

**Western Centre for Economic Research
Faculty of Business**

Annual Report

January 1, 2010 – March 31, 2011



Western Centre for
Economic Research



University of Alberta

Contents

The Western Centre for Economic Research (WCER)	1
Background on the Western Centre for Economic Research.....	2
Information Bulletins	3
Small Research Grants	4
Dr. Mel McMillan, Department of Economics.....	4
Brad Humphreys, Department of Economics.....	4
CN Canada-US Trade Relations Forums	5
Globalization, Geopolitics, and the Shifting Sands of Trade Policy	5
Should Canada, Mexico, and the United States Replace Two Dysfunctional Bilateral Relationships with a North America Community?	5
Canada-India: The Future of Business and Global Politics.....	5
Canada’s International Trade Agenda: Alberta’s Interest and Influence	5
Canada’s Climate Change Policy.....	6
Projects	7
Alberta Aboriginal Relations.....	7
Alberta Education.....	7
Alberta Premier’s Council for Economic Strategy	7
ATB Financial Business Sentiments Index™	7
Alberta International and Intergovernmental Relations.....	7
Aviation Alberta.....	7
Community Revitalization Levies.....	8
Forestry Industry Sustainability and Competitiveness Committee Secretariat and Forestry Road Map.....	8
Productivity Alberta.....	8
Western Canada Economic Expectations	9
Outreach.....	10
Expert Consultation.....	10
Conferences	10
Internet	10
Activities	11
Director to March 31, 2010, Mr. Helmut Mach.....	11
Director March 31 to December 31, 2010, Dr. Rolf Mirus	11
Director January 1, 2011, Mr. Jason Brisbois	11
Research Professor, Dr. Edward Chambers	11
Senior Economist, Dr. Joe Rosario	11
Project Coordinator, S. Stephen Janzen	12
WCER Coordinator, R. Jean Frost	12

Research Assistant, Nicolas Emter	12
Public Relations	12
Internal Management.....	12

The Western Centre for Economic Research (WCER)

Past Annual Reports have been based on the calendar year. The current Annual Report covers 15 months to allow a transition to future reporting based on the fiscal year.

Since its creation in 1985, the primary objective of the WCER is to disseminate timely and balanced research findings relevant to the Western Canadian economy. The research is intended to inform concerned citizens and to aid policy decisions made within government and industry throughout Western Canada and beyond.

Dr. Rolf Mirus assumed the positions of Director of the WCER and CN Executive Professor of Canada – U.S. Trade Relations when Mr. Helmut Mach stepped down on March 31, 2010. Dr. Mirus is a Professor Emeritus at the Alberta School of Business and previously held the position of Director from 2001 to 2005. Dr. Mirus replaced Mr. Mach who had 33 years of experience with the Government of Alberta, most recently with the Alberta Ministry of International and Intergovernmental Relations. In January 2011, Mr. Jason Brisbois became Director of the WCER. Mr. Brisbois came to the University after a career in public sector finance and economics which spanned 26 years, with positions in several provinces. Jason left the Federal Public Service in 2007 after 17 years as Chief Economist of Western Economic Diversification, Canada.

In 2010, the WCER undertook a final survey for the ATB Financial Business Sentiments Index™ which measures business confidence in Alberta. Research projects included developing a cluster map for Aviation Alberta, exploring the application of advanced technology in Alberta enterprises and furthering work on diversification in Western Canada. The Western Canada Economic Expectations Survey, developed in partnership with the Canada West Foundation, was conducted twice in 2010 and then discontinued. Five CN Trade Forums were held focusing on international trade, Canada-India relations, the concept of a North American economic community, an Alberta trade agenda, and Canadian climate change policy. The WCER continued as the Secretariat for the Alberta Forestry Road Map Committee.

The WCER continues to increase its visibility through frequent interaction with the public media. The WCER was also a sponsor of the annual Economics Society of Northern Alberta's Outlook Conference.

Background on the Western Centre for Economic Research

Established in 1985, the WCER is a University of Alberta based research centre sponsored by the Alberta School of Business and has links with the Faculties of Arts (Department of Economics) and Agriculture, Life and Environmental Sciences (Rural Economy). The WCER is housed within the Alberta School of Business. The Centre's objective is to undertake research projects that contribute to evidence based government policy development, can be used for practical business planning purposes at the firm or industry level, and are capable of furthering academic research. The WCER tracked the performance of Western Canada's economy using indicators produced in-house under sponsorship from ATB Financial and indicators obtained from other sources.

The results of research findings and conference deliberations are distributed through a series of information bulletins and similar monographs where emphasis is continually placed on ensuring that the information is presented in a non-technical, accessible format. Information Bulletins are available from the WCER office (780 492 2235) or online at www.business.ualberta.ca/wcer. Frequent interaction with public media and an extensive web site further disseminate research findings.

The Centre's activities are often co-sponsored with other University of Alberta entities as well as with federal and provincial government departments and other research organizations at universities across the Americas.

Funding for the WCER is derived from three primary sources: fee-for-service contract work, financial support from the George Cormie Foundation and a pledged endowment by Canadian National Railway Company (CN) for transportation and Canada – U.S. trade research. The revenue stream from these endowments permits the WCER to consider some independent initiatives, and to involve academic staff and graduate students in its research activities.

Information Bulletins

The Information Bulletin series remains the WCER's primary vehicle for the dissemination of its research findings. Bulletins are available on line on the WCER website <http://www.business.ualberta.ca/Centres/WCER/Publications.aspx>. Following are the 14 Bulletins published during this reporting period.

No. 135 *Alberta Municipal System Overview Update* by Edward LeSage Jr. and Melville McMillian (January 2010)

No. 136. *An Auditor General Who is Both Independent and Accountable: Working Effectively within Alberta's Westminster Model Democracy* by Ron Hicks (March, 2010)

No. 137. *Western Economic Expectations Survey: February 2010* (March 2010)

No. 138. *Alberta and the EU-27: Past Trade Relations and Future Opportunities* by Nicholas Emter and Rolf Mirus (March, 2010)

No. 139. *Recession in Review: The Alberta Economy and Employment, Weathering the Storm* by Nicolas Emter (February 2010)

No. 140. *CN Trade Relations Forum: Globalization, Geopolitics, and the Shifting Sands of Trade Policy*, by the Honourable David Emerson (February, 2010)

No. 141. *Technology and Productivity: A Summary of the Relationship and a Review of the Relevant Research* by Nicholas Emter (March 2010)

No. 142 *CN Trade Relations Forum: Should Canada, Mexico, and the United States Replace Two Dysfunctional Bilateral Relationships with a North America Community?* by Robert A. Pastor (March 2010)

No. 143 *ATB Financial Business Sentiments Index™: Where is the Alberta Economy Going? 2010 Q2* by Edward J. Chambers and Nicholas Emter (March 2010)

No. 145. *A CN Trade Relations Forum: Canada-India: The Future of Business and Global Politics* by Douglas Goold (April 2010)

No. 146. *A CN Trade Relations Forum: Canada's International Trade Agenda: Alberta's Interest and Influence* by John Weekes (October 2010)

No. 147. *Alberta's International Merchandise Trade: Focus on Free Trade Agreement Partners* by Rolf Mirus and Nicholas Emter (December 2010)

No. 148. *Western Economic Expectations Survey: December 2010*, by the Western Centre for Economic Research and the Canada West Foundation (December 2010)

No. 149. *A Tale of Two Provinces: Job Changes in the Last Decade*, by Edward J. Chambers (February 2011)

Small Research Grants

Two small research grants were awarded in 2010.

Dr. Mel McMillan, Department of Economics

The WCER provided financial assistance for a survey of personal income tax opinions of Alberta residents. The project will continue in 2011.

Brad Humphreys, Department of Economics

The WCER provided financial assistance for research on the financing of sports infrastructure (stadiums, fitness centers, swimming pools, etc.) in Croatia.

CN Canada-US Trade Relations Forums

Globalization, Geopolitics, and the Shifting Sands of Trade Policy

February 10, 2010

Honourable David Emerson,

Dr. Emerson is currently Chairman of Emerson Services Ltd., Special Advisor to CAI Manager, and Executive Chair of British Columbia Transmission Corporation. He was a Member of Parliament from 2004 to 2008 and held the positions of Minister of Foreign Affairs, of International Trade, and of Industry. The lecture was published as Information Bulletin No. 140.

Should Canada, Mexico, and the United States Replace Two Dysfunctional Bilateral Relationships with a North America Community?

March 15, 2010

Robert A. Pastor (March 2010)

Dr. Robert Pastor is a professor of international relations and co-director of the Center for North American Studies and the Center for Democracy and Election Management. This event was co-sponsored with the University of Alberta Department of Political Science. Dr. Pastor was their 14th Annual Distinguished Lecture. The lecture was published as Information Bulletin No. 142.

Canada-India: The Future of Business and Global Politics

April 8, 2010

Douglas Goold

Dr. Douglas Goold is a Senior Fellow of the Canadian International Council (CIC). Dr. Goold has a PhD in modern history from St. John's College, Cambridge and completed two Killam Postdoctoral Fellowships at the University of British Columbia. The lecture was published as Information Bulletin No. 145.

Canada's International Trade Agenda: Alberta's Interest and Influence

September 30, 2010

Mr. John Weekes

Mr. Weeks of Bennett Jones provides advice on a broad range of international trade issues and other policy matters to clients in business and Mr. Weekes was Senior International Trade Policy Adviser (2003-2009) at Sidley Austin LLP, Chair of the Global Trade Practice at APCO, and has held numerous senior positions in the field of foreign

economic policy with the Government of Canada including Chair of the WTO General Council in 1998 and Canada's Chief Negotiator for the North American Free Trade Agreement (NAFTA). The lecture was published as Information Bulletin No. 147.

Canada's Climate Change Policy

March 17, 2011

Rick Hyndman

Dr. Hyndman was Senior Policy Advisor for the Canadian Association of Petroleum Producers from 1998 to 2010. He spent 13 years in the Alberta Department of Energy (1984 to 1997), and in the final two years. He was Deputy Minister. He is currently a part time consultant to CAPP and Adjunct Professor at the Alberta School of Business.

Projects

Alberta Aboriginal Relations

Client confidential study.

Alberta Education

Client confidential study.

Alberta Premier's Council for Economic Strategy

The Alberta Premier's Council for Economic Strategy has considered options which would assist in the transformation of the Alberta economy over the next 30 years, including initiatives which might facilitate greater economic diversification. The WCER contributed a submission on the constraints and barriers which need to be addressed, eliminated or reduced in order to fulfill the objective of increased international trade.

ATB Financial Business Sentiments Index™

The WCER conducted a final Alberta based, forward looking, quarterly survey of business confidence in March 2010. 400 businesses across Alberta and across industry sectors were surveyed to determine their outlook for future demand, employment needs, pricing and inventory levels. An index of business sentiments was developed based on survey results. To a considerable degree, the survey followed the EU format, an established and successful model. Indices of business activity and hiring intentions were also developed. The survey was undertaken for 17 consecutive quarters. The index was presented on the WCER web page and in Information Bulletins.

Alberta International and Intergovernmental Relations

The WCER continued its yearly review of Alberta merchandise exports to markets covered by free trade agreements such as the Canada-US Free Trade Agreement, the subsequent North American Free Trade Agreement and agreements with Israel, Chile, and Costa Rica. The results were published as Information Bulletin No. 147, *Alberta's International Merchandise Trade: Focus on Free Trade Agreement Partners*.

Aviation Alberta

In 2009, the WCER completed a cluster analysis of the Alberta Aviation sector of Aviation Alberta. To further increase competitiveness in Alberta's aviation and defence sector, it was deemed necessary to develop a current inventory of the business units

comprising the sector, as well as an accurate profile of products and services offered, sales volumes, corporate structures, firm size, supply chains, export patterns, and employment levels as well as other characteristics. To facilitate this inventory, the WCER conducted an on-line survey of 650 firms located in Alberta who are involved in the Aerospace and Defence Industry. The survey instrument was administered by the AICT department of the U of A. Completion and analysis of the survey continued into 2011. Work began in September of 2010 and continued into 2011.

Community Revitalization Levies

The WCER prepared a confidential tutorial of community revitalization. The Centre partnered with Dr. Brad Humphreys, Department of Economics.

Forestry Industry Sustainability and Competitiveness Committee Secretariat and Forestry Road Map

Alberta Sustainable Resource Development; Alberta Employment and Immigration; and Forestry Industry

The WCER continued in its role as Secretariat for Alberta's Forest Industry Sustainability Committee (FISC). In this role, the WCER overlooked the budget and arranged for various research projects for FISC to be undertaken. The WCER facilitated a workshop for invited industry leaders in the spring of 2010 to review policy issues and options and assisted FP Innovations with a workshop on wood products. The project was extended for another fiscal year, until March 31, 2012.

The Forestry Project was expanded to include the development of a Roadmap to 2020 for the Wood Products Sector in Alberta including bioenergy in Alberta.

Productivity Alberta

The WCER completed a project begun in 2009 under an arrangement with Productivity Alberta. The WCER reviewed the results from selected questions from Statistics Canada's 2007 and 2008 Update of the Survey of Advanced Technology to compare Alberta's results to those from Ontario and Canada. The results were delivered to Productivity Alberta in a power point presentation and observations were provided on areas where Alberta differed from the other jurisdictions, and on areas where all jurisdictions demonstrated relevant trends.

The project also included a review of recent literature from Statistics Canada, the Microeconomic Policy Analysis Branch of Industry Canada and other sources to ensure appropriate linkages between technology investment and enhanced productivity are being made. It also included discussions with the Statistics Canada officials who designed the survey and produced the CD to determine whether absolute figures could

be obtained in addition to the percentage data presented in the CD, and to clarify future intentions with respect to the survey.

Western Canada Economic Expectations

The WCER continued its partnership with the Canada West Foundation to solicit views on the future economic performance of the Western provinces and the country and timely economic issues. In 2010, an electronic survey was sent twice to economists, and people who use economics in their work, in universities and colleges, industry associations, economic development agencies, the private sector and the public service across Western Canada. Results were released in February and December as Bulletin No. 137 *Western Economic Expectations Survey: February, 2010* and Bulletin No. 148 *Western Economic Expectations Survey: December, 2010*. Due to low response rates, the survey will not be continued in 2011.

Outreach

Expert Consultation

Staff provided expert consultation for various government councils and agencies including the Alberta Premier's Economic Strategy Council, the Alberta Finance and Enterprise Productivity Alberta Initiative, and the British Columbia Department of Higher Education Degree Quality Assessment Board for Bachelor of Commerce and MBA Programme. The WCER continued as a participant in the World Economic Survey from the Institute for Economic Research at the University of Munich.

Conferences

Economic Society of Northern Alberta Annual Economic Outlook Conference, December 1, 2010

The WCER continued its sponsorship of the annual conference.

Boom and Bust Again: Policy Challenges for a Commodity-Based Economy May 6th and 7th, 2010, Edmonton, Alberta

Jason Brisbois and Ted Chambers presented a paper entitled *I've Heard That Song Before: Harry James on Boom, Bust and Diversification*. The WCER was a Bronze Sponsor for this conference.

Internet

The WCER maintains a web site where publications, events, research projects and information about the Centre can be obtained:

www.business.ualberta.ca/wcer

Information Bulletins can also be downloaded from the Canadian Electronic Library and Research Papers in Economics (RePEC):

<http://site.ebrary.com/lib/celpublicpolicy/home.action>

<http://repec.org/>

Activities

Director to March 31, 2010, Mr. Helmut Mach

Mr. Mach acted as resource for various government councils and agencies including the Alberta Premier's Economic Strategy Council, the Alberta Finance and Enterprise Productivity Alberta Initiative and Federal Government stakeholder consultations sessions in both Edmonton and Calgary. Mr. Mach is a fellow of the University of Alberta Institute for United States Policy Studies (IUSPS).

Director March 31 to December 31, 2010, Dr. Rolf Mirus

Dr. Mirus, professor emeritus of the Alberta School of Business and CN Professor of Canada-US Trade Relations, has provided supervision of the Trade Fellows and academic support for various WCER projects including the studies on Western Canadian exports. He accompanied Alberta School of Business MBA students to Paris and Munich (May). Dr. Mirus and Dr. Bernard Yeung coauthored "On the Mode of International Expansion: The Role of Agency Costs in an Expanded Framework", *Multinational Business Review*, 18 pp. 71-93.

Director January 1, 2011, Mr. Jason Brisbois

Mr. Brisbois became director of the WCER in January 2011. In addition to arranging and directing the WCER's research agenda, he provides frequent commentaries on economic events on television, radio and print media in addition to appearing as a guest speaker at conferences and seminars. Mr. Brisbois serves on the Board of Directors of the Economics Society of Northern Alberta, the Van Horne Institute, and Port Alberta.

Research Professor, Dr. Edward Chambers

Dr. Chambers has been actively involved in the ongoing ATB Business Sentiments project and in the Diversification Project. He began work on an economic evaluation of Western Canada. Dr. Chambers is an Assessor with the British Columbia Department of Higher Education Degree Quality Assessment Board for B. Com and MBA Programme applications. He is a member of the Advisory Council of the North American Economic and Finance Association and he is Past President of the Oak Bay Probus Club.

Senior Economist, Dr. Joe Rosario

Dr. Rosario recently retired as Director, Planning Secretariat, Alberta Agriculture, Food and Rural Development. He served as the most senior policy advisor, economist and trade policy advisor for Alberta Agriculture during a career which spanned 35 years. Dr. Rosario is focusing on agriculture initiatives. His broad economic background is available to provide advice on general economic and competitiveness issues for the WCER.

Project Coordinator, S. Stephen Janzen

Mr. Janzen continued to be involved with the Centre's forestry file and its work as a Secretariat for Alberta Sustainable Resource Development. He helped facilitate a wood products workshop with FP Innovations in April of 2010 and a workshop on policy options for Alberta's forestry leaders at the Alberta School of Business shortly thereafter. There was also a continuation of work evaluating the Alberta and Western Canadian economy with Dr. Chambers, the Canada West Foundation and others.

WCER Coordinator, R. Jean Frost

Mrs. Frost undertook the administrative duties of the WCER. She provided editorial skills and helped organize various forums.

Research Assistant, Nicolas Emter

Mr. Emter (BA Honours, 2009) worked through the spring and summer as an economist. Nicholas assisted on projects analysing the Alberta recession and technology and productivity. Nicholas co-authored Information Bulletins 138 and 147. Nicholas has resumed his studies in the Faculty of Law, University of Alberta but continues to undertake research for the WCER.

Public Relations

The WCER is frequently asked by the media and by others for assessments of economic conditions in Alberta and other Western provinces. Priority is continually placed on prompt and credible response to these inquiries. The WCER provided comment on economic news and contributed numerous opinion editorials to the Edmonton Journal and staff were interviewed for television and radio programmes throughout the year. This has yielded increased visibility of the Centre and the Alberta School of Business.

Internal Management

Many thanks are extended to Dr. Rolf Mirus, Dr. E.J. (Ted) Chambers, Dr. Joe Rosario, Mrs. Jean Frost, Mr. Stephen Janzen, and Mr. Nicholas Emter for their assistance and valued contributions throughout the year.

Respectfully submitted

Jason Brisbois, Director