



April 19, 2007

The Honourable Lorne Calvert
Premier of Saskatchewan
Room 226, Legislative Building
2405 Legislative Drive
Regina, SK S4S 0B3

OPEN LETTER

Dear Premier:

On behalf of the 93,500 members of the Saskatchewan Federation of Labour, I am writing to further express my views on the Trade, Investment and Labour Mobility Agreement recently signed by B.C. and Alberta. As you are aware from our ongoing TILMA Alert Campaign, the labour movement in this province supports increased trade, investment and labour mobility; however, we are very concerned that becoming signatory to TILMA will seriously hamper government's ability to regulate and legislate in the public interest.

On April 3rd, you received correspondence from the Canadian Federation of Independent Business (CFIB) in Saskatchewan on the subject of TILMA. I would like to draw to your attention the CFIB's statement that TILMA "will generate an estimated \$4.8 billion in new economic activity and create 78,000 new jobs in BC alone." These figures were also cited by Brad Wall of the Saskatchewan Party in an April 3rd news release praising TILMA.

On the Conference Board Study

The figures of \$4.8 billion in new economic activity and an increase of 78,000 jobs come from a Conference Board of Canada study done for the B.C. Ministry of Economic Development in September 2005, entitled "An Impact Assessment of the BC/Alberta Trade, Investment and Labour Mobility Agreement."

The study has been shown by several economists to be seriously flawed in its methodology. The estimated benefits of signing TILMA are simply not credible estimates.

Economists Marc Lee of the Canadian Centre for Policy Alternatives, and Erin Weir of the Canadian Labour Congress, point out, for example, that the Conference Board does not use standard economic techniques. It infers huge benefits from a tiny survey of business organizations and government ministries. They further determined that the Conference Board "doubles its estimate of TILMA's benefits through a simple arithmetic error. Even after correcting this error, most of the projected gains are from industries exempt from the final

agreement or from industries that barely engage in interprovincial trade.”¹

On April 2, 2007, Lee-Weir’s work was validated by Patrick Grady, a former official in the federal Department of Finance who did his own analysis of the Conference Board’s estimates. Grady concludes, after examining the methodology used by the Conference Board, that the estimate is “not credible”:

“The Conference Board sent out the survey to 24 organizations, 11 from government ministries and 13 from industry organizations, but only got responses from 10; 6 from government ministries, and 4 from the private sector. And 3 of those that did respond provided no regional detail and 2 no industrial. Needless to say, this small response particularly from the private sector undermines the reliability of the information collected because it means that most of the respondents are likely to have no specific industrial or regional expertise to contribute to the estimate. In addition, it’s not clear from the documentation that the respondents were actually informed of the intended relationship between the ranking and the numerical score later assigned by the Conference Board.”

Grady goes on to say that, “the Conference Board estimate appears implausibly high in relation to previous estimates and in relation to BC’s exports to Alberta. Again, the Conference Board must have even thought so themselves as it seemed to have disregarded its estimate of the impact of the TILMA in preparing its latest forecast for the BC economy. And, if even the Conference Board doesn’t believe its own estimate of the impact of the TILMA on BC, those who continue to cite this estimate as evidence of the large magnitude of the benefits to be derived for British Columbia from the TILMA *don’t really have a leg to stand on.*”² (emphasis added)

On Interprovincial Trade Barriers

We ask you to consider further the claim made by the CFIB and other parties eager to sign TILMA, that interprovincial trade barriers are a significant problem that requires solving. This assertion is simply not supported by the facts.

Brad Wall of the Saskatchewan Party also recently admitted that Saskatchewan has very few trade barriers. In an April 3rd news release, the Saskatchewan Party describes our province as “the lowest cost jurisdiction...with fewer trade barriers and restrictions than either B.C. or Alberta”.

Constitutional lawyer Steven Shrybman recently produced a legal analysis of TILMA and points out that neither of the two Conference Board of Canada reports “offers substantive empirical

¹ Erin Weir and Marc Lee (2007) “The Myth of Interprovincial Trade Barriers and TILMA’s Alleged Economic Benefits,” Canadian Labour Congress, Research Paper No. 43, February 26.

² Patrick Grady (2007) “The Conference Board of Canada’s \$4.8 Billion Estimate of the Impact of the BC-Alberta TILMA is not Credible,” Global Economics Commentaries, April 2.

evidence that significant and unwarranted barriers to internal trade and investment actually exist in Canada.”³

The Conference Board failed to list, or estimate the cost of, trade barriers between provinces in its “Impact Assessment”. The Conference Board itself admits in another recent publication entitled “Death by a Thousand Paper Cuts: The Effect of Barriers to Competition on Canadian Productivity”, that there is scant evidence of significant interprovincial trade barriers.

TILMA is unnecessary to deal with the few trade barriers that remain between provinces. It is an instrument of deregulation and corporate encroachment into the realm of public goods and services.

On Labour Mobility

The CFIB claims that TILMA is necessary for reducing barriers to labour mobility and for “eliminating requirements for skilled tradespeople to have to redo examinations and duplicate training”. We would like to draw to your attention the existence of the Red Seal program, which ensures that skilled tradespeople can practice their trade in any province across Canada.

The Canadian workforce is already mobile. There are very few genuine barriers to labour mobility within particular professions, and where those exist, processes already exist within the Agreement on Internal Trade (AIT) to deal with those barriers. In some professions, regulatory bodies have successfully negotiated mutual recognition agreements between provinces.

The consequences of TILMA for workers are negative. Shrybman argues that TILMA is “likely to weaken training, certification and apprenticeship standards because of the overall pressure TILMA will exert to reduce such standards to a lower common denominator.” We are also very concerned that although labour standards are listed as an exception in TILMA, the fact that the AIT accords this exception a lesser scope, that the AIT’s provisions will trump TILMA’s. Companies or individuals could then argue that certain labour standards restrict their investment rights and sue a province.

On TILMA’s Exemptions

The CFIB’s April 3rd letter also states that “TILMA excludes provincial laws and regulations governing water, taxation, royalties, labour standards, occupational health and safety, procurement of health and social services, social policy and aboriginal policies and programs.” While at first glance this list might seem reassuring, proponents of TILMA fail to mention that TILMA is extremely broad in its scope, covering all government measures such as legislation, regulations, standards, policies, procedures, and guidelines.

We would like to draw your attention to Article 17 of the agreement, which makes it quite clear that the “exceptions” cited by the CFIB will be reviewed annually “with a view to reducing their scope.” The list of “exceptions” in TILMA is meant to shrink over time, not to increase. Several

³ Steven Shrybman (2007) “A Guide to the Trade, Investment, and Labour Mobility Agreement,” February 1, 2007.

areas are scheduled to be negotiated into TILMA by April 1st, 2009, including: crown corporations, municipalities, school boards; publicly-funded academic, health and social service entities, financial institutions and financial services.

Several areas included in TILMA's list of "exceptions" are: assistance for recreation, academic research and to non-profit organizations; assistance for book and magazine publishers, sound recordings and film development, production and distribution; and compensation to persons for losses resulting from calamities such as diseases or disasters; environmental measures relating to the management and disposal of hazardous and waste materials.

It is understandable that small business owners would like to reduce any unnecessary red tape involved in setting up businesses in the various provinces. The Federation of Labour supports the removal of unnecessary regulations but we believe this is a task that can be completed without signing such a broad and encompassing agreement. We are adamant that Saskatchewan does not need a trade agreement designed to be punitive towards governments who engage in measures to regulate in the public interest, in order to deal with minor business irritants.

The true aim of TILMA is to create a totally free market economy and to eliminate government regulations that companies say impede the profits of private corporations. If there are barriers to trade, to investment, or to labour mobility that need to be reviewed, we advocate that a democratic, citizen-engaged process should be undertaken to examine those barriers. Let us not hand our democracy over to private interests at the expense of the common good.

Sincerely,

Larry Hubich
President

For more information call Larry Hubich at 537-7330 or Marvin Meickel at 527-5056.

c.c. Honourable Van Mulligan, Minister of Government Relations
Honourable Andrew Thomson, Minister of Finance
Honourable Eric Cline, Minister of Industry & Resources
Honourable David Forbes, Minister of Labour
Mr. Brad Wall, Leader of the Official Opposition
Mr. Yogi Huyghebaert, Government Relations Critic
Mr. Ken Cheveldayoff, Finance Critic
Mr. Lyle Stewart, Industry & Resources Critic
Mr. Glen Hart, Labour Critic
Mr. Dan Perrins, Deputy Minister to the Premier
Ms. Lily Stonehouse, Deputy Minister of Government Relations
Mr. Doug Matthies, Deputy Minister of Finance
Mr. Bruce Wilson, Deputy Minister of Industry & Resources
Mr. Bill Craik, Deputy Minister of Labour

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