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WE'D ALL PROFIT IF WE COPIED IRELAND

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Finance Minister Ralph Goodale has issued a challenge to Canada's private sector to make a greater commitment to boosting productivity growth by investing in more research and development.

In a recent speech to the Halifax Chamber of Commerce, the minister noted that an aging population and increasing competition from countries such as China and India are going to provide Canada with some difficult economic times during the next 10 years.

On the West Coast, Industry Minister David Emerson also noted a few weeks ago that the key to Canada's economic survival as a small, open economy is to be more competitive than our North American neighbours. The approach, Mr. Emerson argued, should be winning the millions of critical investment decisions "made every day [by individuals or business interests] about where to live, where to work and where to invest."

While productivity improvements and competitiveness may lie, ultimately, at the heart of Canada's economic strategy, it would be interesting to give some consideration to the strategies currently being implemented by some of Canada's successful competitors.

One interesting success story is taking place in Ireland and has received only scant attention in Canada, despite its remarkable emergence as a savvy, high-tech country.

Once the doormat of Europe with a tired, lagging economy, stagnating incomes, a significant brain drain, and a declining economy, the Irish Miracle has transformed the country over the past 15 years. Indeed, Ireland has become one of the fastest-growing economies in the world with its booming technology industry and productivity levels now among the best in Europe.

Two statistics should convince readers that this is a country worth watching: Since 1993, the unemployment rate in Ireland has dropped from 15.7 per cent to 4.7 per cent and the government debt as a percentage of GNP has moved from 93 per cent to 34 per cent.

The Irish renaissance is being powered by three major activities that have some similarity to those taking place here but with a different focus. First, the Irish government has aggressively attracted high-tech investment through a policy of "industrialization by invitation," tax incentives, support for venture capital, and fostering an indigenous. high-tech sector.

This targeted approach has brought so many new companies to Ireland that the software industry has been the fifth-largest producer and second-largest exporter of package software in the world.

Second, Ireland has also invested heavily in post-secondary education in order to increase its ability to develop its own talent and to attract highly qualified people from abroad. Interestingly, the government has placed a particular emphasis on research and development, to such a degree that 60 per cent of Ireland's university graduates major in science, engineering, and business.

Neither of these economic development efforts would have been successful were it not for the support that Ireland gave to a third activity. Ireland recognized that it had to change its image as one of a backward and uninteresting place to a centre for "bohemian energy and an eclectic milieu of scenes, lifestyles and people." In other words, by adopting an aggressive cities agenda.

This objective requires a two-step process of attracting talent by offering creative people tax breaks and a high-quality place to live and work. The second step was building on the quality of a place "grounded in history and authenticity."

Of as much interest is the way in which Ireland is positioning itself for the next decade. A recent report published by the Enterprise Strategy Group (ESG), identified areas of potential" competitive strength with Ireland's existing service areas. For example, the ESG argues in favour of building on Ireland's successes in education, software development and tourism, and adding new services with huge potential to grow, such as franchise management, intellectual property management, and e-clinical trials. Manufacturing sectors, medical and diagnostic products, bio-pharmaceuticals, and prepared consumer foods have also been targeted.

Within this context, the report argues that Ireland has only five sources of competitive advantage in terms of creating a competitive environment like the one that Mr. Emerson described in his speech. Three that already exist in Ireland are its education and training systems, a generous taxation regime, and its reputation among decision-makers for "effective and agile government" that is responsive to the needs of labour and industry.

In the view of the ESG, there are two new areas that require intensive development to create the "decisive new orientation of Irish enterprise policy." These two activities are: focusing on making and developing an expertise in sales and marketing abroad and the application of technology to the creation of new products and services.

It is instructive to Canadians to know that other countries are also addressing competitiveness and productivity issues. However, the strategies appear different. In Ireland, government, industry, and labour have forged a genuine consensus while, in Canada, we have been more active in creating processes and plans to respond to our challenges.

We should be energized to action by the commitment of the Irish to respond to their economic challenges. Our economic well-being might depend on it.

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