



THE HARPER RECORD

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The \$10 Billion Broken Promise

Newfoundland and Labrador and the Harper government

Lana Payne

There is no greater fraud than a promise not kept.

— *Gaelic Proverb*

AS FAR AS broken promises go, this is a hefty one.

Worth about \$10 billion to Newfoundland and Labrador, it doesn't take a rocket scientist to figure out why Premier Danny Williams is hoping mad at Prime Minister Stephen Harper for failing to keep his often-repeated commitment on equalization.

That \$10 billion broken promise has been the root of a very public spat between Williams and Harper. The Williams government went so far as to spend \$250,000 on country-wide newspaper advertisements to tell the province's side of the story to Canadians. The message: Stephen Harper is not to be trusted. He doesn't keep his promises.

"A promise made should be a promise kept, and, as Harper pointed out, there is no greater fraud than a promise not kept," said the Newfoundland and Labrador government-sponsored ad that ran in the spring of 2007.

But the dispute has gone further than newspaper ads. The premier has vowed to campaign against Harper and his Conservatives in the next federal election, encouraging the people of the province and of Canada to vote "ABC," Anyone But Conservative.

For Newfoundland and Labrador, this argument is about more than the money, as important as the \$10 billion is.

And the money is important. Labour unions and social groups certainly would not be shy with their demands on how to invest the funds. The province's needs are great after decades of economic struggles and underfunded programs. Imagine the child care facilities or social housing that could be built; the health care that could be delivered; or the roads and infrastructure that could be repaired. Imagine the difference \$10 billion could make in the everyday lives of Newfoundlanders and Labradorians.

Resources and The Rock

This dispute, however, has something deeper at its core. It is wrapped up in decades of battles with Ottawa over the province's place in Confederation and its contribution to the nation, economically, culturally, socially, and politically.

The province has always felt that its contribution to Canada has been undervalued, ignored, misunderstood, and often misrepresented. Most people living on "The Rock" believe we have made a difference to Canada, and that difference has been a lot more than our hospitality and wicked sense of humour.

In a speech last fall, Premier Williams pointed out that oil companies and Ottawa have been the biggest winners from the province's petroleum resources. Corporate oil had received \$10 billion dollars; the federal government had taken in almost \$6 billion, and the province received just \$2 billion.

Williams went on to emphasize that the four offshore oil projects — the Upper Churchill (a massive hydroelectric development in Labrador), the Lower Churchill, Voisey's Bay (one of the world's largest nickel mines), and Labrador West (home of two iron ore mines, accounting for more than half of the country's iron ore production) — will contribute \$100 billion to the governments of Canada and Québec.

"This staggering reality," said the premier, "is precisely the reason this government has taken such a strong stance when it comes to negotiat-

ing greater benefits for this province. Whether it be with Ottawa or the oil companies, we will no longer settle for less.”

Exempting the revenue from non-renewable resources

For Newfoundland and Labrador, the equalization fight is a matter of economic justice and fairness. For Danny Williams, it is part of his mission to turn around the economic fortunes of the province. It has also made for some good politics.

He cornered former Prime Minister Paul Martin in 2004 on the Atlantic Accord — resulting in a new deal that allowed the province to keep revenues from its oil and gas sector without having them clawed back under equalization. This was a big boost to the province, both financially and psychologically.

But the province was not finished with the federal government. With another election and with the polls so close, Williams wrested a renewed promise from the federal Conservative leader on resource revenues and equalization. It was not the first time Stephen Harper had committed to exempt non-renewable resources from equalization.

Williams was promised in a 2006 letter that, if he was elected, Harper would “remove non-renewable natural resource revenues from the equalization formula to encourage development of economic growth in the non-renewable resource sectors across Canada.”

In 2004, while in Opposition, Harper said in the House of Commons:

It was an election campaign when the Prime Minister (Paul Martin) was asked to respond to a long-standing Conservative commitment to ensure that the Atlantic provinces would enjoy 100% of their non-renewable resource royalties... This is a commitment made by me in my capacity as leader of the Canadian Alliance... These are long-standing commitments, our commitment to 100% of non-renewable resource royalties. It was our commitment during the election, before the election, and it remains our commitment today.

But that is not what the Harper Conservative 2007 federal budget delivered.

When the premiers couldn't come to an agreement on equalization prior to the 2007 budget, the federal Conservatives laid out a couple of options. Neither of the choices involved excluding non-renewable resources from equalization, as was promised, which meant that, while oil and gas revenues would continue to be protected through the Atlantic Accord until at least 2012, revenues from the giant nickel mine in Voisey's Bay or from iron ore in Labrador West would not receive the same protection.

In addition, the proposals laid out for the provinces could also affect the Atlantic Accord signed by Martin and Williams in 2005, according to the Newfoundland and Labrador government.

The federal Conservatives deny all of this, claiming that they are honouring the Atlantic Accord as promised. The problem is, according to Williams and even the statements made by Harper, that more was promised than the honouring of the Atlantic Accord.

The issue here is not whether or not one agrees with the Newfoundland and Labrador government's position on equalization. The issue is that a promise was made, but not kept — a promise that, if kept, would have made a huge difference to Canada's most easterly province and its people.

The issue here is also one of accountability — something the federal Conservatives would have Canadians believe defines them.

Of course, for Newfoundland and Labrador and many of its citizens, this is also an issue of respect. The cynics might say it is also about politics, but why cloud a perfectly good principled position with something as tawdry as politics?