada. They enhance the region beyond their borders, providing the requisite elements to thrive in a dynamic system. Municipalities must be able to function at the highest level to ensure continued growth and vitality, but this will not be possible without statutory acknowledgement of their responsibilities and powers. It is easy to get lost in the rhetoric of political ideologies and lose sight of the basic services in which all other activity depends, but that is a mistake. Western Canada is made up of ordinary citizens who go about their daily lives, worrying about traffic jams on the way home from work or remembering to take out the trash on Thursdays. Municipalities give those ordinary citizens the ability to continue fulfilling their responsibilities as members of a larger whole, and give them a voice in the level of government that most directly impacts their lives. Considering this invaluable role, it would be folly to allow the status quo of local governance to remain untouched. We must improve the foundation of our system to ensure the continued vitality of all other aspects of western Canada.

Kimberly Macnab studied Political Science at the University of Calgary. She has a specific interest in Canadian institutions and political processes. She will be attending the University of Victoria this fall to study law.

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Mind the Gap

Discussing the Relationship Between University Education & Workplace Innovation

The idea of greatness, especially when considering a place to live, is undoubtedly bound to the citizenry of that place. Greatness and success is not something that can be preordained by a government. Instead, it depends in large part on the people themselves (Lynch 2006). Therefore, if the Canadian West is to remain a great place to live throughout the 21st century, it will be due to the fact that its people, entrepreneurs and innovators have continued to make it so. This conclusion begs the question of what western Canadians can do to encourage and enable the West to better develop the fruits of their labour in a broader marketplace, where their ideas will benefit western Canada as a whole.

With the increasing level of economic and social interconnectedness throughout the world, the most important competitive assets of a society are the skills and cumulative learning of its people (Reich 1990). Such acquired aptitudes conceptualize what has been called human capital. Inherent in the concept of human capital is the idea that knowledge, education and training are important economic investments to be made by a society. Only when individuals, organizations and societies use their human capital in the best way possible will they attain the largest returns on their investment in the form of workplace innovation and progress (Alexander 1997; Axtell 1998). Although Canada is a highly educated country, as shown by the large proportion of people having a university level education, it is actually falling short of its innovative potential (Munroe-Blum and MacKinnon 2009; Stanley 2007). Investments in education are not producing the innovative returns that are essential to improving quality of life as effectively as possible. A wide gap exists between university education and workplace innovation which must be addressed going forward. If the West is to remain a great place to live in the 21st century, an important goal western Canadians must focus upon is reducing this gap, thereby letting innovation flow more easily.

One way to help bridge the gap between pure academia and the workplace is to restructure the way knowledge and subsequent innovation is created in western Canada. Currently, universities develop a tremendous amount of fundamental research in a multitude of fields. However, applied research that is conducted for the creation of a specific end or product is less of a priority or ignored altogether (Holloway 2004). The formation of stronger linkages between universities and the outside community, made up of businesses, technology firms, and others, will go a long way to expedite the research process to the point where returns on educational investment are realized more quickly.

This proposed change is not radical or revolutionary. Steps have already been taken in this direction by some western universities. For example, the University of Calgary has created University Technologies International (UTI). UTI is a corporation dedicated to marketing and commercializing innovations made possible by university level research (University Technologies International 2006). In doing so, the corporation's entire nature is based on reducing the gap between academics and outside actors.

Due to the importance of industry and education in the West, western provincial governments can also become involved in closing the gap in an effective and efficient manner. They can focus on creating and supporting programs and organizations that facilitate collaboration between academia and entrepreneurs. One such organization is the British Columbia Innovation Council (BCIC). Formed by the Government of British Columbia, the BCIC facilitates partnerships between academia and industry to solve real world problems through applied research (British Columbia Innovation Council 2010; Hein 2011). If like-minded organizations can become more prevalent throughout the West, they will, over time, greatly help the flow of innovation.

While the above approaches will help streamline the innovation process for those already of working age, the development of future talent in a similar environment will also be crucial going forward. With this in mind, western provincial governments should earmark a portion of funding for universities for the creation or continued development of co-op programs. The money that these programs receive comes from the universities themselves, with their budgets already stretched thin (Holloway, 2004). Such a condition is unfortunate and should be remedied by western governments. Providing a bridge between the workplace and academia, co-op programs are designed to combine student academics with relevant paid work experience within a student's term at university. These programs allow students to directly impact applied research and bring new ideas and enthusiasm to the workplace, while spending a term working for an organization involved in their particular area of study. Students benefit by gaining educational understanding and workplace skills simultaneously through experiential learning. Furthermore, students have the opportunity to develop their own networking skills and, having worked in their field of study, may find it easier to obtain employment upon graduation (Canadian Association for Co-operative Education). If Western governments are looking to ensure the West remains a great place to live far into the future, ensuring that today's students have the best opportunity to prepare for the rest of their lives should be high on the list of priorities.

If implemented, these strategies will make great progress toward closing the gap between academia, where much fundamental research takes place, and the workplace, where many specific innovations are created. However, the gap will not close overnight. This makes vision and patience imperative for western Canadians. If they accept these strategies and take leadership to implement them effectively, western Canadians will more fully reap the rewards of their hard work and educational development. What could make the West a greater place to live in than that?

Michael Saunders is in his fourth year of an undergraduate honours degree majoring in Political Science at the University of Calgary. He is currently writing his undergraduate honours thesis on the topic of the Canadian judicial system and judicial policy. He plans on one day attending law school.

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STUDENT ESSAY CONTEST

The fifth annual Jim Hume Memorial Student Essay Contest invited students attending western Canadian post-secondary institutions to write an essay in response to the following question:

“What is the most important thing western Canadians need to do to ensure that the West remains a great place to live in the 21st Century?”

A \$5,000 cash prize for the best essay, a \$3,000 cash prize for the second best essay and a \$2,000 cash prize for the third best essay were offered as an incentive to participate.

The Canada West Foundation extends its thanks to the over 170 students from across the region who submitted essays.

The Canada West Foundation congratulates **Felim Donnelly** of the University of British Columbia for writing the winning essay. Congratulations are also due to **Kimberly Macnab** of the University of Victoria for writing the second prize essay and to **Michael Saunders** of the University of Calgary for writing the third prize essay.

Funding for the Jim Hume Student Essay Contest has been provided by Sheila O'Brien and Kevin Peterson.

ABOUT JIM HUME

James Borden (“Jim”) Hume was an ardent supporter of the Canada West Foundation. He served on the Foundation’s Board from 1995 until his death in 2009, and through the Kahanoff Foundation was involved in many of our major projects spanning natural capital, regional economic development, the nonprofit sector and gambling policy.

He believed that a strong public policy voice from western Canada was of benefit to all Canadians and that a prosperous West had both the opportunity and obligation for constructive national leadership. Jim’s infectious optimism shaped his outlook on western Canada and his contributions to the Canada West Foundation.

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