

**“Digital transformation,
of government
and the economy
should be the
Competition Panel’s
centrepiece of
economic policy¹”**

¹ David Crane – [the Star.com](#) Oct. 22 in an article “We ignore the digital economy at our peril” reported on the works of Robert Atkinson, President of the Washington based Information Technology and Innovation Foundation and Canadian economist Richard Lipsey author of the book “Economic Transformations”

Boomer Generation

waste

needs an undo.

In just forty years

Canada

has been dumbed down

from greatness

to mediocrity.

“What happens 10 years after the communists capture the Sahara? A sand shortage.”

We’ve had state managed health care for 40 years, or more and now we have a dearth of leading edge health care applications, doctors, nurses, lab technicians and seats in medical schools and 12 month patient waiting lists are common.

Yet next to the annual cost of Canada’s federal and provincial debts, health care is the biggest program cost our kids will inherit. Moreover, unless Boomers change their lifestyles and expectations for their end of life years, their kids will do it for them, because they are entitled to equal amounts of spending – and have been getting the short end of the Boomer’s “me generation schtick”, since Boomers started to vote.

For 40 years, voters have made the wrong choices on how tax revenues are generated, so politicians provided non-essential services, for citizens that don’t expect to pay for them.

Collectively, politicians and voters have ignored the digital economy, so rather than invest in new infrastructure, they have hijacked the future of their kids and unborn grandchildren by pandering to the risk-averse Boomer generation’s penchant for self-pity. The debt they have run up to pay for government services is unconscionable, for it is being transferred to future generations for payment - a first for any Canadian generation.

To balance the scale, shouldn’t Generation Y kids inherit the same debt free legacy the Boomers did, from parents, who by self restraint - paid off their Depression, WWII and Korean War debts, before the first born Boomers (Jan 1 ’46) were old enough to vote.

Is the Panel prepared to recognize the idiocy of Big Government?

Since 1965 Canada's greatness has been hijacked by politicians and their bureaucracies ... and been replaced with mediocrity. This is not the legacy the Boomer generation inherited from their parents.

Furthermore, the reverse takeover of our economy continues daily at an accelerating rate. Since Oct, 2006 paid employment in the private sector has increased .9%, but the public sector increased by 4.9%. Even worse – these public sector employees are consuming funds that could be paying down our deficits at federal and provincial levels. But there is no incentive, or oversight for these spenders to economize.

The people using your cash don't know you. They don't feel guilty if they waste your money. In fact, they actually get in trouble if they fail to use your cash. This is why most federal and provincial agencies go on shopping sprees during the final days of the fiscal year. They know that if they don't spend every penny, their budgets will be cut ... and newly hired bureaucrats will be no different.

Moreover, shouldn't any study on competitiveness start with finding out why our primary and secondary education system is deeply deficient in providing homegrown talent to operate our increasingly complex private sector infrastructure?

By starting there we would find out that too many of our students without math and sciences languish at too low a level of skill upon graduation, thereby adding to the supply of lesser-skilled labor in the face of a declining demand, for their education level skills.

Canada's competitiveness is determined by the level of education our kids achieve - collectively

Determining why, there is a shortage of higher level trades and technology skills is imperative. Does the Panel recognize that Canada's competitiveness starts with utilizing the forces of competition better in educating kids, by preparing them to move into ever higher technology jobs when they finish school?

A good place to start, is to determine the level of knowledge and skills of math and science teachers, by where they stood in their university graduating class. With few exceptions, it will likely be closer to the bottom, than the top of their class.

This is one of the key reasons why the growth of Canadian productivity is slipping vis-à-vis other countries and why the investment in, and earnings from newer applications of higher technology equipment is being stifled.

Since there is a mismatch between the level of skills required by our fast growing higher technology industries and thousands of high school and university students entering the work force this year, what is the Panel going to do about ensuring today's children receive the education they will need to become productive citizens in Canada's fastest growing industries and careers?

When the Panel Report is tabled, will Canadians discover that our kids will get more bang for their bucks when they manage their own money than when somebody else gets to spend it?

Wouldn't privatizing small portions of health care contribute greatly to the overall health of future generations and improve performance with competitiveness in health care spending?

As Pogo says – “we has found the enemy - it is us”!

However to replace fiction with facts, according to the Panel’s latest ranking on measurable world-class standards of performance, “Canada ranks 13th in higher education and training, 13th in technological readiness, 12th in innovation and a poor 20th spot in business sophistication. Our business executives are not world-class, which helps explain why our businesses are not innovation leaders (with some exceptions, to be sure).”

But, we already know that in the early 21st Century - providing Generation Y with the same legacy Boomers inherited - will be Gen Y’s equivalent to fighting Iraqi and Afghan terrorists.

Therefore, our competitiveness battleground is in Canada against the ideology of comfort and the tyranny of custom and tenure of underperforming citizens in large and small businesses, governments, financial institutions, corporations, health care and education But this is not yet Gen Y’s War yet, they are merely road kill victims.

It is a taxpayer’s war and it will be fought over how much taxpayers keep and how much they pay to governments. Gen Y already has its friendly fire enemies in Big Government - spendthrift politicians and bureaucrats, compounding interest on budget deficits, runaway health care spending and an education system hijacked by teacher unions.

And perhaps worst of all, the Boomers can’t be trusted to measure up to the standards of governance they inherited from their parents, because they haven’t done so for 40 years. They don’t seek, or analyze their data, and very few seem to champion the right of future generations to inherit the same legacy they did – a small deficit and an affordable government.

Reducing the supply of government reduces the demand for it

George Will in his Oct 17 column “The Unforgotten Man” makes a case for “reducing the supply of government by reducing demand for it, and doing so by giving people ownership of enlarged private assets as a basis for their and our security”

However, little will change in Canada’s competitiveness until Canadian voters become less dependent on governments and more dependent on themselves for their own wellbeing.

And moving with the new technologies and the times alone will not meet the standards of greatness Canadians and their businesses need to become truly global players – i.e., google, Apple, Intel, Microsoft. Research in Motion is on a roll globally. Can the Panel name 6 notable Canadian IT world beaters?

Instead of being engaging, innovative, adaptive - and bureaucracy free, the dominating public sector and many “big businesses” have died from arterial sclerosis - i.e., Devco, Sysco, Eatons, Simpsons, Consumer’s Distributing and most of Sears, while upstart, more inventive organizations (Wal Mart, Costco, Michaels, Sportchek, Staples, Home Depot, etc.) utilized bar code technologies to become better at merchandising and operating their businesses, unlike the failures they swallowed up, or put out of business.

Canada’s Crown corporations mostly ignored the opportunity to provide their millions of customers with a digital advantage and chose the protectionist route instead. Therefore, tens of thousands of their employees and customers missed the start of the digital revolution.

Why is Atlantic Canada short of business people?

In NS, hospital management, and medical specialists can't apply their knowledge and skills in a timely, productive time frame, because too many support systems are still manual.

And Nova Scotia's low ranked, education system is limiting student outcomes with tenured teachers and administrators, plus school boards that appear to be - computer illiterate. Therefore, the education of over achieving kids is ignored openly, although they will become our leaders, most productive citizens and taxpayers.

Computer literate student achievers and untested teachers are taken for granted by school boards and politicians. Therefore teachers haven't adapted their curricula and methods to enhance the breadth and basic commercial needs of future generations, so the tail is wagging the dog.

By dumbing down teaching methods and curricula to the level of kids who can't pass grade 12 math and science exams – (53% of all students failed a recent grade 12 provincial math exam in NS), this becomes an untenable threat to their future in Nova Scotia's, its competitiveness and ability to handle complex problems.

Is the Panel aware of any public school district in Canada with even one student interactive computerized classroom, for teaching sciences, math, history, etc. to students who will actually graduate from high school?

This dearth of digital resources could account for the long time shortage of business, professional and entrepreneurial citizens with the knowledge, skills, drive and private sector financing to move their Region upscale at the speed the world economy is changing.

Politicians have moved bureaucrats into the vacuum created by the shortage of business leaders

Government intervention in the economy has limited the talent and breadth of experience, plus capital available in the Atlantic Region. But, politicians want to do even more – by creating jobs!

Unfortunately, this dearth of private sector activity has been politicized with “blue sky” promises and financial legerdemain, to plug the talent gaps. But, bureaucrats with no business experience are hired politically, to save the old and create new jobs.

Moreover, politicians have spent billions more on Crown Corporations than all Regional corporations pay in taxes, and more than 100 “development” agencies have been created in the Region at community and county level, all funded by a government.

Instead of creating jobs, these protectorates of the status quo have delayed the transforming power and creative destruction of radical innovations – like digital technologies. The bureaucratic approval process misses timely market opportunities to appease politicians facing reelection – i.e., coal, steel, paper making, fishery, electric utilities, and a smattering of high tech start ups, etc.

When the main competition of banks and business comes from politicized, inexperienced bureaucrats who muddy up the financial service and business growth markets – the mostly dowdy banks pull out their local commercial lending people.

Boomers have an over reliant dependency on governments

The smaller Atlantic provinces are left with a surplus of dumbed down, risk averse tin cuppers who are over reliant and dependent on governments. Moreover collectively, this dominating voting cohort will never pay enough in taxes to cover the cost of their generation's consumption of government services.

Their generation is at a virtual old industry standstill in Canada while the transition in upstart countries is moving like a rocket, to earn one 10th of the average earnings of our citizens. And by hook, or by crook, many of their leaders net more than ours do.

For example: Singapore pays its Deputy Ministers in government more than one million per year, to work with talented, but minimal staffing. This is 1/3 of what Singapore's business elite earn.

Moreover, it is not always a politically diverse evolution that leads to the utilization of human and other resources at the highest possible levels, it is formidable competition – i.e. a Wal Mart store smartens up all competitors in whatever community they enter, because they invariably offer lower prices, for the same quality.

This sea change is also well underway globally, through various manifestations of democracy and market competition in France, China, Singapore, Ireland, Germany, Russia, Georgia (formerly Russian), Dubai, USA, India, Pakistan, Israel, New Zealand, Australia, South Africa - etc.

However, keeping up with the global competition in ideas and speed of cultural and technological change is difficult, when teachers, employers and mentors of our children are years behind in the information economy, which is the key to transforming Canada's competitiveness and sustainable growth.

Summary

Generation Y's bequeathed legacy of mere survival, is the greatest faux pas of the no-can-do Boomer generation

Catching up, then keeping up to the global competition is a must, so Canadian kids have to be freed up from high taxes, a cumbersome tax code and government interference generally, including a myriad of unenforceable regulations, plus petty political correctness by-laws...**because that's not their legacy.**

Since the CD Howe days ended (50 years ago), no other generation has genuinely championed the need for competitiveness of future Canadian generations to ensure they will have the level of education and business resources that well motivated Canadian kids will need (i.e., Trans Canada Pipeline closure debate).

But today, Canadian kids have to compete with millions of better-educated foreign kids, plus tens of millions of kids in under-developed countries around the world, who have to survive, virtually alone, by their own initiatives.

And many of their countries and communities could be equipped with wireless broad band systems and \$150 computers before a million rural Canadian kids get access to the high speed Internet.

Mr. Howe must be rolling over in his grave.

Making Canada
Competitive
And
Great Again²
through
Incredible changes!

² “The economy is the method by which we prepare today, to afford the improvements of tomorrow” Calvin Coolidge

Employing tens of thousands more kids in rural communities?

Fifteen year old computer literate kids are a dynamic new phenomena we must learn to challenge, by fast tracking them into their own, plus rapidly growing higher technology businesses., that they can start virtually anywhere, high speed Internet is available.

Since very few Regional business leaders are computer literate, they have been slow (by 10-20 years) to introduce computer technologies into their operations. Therefore, most of our computer literate kids continue to leave each year for wider opportunities to develop high paying careers, pay taxes and raise their children elsewhere.

Too few of those who remain create enough upscale job market opportunities in NS to collectively provide higher technology jobs for kids as they graduate from our high schools, universities and trade schools. But many 15 year old kids start their own businesses at home.

If personal and corporate taxes were cut by whatever amounts governments now spend to regulate and “create employment” in the Atlantic Region, business would move upscale with higher technology skills and transcend the hewers of wood and carriers of water image our public sector has of its wards.

When a new generation of entrepreneurs are given the tax incentives and regulatory climate to tap the resources of well motivated computer literate kids, instead of trying to hold them back with high taxation and a poor education system - within 10 years, the private sector could be increasing higher level jobs at the same rate as Ireland.

Putting better choices in perspective

Our digitized kids can't afford to pay for their parents' lifestyle mistakes forever. So who decides funding priorities? Voters do!!

- The over abundance of digitized government bureaucrats and the politicized shortage of electronic data processing systems in out of date health care facilities is over focused on things too close up – i.e., protecting overstaffed, tenured out-of-date jobs, rather than maintain health care standards.
- Yet, there is a major shortage of productive computer skills in the private sector that thousands of bureaucrats have, but don't use productively. Let's provide them with an incentive to leave early

Private sector employed Canadians already generate the tax revenues to pay for the best health care system in the world. But at best we are 50% effective in delivering out-of-date state managed and funded health care services with few bench marks.

- primary health care facilities are undigitized and under funded
- government jobs-for-life and more nursing home beds will cost billions to house and care for people who were given the impression the state would look after virtually all their needs – are these higher priorities than interactive computerized classrooms
- something's got to give so we need to decide if retiree comfort is more important than upgrading the education and

money earning capabilities of our future breadwinners, they are Canada's most valuable resource - but don't vote yet

So what will the choices be?

Canada's competitiveness starts at the grass roots with new generation. This where major investments to make Canada great again – are essential for income stability and the sustainability of rural communities, cities, provinces and therefore ultimately – nationally.

- new nursing homes for end of life citizens and more new schools to keep tenured teachers employed
- a fully electronic health care system, new high tech hospitals and competitively paid specialists who are educated and trained to work with new diagnostic and other equipment in digitized "best cost" regional health care systems
- a provincial grade 9 exam that measures a student's likelihood of graduating from high school, or a high level trade school program – i.e., if 70% is the passing grade; students who score 50-69% would qualify to attend a trade school; those with less than 50% would enter the workforce, plus attend remedial classes in their weak subjects if they wish to; all students with less than 70% could write the grade 9 exam 2 more times if need be
- bootstrap preventive health care programs SAP in every school district (2009-10 school year), for kids with their parents - starting in elementary schools
- provide business with incentives to invest in interactive computerized classrooms, where students connect their laptops to a server that provides the software and curricula

for optimizing higher level education in history, math and sciences, etc., that IT teaching and learning tools support

Cutting the cost of governing by tens of billions per year while improving essential service levels

There are many tough choices to be made – i.e., public sector careers could be limited to a 5 year contract, (much like our military does), but in increments of five years – that can be renewed for another 5 years if the employee is moving up.

- to cut the cost of governing to a level the next generation can afford to pay for, most of the positions of government employees who retire in the next 5 years can be eliminated, with processing work being consolidated as they retire
- gradually retire all government employees with more than 5 years service, through 5 year contracts until the years of service of all public sector employees averages less than 10 years

As of April 1, 2010, each new employee would sign 5 year contracts, as well as those who are moving up when their contracts are renewed for another 5 years.

- the contract will be designed to encourage all employees to prepare for a second, third, or fourth career outside government if their contract isn't renewed

it will be understood when they sign their first contract, that their performance will be reviewed each year, and in the fifth year they may move up with a 5 year renewal

This is reality, for private sector employees expect to have 4 – 6 jobs in their lives and never be offered a contract by an employer.

Business mentoring for Canadian kids

Atlantic Canada doesn't have a broad enough cross section of business leaders who collectively provide work at the same rate our kids finish school. And most kids who don't finish school are not educated well enough to fill the higher level private sector jobs that are already available.

However, regardless of education or income group,, "good enough" doesn't cut it anymore. Labour pools are moving into higher technology in the digital economy at all skill levels. And the really successful Regional entrepreneurs of yore like the Irving's. McCain's, Sobey's, Bragg, etc., have moved upscale with technology and outgrown their Regional markets on a grand scale.

But, in their home base Region, there is a serious shortage of well trained and productive, skilled trades and computer literate people in small, and larger enterprises. However, a majority of recent graduates still leave to find job they want and can enjoy in a broader, more competitive working environment.

To renew the Region's private sector and population growth, Regional business leaders – will have to make a commitment to clear the regulatory and tax roadblocks to growth for their Region's smaller businesses. Although the executives have the experience - up to a point, they also have the voting power and talent to convince, federal, provincial and local politicians that overspending and intervention in job markets doesn't work.

By mentoring small businesses, the bigger business executives can strengthen private sector initiatives with different networks that need to be heard as one voice, instead of hundreds of often disparate, incoherent opinions.

Summary

Canada's competitiveness is not a top down government initiative – it is more likely bottom up Regional, north/south markets, led by its most successful business and professional leaders.

As I see it, the secondary business role of business people who hold the most responsible positions, is to level the playing field for future generations of highly motivated, better educated citizens – Regionally – who need business advice and bank financing from successful mentors - rather than politicized, high profile, ribbon cutting government subsidies.

In the Atlantic Region, our business leaders have ducked this role and by default, politicians have tried to plug the vacuum and managed it badly – at an exorbitant cost to Canadian taxpayers – i.e., 40 years of slow growth due to politicized crown corporations alone. By my estimate, they have consumed \$144 billion³ in annual losses and compounding annual interest since 1965.

This cost, is likely 7 – 10 times higher than the taxes paid by all corporations, other businesses in the Atlantic Region since 1965.

Moreover, an early solution to this problem doesn't depend on governments. It depends on the effectiveness of business peer groups championing the legacy of youth in schools and with school boards, plus growing businesses with innovative ideas.

When Regional business leaders recognize this is their true secondary role – that will be incredible!

³ My estimate of the compounded cost in 2007 on their original, plus upgrading investments, plus annual losses and interest consumed is \$144 billion – broken out as follows ACOA 40 b, Sysco 12 b, Devco 50 b, AECL 40 b (3 heavy water plants in CB), CN 1b (CB operation), Tar Ponds Cleanup 1 b

Credentials:

The writer of this submission, Jim Peers has a B. Com from McGill and an MBA from Harvard

He received Junior Achievement of Canada's National Leadership Award for 1992, a virtual recognized of the founders of JA of Cape Breton, who enabled Cape Breton kids to win JA's National Company of the Year award 7 times in 10 years.

But, less than 5, of over 1,000 of these outstanding kids, live and work in Cape Breton today.

Jim was also a member of Voluntary Planning's Economic Strategy Committee in Nova Scotia for 2.5 years in the late '80s.

The top priority the Committee recommended to the government of the day was – Education, for after working the economic and other demographic numbers, we concluded that Education was the key transformational initiative that would provide the synergy for much needed economic and social change in Nova Scotia.

Our recommendation was totally ignored by the new government that received our report – sixteen years ago. And Nova Scotia's low ranked education system has never become a key priority, because lobbying for transfer payments for nonessential services gets politicians reelected – kids don't!