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Why can't Canada produce global companies? Why are we ceding that ground to the U.S., Europe and Asia? It's a policy problem says new report from The School of Public Policy

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Calgary – Canada faces perhaps no greater economic and social challenge than its struggle to increase its productivity. Recognized worldwide for the quality of its scientific research, Canada still lags behind its peers in terms of business R&D levels, its openness to the adoption of new technologies and its innovativeness. While many Canadian companies operate abroad, the prevailing sentiment is that too few have achieved global standing in their industries. Where are the Canadian Apple's, Samsung's, Microsoft's or Toshiba's?

Today, The School of Public Policy with noted author and expert Pierre Lortie released a report that examines the expansion of Canadian companies into global markets, and what is preventing them from achieving the growth and status of companies based in the U.S., Asia and Europe.

According to Lortie "Experience, supported by extensive empirical evidence, confirms that Canadian policies to improve Canada's competitiveness have so far been ineffective; more of the same will not yield better results. Access to external equity capital is a necessary condition for fueling and sustaining the accelerated growth and success of high-growth, knowledge-based companies. Since 2017, globally, venture investments in the technology sector have been characterized by a decline in the number of deals, particularly in early-stage funding, but an increase in later-stage deals and the size of funding rounds. Rather than serving to deepen the Canadian public and private equity markets, current tax policies penalize high-growth technology firms that go public, and are biased in favour of private financing, a source of equity that has a propensity to "exit" by selling off stakes in promising young Canadian companies to foreign companies or investment funds rather than supporting their growth and scaling-up in Canada."

The report recommends three policy avenues that combined would assist Canadian companies in expanding their activities in Canada and abroad to become part of the next generation of international leaders and help retain in Canada high growth firms that are acquired by non-local businesses. They include: Addressing the shortage of highly qualified and experienced personnel by promoting and financing the establishment of an institutional professional-network infrastructure similar to that of the German "Steinbeis" 2. Promote the acquisition and commercialization of intellectual property from domestic and foreign organizations 3. Support the scaling-up of Canadian businesses and increase the depth of equity capital markets through the adoption of targeted tax measures.

The measures proposed in the report are specifically targeted at those individuals and organizations best positioned to improve the productivity and competitiveness of Canadian businesses at home and abroad, stimulate economic growth through increased investments in and commercialization of intellectual property and the expansion of high-growth Canadian firms into global markets.

The paper can be downloaded at https://www.policyschool.ca/publications/

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