

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

Annual Report

April 1, 2011 – March 31, 2012



Western Centre for
Economic Research



University of Alberta

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The Western Centre for Economic Research (WCER)

This Western Centre for Economic Research (WCER) Annual Report is the first to be based solely on the fiscal year. The 2010 - 2011 Annual Report covered the 15 months between January 1, 2010 to March 31, 2011 to allow this transition in reporting.

Since its creation in 1985, the primary objective of the WCER is reflected in its Mission Statement:

To inform public debate and policy decisions made by government and industry throughout Western Canada and beyond by producing and disseminating timely, high quality research.

Jason Brisbois, since assuming the Directorship of the WCER from Dr. Rolf Mirus, has continued to increase the WCER's visibility and relevance by engaging in frequent interactions with the public and media.

The objectives of the WCER (and as stated more specifically in the 2011 - 2012 Business Plan) are:

1. To undertake client sponsored research projects such as surveys, literature reviews, or policy assessments utilising expertise from the Alberta School of Business and other University of Alberta departments and faculties.
2. To undertake research and publish research bulletins and other publications on topics of relevance to Western Canada.
3. To provide research grants to University of Alberta researchers through the Small Grants Program.
4. To provide internship opportunities for Business, Law and Economics students.
5. To hold international trade forums under sponsorship of Canadian National Railways and other conferences or symposiums on relevant topics.
6. To support the Alberta School of Business in outreach activities by providing: secretariat functions to government initiatives, speakers for conferences and special events, representatives to Boards of Directors of other institutions, and undertaking media interaction (including television, radio and print).
7. To cooperate with other Alberta School of Business research centres in cross marketing products and services and in promoting the Alberta School of Business.

After providing background on the WCER, the specific objectives from the 2011-2012 Business Plan provide an outline for the organization of this Annual Report.

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 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: <http://www.business.ualberta.ca/Centres/WCER/Publications.aspx>. 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 North America.

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.

Specific Performance Objectives for 2011 - 2012

1. Research Projects:
 - a. Forestry Industry Roadmap;
 - b. Alberta Bio Industry Information;
 - c. Alberta Department of Intergovernmental and International Affairs Trade Research project;
 - d. Alberta Department of Finance and Enterprise Economic Diversification and Stability; and
 - e. Two additional projects to be identified.
2. Research Bulletins – to be determined.
3. Small Grants Program – issuing two grants for research in business or economics.
4. International Trade Forums
 - a. John Weekes addressing the Premier’s Council recommendations for the NAFTA; and
 - b. Two other events to be determined.
5. Intern Opportunities – one STEP grant for intern from May to September 2011.
6. Outreach Activities: television appearances, radio interviews, press interviews/articles; industry conference presentations, representing the Alberta School of Business as a Director on the Boards of the Economics Society of Northern Alberta, Port Alberta, and the Van Horne Institute; and re-engagement with the Pacific Northwest Economic Region organization to solicit new, cross border research opportunities,
7. Conferences/Symposiums – one symposium on Alberta’s Economic Future to be held in October 2011 in cooperation with the Institute for Public Policy.

Research Projects:

The WCER met the Business Plan Objective of working on six projects.

The Forest Industry's Competitiveness and the Forest Industry Roadmap

Several years of the Centre's work alongside Alberta Sustainable Resource Development (ASRD) and Alberta's forest industry culminated in the completion of a "Roadmap" for the sector which was released to the public in the spring of 2012. The WCER's role as a Secretariat for the roadmap process involved organization of outreach/meetings, and considerable activity in finance and accounting. This included helping with meetings, the administration associated with various research consultants, and pre-event planning, among other duties.

In general, the WCER focussed its efforts on helping with the forest industry "Roadmap".

The completed Roadmap is introduced in this way: "With funding from industry and government, two steering groups – one for wood products and bio-energy, one for pulp and paper – worked together to develop the Roadmap. They studied the sector's strengths, weaknesses and opportunities, and reported their findings to an executive team co-chaired by the Minister, Sustainable Resource Development, and Hank Ketcham, the CEO of West Fraser Timber Co. Ltd., with membership at the CEO level from other Alberta forest companies as well as an academic expert on the energy and resource sector. The consultations focused on the prospects for growth, while recognizing the current realities for the sector and the challenges it faces."

On March 19, the op-ed "Ensuring the future of forestry" by WCER Director Jason Brisbois was published in the Edmonton Journal. The Roadmap Project will continue in 2012 - 2013 with additional funding proposed by AB Sustainable Resource Development.

Alberta Bio Industry Information Project

The WCER also acted as support for the Alberta Sustainable Resource Development's bio-industry initiative. Much of this work involved arms-length accounting and record-keeping. Administration of the bio-industry activities included managing the use consultants and other experts to develop a template that local jurisdictions can use to assess whether bio mass energy production is feasible.

This initiative will continue in 2012 - 2013.

Alberta Intergovernmental, International and Aboriginal Relations Trade Research Project

A longstanding partnership has seen the WCER respond to the research need of Alberta Intergovernmental, International and Aboriginal Relations. The 2011 - 2012 research agenda culminated in the publication of an in-depth study of Alberta and Japan's trade relationship (Information Bulletin 153) by Nicholas Emter and Rolf Mirus, *Towards a Canada-Japan Economic Partnership Agreement: An Assessment of Trade Barriers to Alberta's Exports*.

The report reviewed the most recent two decades of Alberta's merchandise exports to Japan. It considered the tariffs that Japan imposes on key Alberta exports, surveyed the non-tariff barriers to trade faced by Alberta's exports, particularly agricultural products in the Japanese market, and assessed the lessons learned from Japan's existing trade agreements. Because of the rigorous research deployed on these trade topics, these projects are an excellent training tool for University of Alberta students. Student support for the Japan-Alberta study was provided by Mr. Emter, a U of A Law student and graduate of the Economics department.

Negotiations for further research in 2012 - 2013 are underway.

Alberta Department of Finance and Enterprise Project on Economic Diversification and Stability

In 2011, the WCER completed an assessment of Alberta's progression toward economic stability. Entitled "Economic Diversification, Stability and Complementary Diversification in Alberta: Progress and Policy Observations", the study considered various diversification strategies. This traditional approach was augmented by a new model the authors referred to as 'complementary diversification'. By using this framework, the WCER was able to review how the province may have actually gained a degree of economic stability over the past few decades.

An examination of current Alberta government diversification activities concluded that they fall within the complementary model. From the findings, the key questions that need to be addressed involved the optimum level of diversification in the Alberta economy and how progress should be measured. The study concludes with recommendations that entrepreneurship, education, and research and development become the focal points of future diversification policy.

Aviation Alberta

In 2009, the WCER completed a cluster analysis of the Alberta aviation sector for 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, including 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 in 2010. Final completion of the report and presentation to interested parties occurred in 2012.

The Alberta Labour Market Project

The WCER's project proposal, in response to an October 2011 RFP sponsored by the University of Alberta's Institute of Public Economics, was successful and was given the go ahead in March 2012. A collaborative approach was deployed by the Centre in crafting the proposal and included contributions from the WCER team as well as several other academics including U of A Business School Dean Emeritus Mike Percy and Professor Joseph Marchand from the U of A's Department of Economics. The study will explore the dynamics of Alberta's labour market and analyse the impact of labour shortages. Project partner Applied Management Consulting Ltd. will provide modelling expertise that will help serve as a foundation for the quantitative assessment of labour market impacts. The WCER will carry out the bulk of the research work and will deliver the final report in February 2013.

Other Proposals

Consideration was given this year to proposals regarding the City of Edmonton's "The Way We Prosper" RFP solicited by Dianne Lougheed Keefe as well as a contribution to a proposal responding to the federal government's RFP on the "Human Resource International Trade Sector" solicited by Hande Tanerguclu of Edmonton's Applied Management Consulting Ltd.

Information Bulletins

The Information Bulletin series remains the WCER's primary vehicle for the dissemination of its research findings. Bulletins are available online at <http://www.business.ualberta.ca/Centres/WCER/Publications.aspx>

Following is a list of the seven Bulletins published during the 2011 - 2012 fiscal year.

No. 150. *Canada's Climate Change Policy: What Makes Sense Now?* by Rick Hyndman (November 2011)

No. 151. *Canadian Wheat Board: Market Power or Institutional Fiction?* by Richard Pedde and R.M.A. Loyns (June 2011)

No. 152. *Recognizing the Value of Employee Engagement: The Future of Public Service in Alberta and British Columbia* by Ron Hicks (June 2011)

No. 153. *Towards A Canada-Japan Economic Partnership Agreement: An Assessment of Trade Barriers to Alberta's Exports* by Nicholas Emter and Rolf Mirus (October 2011)

No. 154 . *Imagining Alberta A Symposium on Alberta's Economic Future: A Summary* by Robert Ascah (December 2011)

No. 155. *Alberta and 'Equalization': Separating Fact from Fiction or Sorting Out Some Implications and Options in Canadian Fiscal Federalism* by Melville L. McMillan (January 2012)

No. 156. *Government Revenue Stabilization Funds--Do They Make Us Better Off?* by Stuart Landon and Constance Smith (January 2012)

Small Research Grants

In some past years, the WCER has funded small research projects in business and economics undertaken by students or academic researchers. No grants were provided in 2011 - 2012

CN International Trade Forums

The WCER delivered two CN Trade Forums in this fiscal year and is preparing a third forum for early in the 2012 - 2013 fiscal year.

Opportunities and Risks: Canada's Trade Policy in Troubled Seas

November 24, 2011

John Weekes

International trade adviser John Weekes of Bennett Jones advises on a wide range of international trade issues. He 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 is forthcoming as an Information Bulletin.

Negotiating Free Trade with India

March 6, 2012

Donald Stephenson

Mr. Donald Stephenson joined the Federal Public Service in 1981 and served in the Department of Communications as Executive Assistant to the Deputy Minister, Director of the Arts Policy Division, Director of the Cultural Initiatives Program, and Cultural Policy Adviser to the Minister of Communications. He subsequently served in other challenging positions, including Corporate Affairs, Heritage Canada, and Foreign Affairs. In 2004, Mr. Stephenson was appointed as Ambassador and Permanent Representative of Canada to the Office of the United Nations and to the World Trade Organization, in Geneva, and in 2008 was appointed Assistant Deputy Minister, Trade Policy and Negotiations. Mr. Stephenson retired from this position in September 2011, but continues to serve as Chief Trade Negotiator for the Canada-India Comprehensive Partnership Agreement.

Prudence on the Climate Front

April 25, 2012

Michael Hart

Preparations are underway for a visit by Professor Michael Hart in April 2012. Professor Hart currently holds the Simon Reisman Chair in trade policy at the Norman Paterson School of International Affairs at Carleton University in Ottawa.

Intern Opportunities

The Centre was successful in obtaining a STEP grant for our May to September, 2011 student intern. Nicholas Emter, a graduate (MA) of the University of Alberta's Economic Department and currently a student in Law was retained to help with office duties and the Centre's research projects during this time.

Outreach Activities and Staff Accomplishments

This section addresses the accomplishments of the WCER staff in meeting the Centre's objectives as stated in the Business Plan.

Director, Jason Brisbois

Besides frequent commentaries on television, radio and in print, WCER Director Jason Brisbois often appears as a guest speaker at conferences and seminars. Much of this outreach work supports both the WCER and the Alberta School of Business generally.

This year, for example, he was a presenter at the 13th Annual Stakeholder Update and Luncheon hosted by Alberta's Industrial Heartland which drew over 350 leaders, decision-makers and stakeholders from industry, the community as well as all three levels of government. Entitled "Alberta's Industrial Heartland Explores Oil and Gas Development from a Global Perspective", discussion centered on the current and future outlook of oil and gas development in the region from a global perspective, and how intercontinental economic shifts and burgeoning international markets will potentially impact, not just the region and province, but also the country as a whole. He also presented the WCER's research report "Cluster Analysis and the Alberta Aerospace Sector" to delegations from Changzou, China and from Chungnam National University.

Mr. Brisbois was also interviewed on the radio a number of times and contributed to both online and print pieces appearing in the Edmonton Journal, Canada West publications and independent newsletters.

Mr. Brisbois manages the WCER response to invitations received by the Centre to participate or partner with others in various research projects. In addition, Mr. Brisbois served on the Board of Directors for the Economic Society of Northern Alberta (ESNA) through the fiscal year and actively participated in, among other things, the organization of their monthly speaker's series, as well as serving on the Boards of the Van Horne Institute and Port Alberta. He also participated in a meeting of the Pacific Northwest Economic Region.

Research Professor, Dr. Edward Chambers

Dr. Chambers continued work on his Western Canada manuscript as well as a revision of his business education overview for the Canadian Encyclopedia. He was actively involved in the genesis of the Centre's project on Alberta's economic stability as well as continuing his research into the changing labour market in Western Canada (which follows from his February 2011 Information Bulletin, "A Tale of Two Provinces: Job Changes in the Last Decade"). His contribution to the WCER's December 2011 proposal, in response to a potentially large and comprehensive analysis of current labour dynamics, was invaluable. During the year Professor Chambers received the "Most Distinguished Graduate" distinction from the University of Nebraska.

Research Professor and Academic Adviser, 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. Dr. Mirus also presented to the Chinese Academy of Governance on "Recent Developments on International Financial Markets". Dr. Mirus attended the "Bridging Distances: Past and Future Perspectives of Canadian American Relations" Conference, April 2011, at the University of Western Washington in Bellingham, Washington.

Senior Economist, Joe Rosario

Dr. Rosario continued his focus on agricultural initiatives. During 2011, he published numerous articles on agricultural trade policy both within Canada and in India. Of local relevance were editorials on trade appearing in the Edmonton Journal. Dr. Rosario also appeared as a panellist on an ongoing television news program concerned with local and regional agricultural issues. His advice on competitiveness issues also benefitted U of A researchers in both the U of A MBA program and the 2011 Chinese auditor delegation hosted by the Alberta School of Business' Centre for International Business Studies.

Project Coordinator, S. Stephen Janzen

Mr. Janzen contributed to the completion of a survey project for Alberta Aviation. He helped with the Centre's research on stability and the Alberta economy, organizing CN Trade Relation Forums, transcription of these Forums and with the Imagining Alberta Symposium. Mr. Janzen provides general research help for the various members of the Centre, including literature and internet searches.

WCER Coordinator, R. Jean Frost

Mrs. Frost undertook the administrative duties of the WCER. This included handling of financial duties, preparation of the Annual Report and Business Plan, and editing Information Bulletins. She also organized the WCER's CN Trade Relations Forums and the logistics for the Imagining Alberta Symposium.

Research Assistant, Nicolas Emter

Mr. Emter (BA Honours, 2009) worked through the spring and summer as an economist. He assisted on projects analysing the Alberta's economic stability and diversification. Emter co-authored Information Bulletin 153. He has resumed his studies in the Faculty of Law, University of Alberta.

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/>

James A. Gibson Library

<http://www.brocku.ca/library>

Conferences and Symposiums

Imagining Alberta: A Symposium on Alberta's Economic Future,

October 14, 2011, University of Alberta, Edmonton.

Together with the Institute of Public Economics, the WCER organized a highly successful Symposium that engaged almost 100 participants, including presenters and sponsors. The gathering featured a variety of presentations from the academic community as well as a keynote address from the Premier's Council for Economic Strategy. Several of the presentations have been published by the WCER on its website and one, Professor Mel McMillan's paper on equalization, has been picked-up by Ontario's Mowat Centre for Policy Innovation. IPE Director and Co-creator of the Symposium, Bob Ascah, produced a summary of the proceedings which is available on the WCER website.

Financial assistance was provided by the Alberta School of Business, the Government of Alberta, and the Edmonton Economic Development Corporation.

Internal Management

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

Respectfully submitted

Jason Brisbois, Director