



## Coordinated Policy is the New “Must Have”

It's the first lesson parents try to teach their children on the playground: play nicely with others!

Last month in Montreal, at the Economic Forum of the Americas, the heavy hitters of the global financial community had that same strong message for politicians around the world.

Dominique Strauss-Kahn, managing director of the International Monetary Fund, was particularly forceful in driving home the need for cooperation. In his judgment, it is absolutely essential that governments and global institutions continue to work collaboratively. Recent benefits of this approach have been obvious — national governments have worked in a coordinated way to increase stimulus spending programs, and central banks around the globe have acted to bring down interest rates and pump up the credit markets.

“One of the amazing points of this crisis was the level of cooperation,” said Strauss-Kahn. “When the crisis is behind us, will that co-operation last? Or will governments go back home saying, ‘We worked together, we needed a consensus on which should be done, but now with the crisis behind us, let us have our own domestic solution for our own domestic problem?’”

Can we keep it up? World Bank president Robert Zoellick, also in Montreal for the economic forum in June, says one thing could get in the way of global economic recovery.

“[Protectionism] is a low-grade fever at present, it hasn't been full influenza, but if it does increase with

rising unemployment, that is the type of thing that could really set you back,” he said.

The rise of protectionism and the breakdown of cooperation are cropping up most troublingly in the US government's “Buy American” legislation. Canadian manufacturers are not only suffering lost market access, but they're also getting lost in the shuffle of confusion over what the legislation actually allows. The wording in the bill is vague, and apparently many distributors and construction companies are making up their own rules as they go along. Whither NAFTA, indeed!

The question of interjurisdictional cooperation extends beyond Canada and the US, or even the G20. The question applies just as easily to Canadian provinces.

Interprovincial trade barriers within Canada have become a national joke, an embarrassment that often makes it easier for a homegrown company to trade or do business in the US than to operate in or with another Canadian province.

Progress has been made, to be sure. The Trade, Investment and Labour Mobility Agreement (TILMA) between Alberta and British Columbia went into effect earlier this spring. It is still not an entirely borderless market between the two westernmost provinces, but it does go a long way in creating the second-largest trading area within Canada (second only to Ontario). It is a model of interprovin-

cial cooperation for other provinces to copy — or, better yet, to join.

Municipalities, universities, counties, unions and the private sector are far too often consumed with only their own interests, too. That is normal —there is nothing evil or morally depraved about looking out for a community's own interests. We elect and appoint leaders based on their ability to do just that.

But in the post-financial-meltdown period from which we are now only slowly emerging, there needs to be a profound shift in attitude away from us-versus-them to us-them-and-we. It is not just the Buy American bill that should trouble us, but also the lack of long-term cooperation and coordination within our own country, provinces, and cities.

Is it too idealistic to think that global decision-makers will take a higher road of cooperation, particularly in these very fragile economic times when self-preservation instincts are so strong? Is it naive to expect governments to join in a chorus of “Kumbaya” when so many of them are fighting simply to get re-elected?

Perhaps. But as the feeble economy is starting to emerge from the worst recession our generation has ever known, a new era of cooperation and coordination just isn't optional.

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