

July 23, 1980

Saskatchewan Discussion Paper on the Economic Union:
Comments on Principal Arguments and Observations

1. The federal government overstates the seriousness of the problem.

Comments - there is now considerable evidence of barriers
- there is a clear trend to greater use
- will become increasingly difficult to deal with as incidence increases.

2. Other policy levers have a greater influence on locational decisions.

Comments - agreed, but simply shows that both levels of government will retain capacity to influence development
- purpose is only to prohibit discriminatory "border" policies, not to eliminate non-neutral treatment

3. Because smaller provinces can't use the other levers as effectively, they need recourse to discriminatory policies.

Comments - smaller provinces are also those which can least afford the retaliation or imitation of discriminatory practices by other provinces
- points to need for effective equalization and sharing mechanisms so that smaller provinces will have capacity to attract economic activity too.

4. The federal approach gives too great a role ~~for~~ the courts.

Comments - option is to be more specific in text, which would increase risk of rigidity and reduce capacity to interpret general intent
- can't avoid ultimate judicial resolution on fundamental issues

5. The approach would give the federal government virtually exclusive control of regional development.

Comment - untrue, as Saskatchewan argues itself under point 2 (other policy levers).

6. An administrative approach would be more appropriate and effective.

Comments - given extent of potential for protracted disagreement, need to set out basic rules as framework for resolution.

- existence of rules would increase propensity of provinces to seek political resolution, rather than have courts intervene.

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