

Scrapping supply management would the most 'consumer first' thing the Tories could do

John Ivison, National Post

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Blessed are the cheesemakers, for they will be protected from all foreign competition.

The Conservatives are set to proclaim themselves the champions of the Canadian consumer in the forthcoming Throne Speech, taking aim at airlines, telecom companies and banks over pricing and service, [as the *National Post* reported](#) Monday.

Yet consumers of cheese and dairy produce are apparently exempt from this latest Conservative enthusiasm.

Sources suggest a Canada-European Union free trade deal is delayed because of the Harper government's resistance to giving consumers the chance to buy cheap European cheese.

The EU wants a sizable increase in the amount of duty free cheese allowed into Canada — a demand that is upsetting the Quebec government and its protected, anti-competitive dairy industry.

The inexplicable attachment to supply management, the system that increases the cost of dairy, poultry and eggs for Canadian consumers, is preventing the federal government from signing a deal after most of the other controversial issues have been resolved.

The concerns are real. John Manley, president of the

Canadian Council of Chief Executives, wrote to the Prime Minister last week warning that the EU trade deal “may slip out of reach and, with it, Canada’s opportunity to secure preferential access to one of the world’s largest markets.”

He said that supply management inhibits innovation for producers and penalizes Canadian consumers, particularly low income families.

We don’t know the details of the new agenda to be unveiled by the Conservatives in the Throne Speech but it may include an airline bill of rights, regulation of cellphone roaming fees and a financial services code of conduct.

Whatever its contents, the devotion to supply management suggests a less than total commitment to free trade, open markets and enhanced competition — all the things over which Stephen Harper routinely hectors the rest of the G8. If the new consumers’ agenda extends only to hollow bills of rights and codes of conduct, it will consist of nothing more than the thin veneer of a rebranding exercise.

The real way to improve prices and services for consumers is to increase competition. That was certainly the conclusion of a panel, chaired by Lynton “Red” Wilson, which was charged with reviewing Canada’s foreign ownership laws.

The report delivered in 2008 called for increased foreign ownership in the airline and telecoms industries that the Conservatives are now likely to highlight as being in need of reform.

It’s unlikely the government will remove restrictions to

foreign ownership in the airline industry completely but it could relax investment limits or, as Australia has done, allow foreign carriers to set up a separate airline inside its borders. This liberalization resulted in more flights being on time and prices dropping dramatically.

The Conservatives did loosen the telecom ownership rules to allow foreign players to buy up companies with less than 10% market share by revenue, as recommended by the Wilson report — potentially as a first move toward broader liberalization. But the decision by Verizon to walk away from the Canadian market this summer illustrates that you can drag a multinational to market but you can't make it sink cash.

Still, the Conservatives need to find some ideas that will inspire Canadians — popular, common sense policies that will make life easier and be talked about around the kitchen table.

The “consumers first” agenda makes sense for Mr. Harper, described by author Susan Delacourt as “Canada’s first marketing prime minister” in her new book *Shopping for Votes*. But there needs to be some substance mixed with the marketing-speak or the new agenda won't win many converts — something Mr. Harper desperately needs.

Nik Nanos, one of the canniest pollsters around, notes the number of voters who say they would never vote Conservative rose from 36% to over 50%. If that number keeps rising, it will be extremely difficult for the Tories to win another majority.

Dairy produce brings its own problems. As Charles de

Gaulle lamented: “How can anyone govern a country that has 246 different kinds of cheese?”

But if Mr. Harper decided to add cheese customers to his consumers’ agenda, he may have a winning proposition.