

COLUMN FOR OP ED

Interprovincial trade deals hardly 'inevitable'

By Barry O'Neill

The Trade, Investment, and Labour Mobility Agreement (TILMA) between B.C. and Alberta, which the Campbell Liberals signed with the Ralph Klein Conservatives, finally comes into full effect on April 1. I can't think of a more appropriate milestone than April Fool's Day to observe this event, since the TILMA will make fools of us all once its far-reaching effects become evident in communities across this province.

Over the past 12 months I have visited municipalities large and small—33 communities over 45 days—in every corner of B.C. In each place I hosted town hall meetings attended by small business people, locally elected government officials, chamber of commerce and board of trade representatives, other community leaders, and the general public.

My message was simple: local governments are unlikely grow if they continue to rely primarily on property taxes and cost development charges for income. Neither option is very popular with the general public or from a business perspective, so we need to develop new revenue streams that will make us less reliant on such charges. In my presentation, I suggested a few tools we could use to make this happen: leakage analysis, import substitution, local economic multipliers, small business incubation programs, and local procurement models that give municipal governments the option *not* to outsource development contracts to foreign corporations.

Some observers might accuse me of back-to-the-future economics. This is not surprising, given how many local newspapers of late have described free trade between provinces as a 130-year work-in-progress. But there is a reason it has taken 130 years to get where we are today: locally elected governments don't tend to be keen on giving up their right to support those who elected them by putting laws in place that take away their ability to support local business.

The TILMA does just that. One simple example would be a fourth-generation local business that provides a product or service that has contributed to the growth of that community for many years. When a local contract on goods or services is let by a local government (municipal, school district, post secondary, etc...), what would be so unfair about giving those local businesses—stationery shops, car dealerships, computer suppliers, grocers, farmers, accounting services, sport shops, etc—a leg up on such contracts of, let's say, between and four and 10 per cent? Is this not a reasonable way to recognize the value of small- and medium-sized local businesses? Is this not a sensible way to keep more money in our communities for longer periods of time, creating larger local economic multipliers? Elected officials, local businesses and taxpayers should all be up in arms about the TILMA, because once this trade agreement is implemented, such practices will become *illegal*.

Now, before the free market zealots come raining down in response and demand my admission to, at least, a maximum security institution, they should know that the free market capital of the world, the United States of America, offers exactly the kind of local procurement options I'm talking about. In fact, procurement strategies targeting local

firms are standard practice in 25 of the 50 states, 13 of 26 large cities, and five of 18 large counties by our free trade partners to the south. And you might see those numbers go up as the U.S. struggles its way out of the recession. Here are a few examples:

New Mexico	5% preference
Alaska	5% preference
Louisiana	7%
New York	10%
California	5%
New York State	5%
Seattle	2%
Detroit	10%

The TILMA has nothing to do with trade and investment barriers—you can count the number of concerns launched over the years on one hand. It's also got little to do with labour mobility: workers have always travelled between Alberta and B.C. with little fanfare.

There are three reasons that the TILMA is being trumpeted as the new savior in the tradition of NAFTA, AIT, and the softwood lumber agreement. The first is to move regulations and qualifications to the lowest common denominator. The second is to prevent taxpayers from interfering with central governments, who seem to know what is right for everyone. The third, and most important, is to eliminate local government's ability to do what they think is best for those who elected them in their communities.

Don't take this folly sitting down. Stand up, write letters, ask questions, tell a neighbor, talk to locally elected representatives, and talk to local business operators. Do whatever you can, because local democracy is worth all of our efforts to save.

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