

SIMON FRASER UNIVERSITY

OFFICE OF THE VICE-PRESIDENT, ACADEMIC

MEMORANDUM

To: Senate

From: D. Gagan, Chair *D. Gagan*
Senate Committee on Academic Planning

Subject: Centre for the Study of Government and Business

Date: May 12, 1997

Action undertaken by the Senate Committee on Academic Planning gives rise to the following motion:

Motion:

"that Senate approve and recommend to the Board of Governors as set forth in S.97 - 50 , the establishment of a Centre for the Study of Government and Business as a Schedule B Centre."

SIMON FRASER UNIVERSITY

MEMORANDUM
OFFICE OF VICE-PRESIDENT, RESEARCH

TO: Alison Watt
Secretary, Senate Committee
on Academic Planning (SCAP)

FROM: Bruce P. Clayman
Vice-President, Research

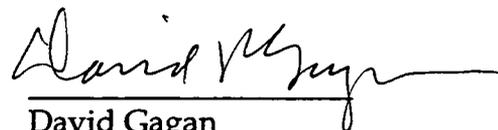
RE: Centre for the Study of Government and Business DATE: March 21, 1997

I attach a proposal from Dr. Stan Shapiro for the establishment of a Centre for the Study of Government and Business as a Schedule B Centre (centres that have a university-wide mandate).

The Governing Committee for Centres and Institutes recommends that the Centre be granted approval by SCAP at its next meeting. Once approved by SCAP, the proposal is to be forwarded to the next meeting of Senate, followed by a submission to the Board of Governors.



Bruce P. Clayman
Vice-President, Research



David Gagan
Vice-President, Academic

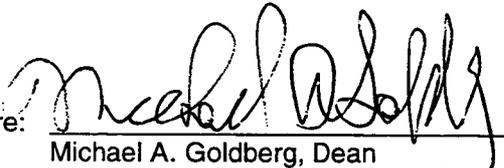
Attachment

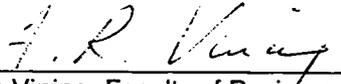
The Simon Fraser University - University of British Columbia

CENTRE FOR THE STUDY OF
GOVERNMENT AND BUSINESS

Signature:  Date: 20 March / 97
Bruce P. Clayman, Vice-President, Research,
SFU and Administrative Officer of the Centre for
the Study of Government and Business

Signature:  Date: Feb 24, 1997
Stanley J. Shapiro, Dean
Faculty of Business Administration, SFU

Signature:  Date: 10 March 1997
Michael A. Goldberg, Dean
Faculty of Commerce and Business Administration
UBC

Signature:  Date: March 2nd 1997
Aidan Vining, Faculty of Business Administration,
SFU

Signature:  Date: March 10/97
Thomas W. Ross, Faculty of Commerce and
Business Administration, UBC

**THE SFU-UBC
CENTRE FOR THE STUDY OF
GOVERNMENT AND BUSINESS**

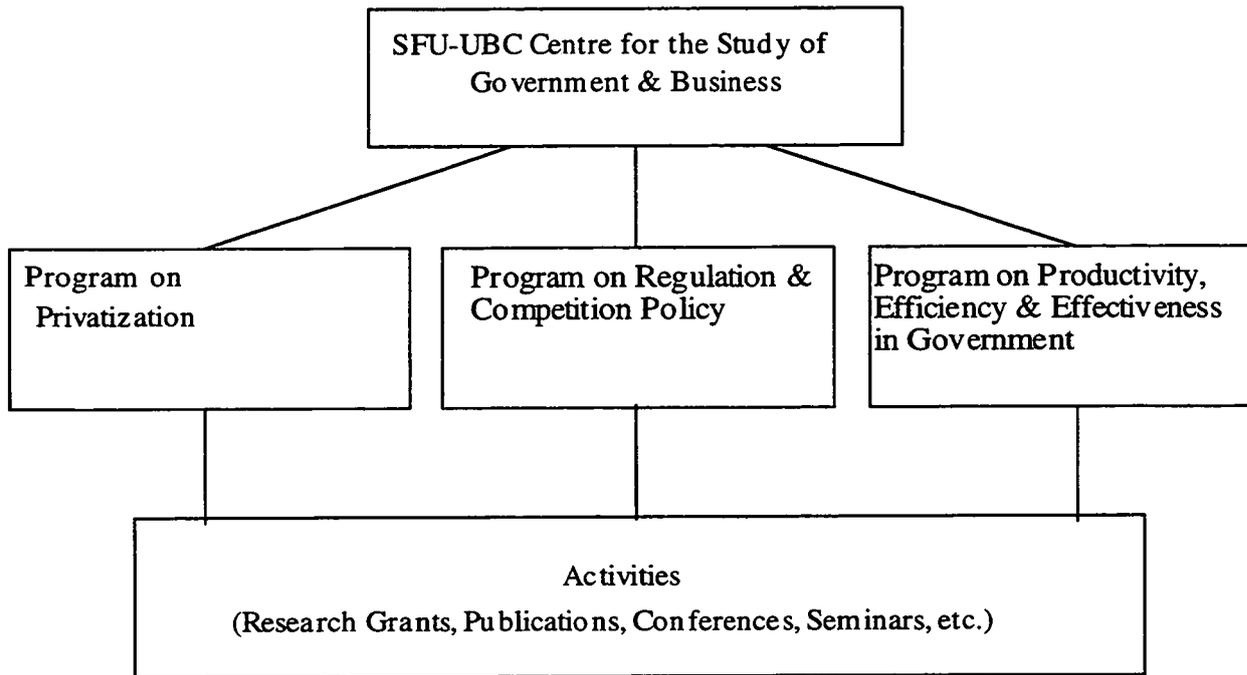
General Purpose

The purpose of the SFU-UBC Centre is to support theoretical and applied research into the role of governments in the Canadian economy and into the relationship between government and business in Canada. The Centre is jointly sponsored by the Faculty of Commerce and Business Administration at UBC and the Faculty of Business Administration at SFU. The twin foci of this research will be on normative questions about the way governments should operate to serve best their constituents; and on positive questions about the causes and effects of actual government activities.

The Centre will carry out its mandate through a number of activities including the support of research through, for example, small research grants, commissioned papers and conferences. The Centre will also support research through dissemination activities, including its own working paper series, other publications, a seminar series and the establishment of a public web site. It is proposed that the Centre will be a "Schedule B" Centre (since it involves another university). Dr. Bruce Clayman, the V.P. Research at SFU will be the administrative officer. The Centre will conduct all its activities in accordance with existing Simon Fraser University policies.

Centre activities will be divided into three primary program areas: the Program on Privatization and Contracting-Out; the Program on Regulation and Competition Policy; and, the Program on Productivity, Efficiency and Effectiveness in Government. These Programs are described in greater detail below.

Centre Structure and Programs



Program on Privatization and Contracting-Out in the Public Sector

There is enormous interest in Canada and elsewhere in the potential for increased productivity in important sectors of the economy by substituting private for public enterprise. A large body of evidence has accumulated suggesting that the private provision of goods and services is more efficient than public provision in many circumstances. This fact, combined with the fiscal binds in which many governments find themselves has put the sale of public enterprises on the political agendas of countries all around the world.

By international standards, Canadian governments at the federal and provincial levels have been relatively cautious. As a result, there have been only a few large scale privatizations (e.g. Air Canada, Canadian National, part of Petro-Canada, Alberta Government Telephone). However, we could soon be seeing at least the partial privatization of such important Crown Corporations as B.C. Hydro, Ontario Hydro, Hydro Quebec and even Canada Post.

Additionally, many government departments are downsizing by contracting-out important activities that were formerly conducted in-house.

This program will study all aspects of privatization with an emphasis on the role of public enterprise at the federal and provincial levels. There are many fundamental questions about the reasons for privatization, the proper way to structure and implement a public sale, what parts of a large enterprise to sell, and, importantly, about the design and effects of past federal and provincial privatizations in Canada. Finally, what are the efficient limits to privatization: when should governments retain their control of "strategic" activities.

Possible research projects in this program include:

- Measuring the extent of privatization activity at the federal and provincial level in Canada. This would include not only the standard transfer of enterprise ownership, but also the increasingly important contracting out of services.
- Measuring the performance of privatized Crown Corporations, mixed enterprises and contracted out activities.
- Determining what motivates decisions to privatize. Are such decisions driven more by ideology, by economic efficiency or by fiscal pressures?
- Work on the theory of joint public/private productive enterprises. Which of these arrangements are likely to be the most efficient and which have the necessary political-appeal to make them attractive to politicians?
- Measuring the efficiency of public enterprises in light of the fact that most have multi-attribute objective functions. Replacing a public enterprise with a somewhat more efficient private one will not necessarily produce a social gain if the other "outputs" of the public enterprise are lost.
- Assessing the impact of privatization on the labour force and industrial relations in Canada.
- Assessing the role of "strategic assets" and when they preclude contracting out.

Program on Regulation and Competition Policy

This program will consider both positive and normative questions related to government interventions in markets. The last 15 years have seen dramatic changes in the regulatory environment facing Canadian firms including, of course, the truly significant regulatory reforms in transportation, telecommunications and financial services but including also the new Competition Act which is framework law with considerable breadth. On the horizon almost certainly are further changes in the regulation of financial services, telecommunications, broadcasting and transportation. There will be increasing attention paid to the way we regulate activities with negative affects on the environment. And there may be changes in the way we control the distribution of certain drugs. Finally, competition law is itself evolving through court and Competition Tribunal decisions and through policy decisions made by the Centre of Competition Policy.

There is much we do not yet know about the regulatory reforms accomplished to date and those to come. This program will support research that attempt to explain the causes and effects of current regulatory regimes and, where appropriate, why past reforms were implemented and how successful they have been. It will also support research that offers new proposals for reform or evaluates proposals put forward by others.

Possible research projects under this program include:

- When deregulation is not possible, are there regulatory reforms that can improve market efficiency? For example, will price-cap regulation be an improvement over rate-of-return regulation for telecommunications pricing in Canada?

- Is Canadian competition law ready for the 21st century? For example, does the Canadian law on price fixing prevent firms from establishing socially valuable joint ventures or strategic alliances? Is the regulation of vertical relations between firms inefficiently invasive? Is the efficiency defense in merger law workable?
- Which government policies help, and which hurt, new firms as they attempt to enter and expand in Canadian markets?

Program on Productivity, Efficiency and Effectiveness in Government

Taxpayers and users of government services continue to pressure for increased efficiency and effectiveness in government. Each year the Auditor General releases a report which identifies areas where substantial improvements can be made. The purpose of this Program is to co-ordinate, fund and conduct theoretical and applied research concerning the efficiency and effectiveness of government services, policies, projects and organizations, especially the role of cost-benefit analysis and other measurement procedures.

Possible research projects under this program include:

- Developing a framework that clearly delineates between effectiveness analysis, revenue-expenditure analysis, cost-effectiveness analysis and cost-benefit analysis.
- Empirical studies of the efficiency or effectiveness of government services or government organizations. These may be longitudinal studies of one service or a group of services provided by similar organizations, or panel studies.
- Cost-benefit studies of major policies, projects or regulations. These may be either studies of proposed policies or projects, or analyses of current on-going projects.
- Theoretical research in the area of the measurement of productivity, efficiency and effectiveness.
- Assessing the accuracy of cost-benefit forecasts.

Proposed Activities

The following list of Centre activities indicates more specifically the activities to be undertaken. These will, in general, be shared activities in the sense that they will support work in all Centre Programs.

1. Direct Research Support:

This activity will support, with small seed grants, original research into questions of interest to the Centre. In addition, some funds could be provided to support the dissemination of completed or nearly complete work of significance.

2. Working Paper Series:

This program will produce working papers based upon Program-supported research and disseminate them widely to universities, government agencies and private businesses.

3. Seminar Series:

Speakers from Canada and elsewhere will be invited to present their research ideas and spend a day or longer discussing their work with members of the Centre.

4. Conferences:

The Centre hopes to organize and sponsor at least one conference annually on topics related to its mandate. These will be small conferences and will include the existing UBC Summer Conference on Industrial Organization series that began in 1993. Each will bring a small number of scholars with common interests to Vancouver to present and debate their work with each other and with members of the Centre.

5. Government and Industry Executive Education:

The Centre will assist in the provision of customized seminars for executives in government and business on questions of interest that fall within the area of expertise of Centre-affiliated scholars.

Current Initiatives That Will Be Folded Into the Centre

6. Review of Canadian Competition Policy after Ten Years of the *Competition Act*

This project involves the preparation of a series of research papers reviewing the successes and failures of competition law under the 1996 *Competition Act*. With some support from the Competition Bureau, and under the editorship of Tom Ross, these papers will be published as a special issue of the *Review of Industrial Organization* in 1997.

7. UBC Summer Conference on Industrial Organization

The Centre will assume responsibility for this annual summer conference, held at UBC since 1993 (and before that at Carleton University from 1987). Each year the conference brings six or seven outstanding scholars to the UBC to discuss their current research in a workshop environment.

8. The Canadian Competition Policy Web Page:

<http://pacific.commerce.ubc.ca/ccpp/>

This page has been established to disseminate information about competition law and economics in Canada and around the world. In addition to providing easy access to important documents and information about important people and organizations, it features links to other related sites and a directory of people with interests in the field. The CCPP has its own advisory board which includes members of the academic, legal and governmental communities.

9. The UBC Election Stock Market

The Centre will assume responsibility for this research project which has operated since 1993. The UBC-ESM is a market in which traders buy and sell contracts with values tied to the fortunes of

political parties. Market prices have been excellent predictors of election outcomes. The market is currently operating for the Federal Election to be held on June 2, 1997.

Preliminary Centre Initiatives

10. The Centre Web Page: <http://pacific.commerce.ubc.ca/ross/csgb/>

The Centre is developing a web page as an electronic home. Based at UBC it will explain Centre programs and disseminate information about Centre research activities.

11. Working Paper Series

The Centre is establishing its own Working Paper Series to disseminate research produced by Affiliates to universities, business and governments. A list of the first papers will be available on the Centre's web site.

Centre Governance

The Centre will be run by two Co-Directors (one from SFU and one from UBC) and an Executive Committee with the assistance of an Advisory Council of business leaders, government officials and academics from across Canada.

The Directors will produce a short annual report detailing Centre activities and explaining its expenditures. The appointment of the Directors will be made by the Deans of the Faculty of Business Administration at Simon Fraser University and the Dean of Commerce and Business Administration at the University of British Columbia on the advice of the Executive Committee and the Advisory Council. The first Directors are Professors Aidan Vining of SFU and Thomas W. Ross of UBC. The other members of the Executive Committee are Professors Anthony E. Boardman (UBC), Steven Globerman (SFU), Daniel Shapiro (SFU) and W. T. Stanbury (UBC). The Advisory Council will be named shortly.

Centre Membership

It is expected that the majority of Centre Affiliates will be faculty members from SFU and UBC, in business and other faculties interested in public policy. However, other academics, government officials and private sector managers are also invited to apply for Centre affiliation.

A considerable number of faculty from both institutions have already expressed interest in membership of the Centre, including the following:

Simon Fraser University

Professor Doug Allen	Economics
Professor Curtis Eaton	Economics
Professor Donald DeVortz	Economics
Professor Steven Globerman	Economics
Professor Jack Knetsch	REM
Professor Michael Howlett	Political Science
Professor Nancy Olewiler	Economics
Professor John Pierce	Economics
Professor John Richards	Business
Professor Daniel Shapiro	Business
Professor Paddy Smith	Political Science

Professor Aidan Vining
 Professor Mark Wexler
 Professor Richard Smith

Business
 Business
 Communication

University of British Columbia

Professor Richard Barricello
 Professor Anthony Boardman
 Professor James Brander
 Professor Thomas Ross
 Professor Barbara Spencer
 Professor William Stanbury
 Professor Ilan Vertinsky
 Professor William Waters
 Professor Werner Antweiler
 Professor James Vercammen
 Professor Jonathan Kesselman
 Professor Robert Helsley
 Professor William Strange

Agricultural Economics
 Commerce
 Commerce

The C.V.'s of the co-directors Professors' Tom Ross and Aidan Vining are attached. Available from the Senate Secretariat Office.

Budget

The Centre has a commitment of seed support from both the Dean of Business Administration at SFU and the Dean of Commerce at UBC. In both cases this support (\$5,000 for two years from each Dean, for a total of \$20,000) is coming from "soft" money. The Centre will be housed at SFU, Harbour Centre. However this will involve no incremental costs because Aidan Vining teaches at Harbour Centre on an ongoing basis and will use his existing office space. The Centre will impose no direct financial burden on the University. There will be no curriculum impact on the University. Upon approval, the Centre will begin to seek grant money from both public and private sources.