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# **Atlantic Canada in the Harper Era**

**Louise Carbert**

**December 2020**

**Mulroney Papers in Public Policy and Governance No. 2**

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## MULRONEY PAPERS IN PUBLIC POLICY AND GOVERNANCE

No. 2

Author: Louise Carbert

Atlantic Canada in the  
Harper Era

Series Editors: Donald E. Abelson and  
Adam Lajeunesse

Managing Editor: Anna Zuschlag

Prepared for the Brian Mulroney  
Institute of Government

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4048A Mulroney Hall  
St. Francis Xavier University  
2333 Notre Dame Avenue  
Antigonish, Nova Scotia  
Canada  
B2G2W5

© Brian Mulroney Institute of  
Government  
December 2020

ISSN: 2563-5581

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Among the many questions that shape this series are how leaders at various levels of government immersed in different policy files have reacted to the challenges, pressures, and opportunities that come with elected office. What lessons can we learn from what went right, and at times, what went horribly wrong? This series aims to identify and illuminate what students of public policy and administration need to consider in evaluating the success or failure of various policy decisions.

**Louise Carbert, PhD** is Associate Professor of political science at Dalhousie University. She is the author of numerous publications on women's political leadership, including her 2006 book *Rural Women's Leadership in Atlantic Canada* and her 2012 study of women's candidacy and election to the House of Commons.

Dr. Carbert was a founding member of Equal Voice Nova Scotia and sat on the Nova Scotia Advisory Council on the Status of Women. In 2012, she served on the federal Electoral Boundary Commission for Nova Scotia. Her current SSHRC-funded research project studies the political careers of delegates to the 1976 Progressive Conservative leadership convention.



December 2020

# Atlantic Canada in the Harper Era

Louise Carbert\*

## INTRODUCTION

In Atlantic Canada, the concept of integration is at the heart of political theory and practice. All four Atlantic provinces have lagged the rest of Canada economically for so long that their relationship with Ottawa has come to be dominated by issues surrounding the fragility of industries and communities. Hard-nosed questions of dollars and cents of government transfers and programs preoccupy scholars more than questions of culture and behaviour. We can take our identity for granted, but not our place in the federation.

A first principle is that regional economies should be integrated from the periphery into national systems, so that regions take turns at growth as industries rise and fall. Second, the state is a crucial actor for moderating these fluctuations, to carry struggling regions through difficult periods, thus enabling them to thrive when conditions permit. In this regard, many scholars have argued that Canada has failed to integrate the Atlantic provinces (for a review, see Bickerton, 2013). The historical record shows missed opportunities that point to a potentially different trajectory, where expanding markets might have incorporated the region, but did not. In Bickerton's (2013) view, there was always too much provincial autonomy, thus allowing the big provinces of Ontario and Québec to create barriers to integration by regionally discriminatory policies (p. 269).

Bickerton's (2013) corollary was that economic integration must be combined with a renewed commitment to policies of inclusion, equity, and justice (p. 269). Canada's post-war welfare state programs are examples of just such a commitment to bring the bulk of each region's population into the mainstream of well-being, health, and education through the distribution of transfer payments from Ottawa to the provinces. The capstone of this agenda was the entrenchment of the principle of equalization in section 36 of the *Constitution Act, 1982*.

This paper examines four categories of tensions that arose between the Atlantic provinces and the federal government in Canada during the Harper era and assesses to what degree the region's integration within Canada was affected by each in turn. The first of these tensions involved the expanding role of offshore resource industries in Newfoundland and Labrador and, to a lesser extent, Nova Scotia. How to divide revenues and how much those revenues would affect equalization payments were the subjects of ongoing and sometimes fractious negotiations regarding the Atlantic Accords. A second set of tensions involved labour mobility, as increasing numbers of Atlantic Canadians left to seek work elsewhere, especially in the Western provinces. At the same time, some local industries faced labour shortages that drew in temporary foreign workers. A third category of controversial dealings between Ottawa and the Atlantic provinces involved economic-development initiatives, which increasingly focused on large-scale industrial projects. A fourth set

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\* A version of this paper will be published in the volume *Regional and Federal Dynamics in the Harper Era* edited by Julie Simmons and Jim Farney (University of Toronto Press, forthcoming). The author thanks those editors for their comments.



of tensions arose over the perennially thorny issue of political representation, as hostilities erupted over the role of the Senate and the behaviours of individual senators. Atlantic Canada, more than any other region, relies on over-representation in that Chamber to balance its progressive weakness in the House of Commons. Finally, to what degree all of these tensions had an impact on voting behaviour is considered by tracking the regional popular vote over the relevant national elections. The paper concludes with a discussion of recent developments in intra-regional integration—that is cooperation and coordination among the Atlantic provinces—and the lingering impacts of Stephen Harper’s legacy on current and future governments.

The Atlantic region has long been disadvantaged by geographic isolation, low populations, seasonal industries, and declining manufacturing. Provincial governments have lacked the resources—financial, technical, and organizational expertise—to kick-start economic resurgence. But for Confederation, they might have employed the tools of a sovereign state to enhance investment, as have, for example, Ireland and Iceland. Hence, it is up to Ottawa to address the constraints of the federation faced by the provinces. In response to such concerns, Ottawa undertook a series of initiatives starting in the 1960s to provide financial capital and technical expertise for local economic ventures (Savoie, 2009). The Atlantic Canada Opportunities Agency (ACOA) is the current government body through which ventures are principally coordinated and funded. In Broschek’s (2014) terms, the region has sought to be integrated into the system of “shared rule” where there is a tighter collaboration between the two levels of government, with Ottawa taking the lead, across a wide scope of programs and policies.

Stephen Harper crashed into this intricate balance of expectations and understandings in 2002 when he toured the region as leader of the Alliance Party and made the following pronouncement: “I think in Atlantic Canada, because of what happened in the decades following Confederation ... there is a culture of defeat that we have to overcome [...] Atlantic Canada’s culture of defeat will be hard to overcome as long as Atlantic Canada is actually physically trailing the rest of the country” (Flanagan, 2007, p. 75). This comment sparked an outcry, and Harper never lived it down, as his name became synonymous with the perceived accusation that the region was responsible for its own economic stagnation by fault of its own culture. This perception was inaccurate because Harper actually blamed Ottawa’s recent economic development programs and social safety net for undermining the region’s true historical culture, thereby causing most of its problems. But, in any case, his antidote was equally distasteful to many in the region. If, according to his rationale, Ottawa had distorted local markets, then his solution was to remove Ottawa’s influence (Boessenkool & Speer, 2015). Harper’s goal to foster a looser, more decentralized version of federalism confronted head-on some of the most deeply held convictions in Atlantic Canada about the role of Ottawa in securing the well-being of individuals in the region.

A rough survey of overall economic conditions in Atlantic Canada helps to provide context for interpreting political developments in the region during Harper’s three terms as Canada’s prime minister. All four provinces have been significantly less prosperous than the rest of Canada for nearly a century. However, a recent study of GDP per capita data showed they were catching up slowly but steadily during the period between 1981 and 2008 (Desjardins et al., 2013). An even more extensive analysis found a similar result extending back to 1926. Brown and Macdonald (2015) analyzed household-income data over that period and found that the provinces separated into two groups. The first included British Columbia, Ontario, Québec, and the three Maritime provinces—New Brunswick, Nova Scotia, and Prince Edward Island (PEI). In these provinces, household income has risen in fairly even fashion, converging slowly toward a common level.



The second group comprises the resource-dependent provinces. Alberta and Saskatchewan, and progressively after 1996, Newfoundland and Labrador have followed their own volatile growth path in response to the boom-and-bust cycle of commodity prices. The latter of these three has seen a particularly sudden transition. Collins and Reid (2014) described how Newfoundland and Labrador seized onto the offshore oil industry with a determination to exploit revenues in order to defend the province's historic, if beleaguered and vulnerable, sovereignty in its own version of "resource nationalism." Kneebone (2015) detailed how this province's government has become more reliant on resource revenues than any other in Canada:

The discovery and development of off-shore oil beginning in the 1990s had a dramatic effect on the economy and the finances of the provincial government. In 2013–14, the province relied on the income earned from the exploitation of its natural resources to fund over 32 percent of its program expenditures. (p. 2)

One implication for the present purpose is that the category of "Atlantic Canada" is economically incoherent.

During the Harper Conservative era (2006–15), Canada was buffeted by enormous fluctuating global forces that nobody in the world, much less any region of Canada, could avoid: the global financial meltdown of 2007–8, followed by a global recession, and, at best, a slow global recovery. Canada's economy was heavily influenced by huge excursions in world prices of commodities. The spot price of oil, as measured by West Texas Intermediate, hit an all-time peak of \$147 per barrel in 2008, then collapsed to the low-\$30s in 2009, recovered to a relatively high range between \$80 and \$110 for an extended period between 2010 and 2014, and finally began a renewed collapse near the end of the Harper era.

How did Atlantic Canada fare under these dramatic circumstances? Not well, in the case of the Maritime provinces. Statistics Canada (2015) reports on GDP variations showed that the combined economies of these provinces grew less than 7 per cent over the relatively benign five-year period of economic recovery (2010–14), lagging significantly behind growth in the country as a whole, or in Ontario in particular during the same period. Economic growth in Newfoundland and Labrador kept up better, as might be expected during a positive-growth, albeit volatile, period for the oil and gas industry. However, it then fell quickly on hard times, together with its dominant industry (Statistics Canada, 2015). Hence the pre-existing intra-regional distinctiveness of Newfoundland and Labrador as a resource economy actually intensified during the Harper era. In what follows, we shall see how this distinction spilled over into the political arena. Premier Danny Williams, in particular, was able to tap into lingering misgivings tracing back to his province's relatively late entry into Confederation (1949) to gain support for a more aggressive stance than that taken by the Maritime provinces.

The pattern of lagging economic growth in the Maritimes came on the heels of a long-term trend toward catching up with other parts of Canada and fell squarely in the Harper era. So too did the wrenching economic ups and downs felt by Newfoundland and Labrador. It would be a stretch of logic to pin all the blame on the federal government of the day, considering the global nature of the challenges. Surely pre-existing long-term structural characteristics of the regional economy determine how resilient it is to external shocks. However, it is reasonable to expect a central government to implement policies that build toward long-term resilience in each region by reinforcing its core strengths. This goal, after all, lies at the heart of any definition of integration that leads to a successful federation.



## EQUALIZATION AND THE ATLANTIC ACCORDS

By the time he took office in 2006, Harper's comment about the "culture of defeat" had already created substantial apprehension, and that apprehension quickly escalated into open conflict. The new Conservative government almost immediately re-opened the Atlantic Accords, which set out the proportion of oil and gas revenues used in Canada's equalization formula. Under section 92 of the *British North America Act*, royalties from natural resources accrue to the provinces; the bulk of natural resource wealth in the Atlantic region lies offshore, beneath the ocean, which is under Ottawa's jurisdiction. When oil and gas were discovered offshore in the Atlantic Ocean in the 1970s, Premier Brian Peckford of Newfoundland led the charge for this province to benefit in the same way as provinces where the resources are exploited onshore.

There are two separate Atlantic Accords, one with Nova Scotia, signed in 1982, and another signed with Newfoundland in 1985. Ottawa still owns the resources but gave a "crown share" of its revenues to the provinces until they reach a specified level of fiscal capacity. These revenues were also sheltered from the calculation of provincial income for equalization, otherwise Ottawa would be clawing back the resource income, and the provinces would be no further ahead. Over the years, negotiations turned on the proportion of royalties to be excluded or "offset" from the clawback in the calculations for equalization. With the expectation that the industry would propel these have-not provinces into have-provinces, the clawback was scheduled to increase year by year.

By the early 2000s, Ottawa was receiving 80 per cent of Nova Scotia's revenues from offshore resources. A campaign for a "fair share" stalled until the election of Paul Martin's Liberal government in 2004. Not only was Martin's minority government precarious, it was also awash in a budgetary surplus. In an extraordinary phone call in 2004, Martin promised Newfoundland and Labrador Premier Danny Williams to end the clawback altogether. A few months later, federal officials reneged on Martin's promise. Williams stormed out of a First Ministers meeting and ordered that the Canadian flag be removed from all provincial buildings. While the "flag flap" was arousing controversy in public opinion, Nova Scotia Premier John Hamm was negotiating behind the scenes. By January 2005, Ottawa had reached a settlement that satisfied the provinces.

Having satisfied these two provinces, Martin had antagonized the rest of the country. Each accord was a bilateral agreement between Ottawa and an individual province; trouble loomed because it implicated the national equalization program. Saskatchewan, another have-not province, promptly sought to negotiate its own side deal to the calculation of the no longer quite-so-standard equalization formula.

In 2006, the next round of the Atlantic Accords began after the defeat of Martin's Liberal government and the election of Stephen Harper's first minority government. Newfoundland and Labrador Premier Williams publicly berated Harper's hesitation to endorse Martin's deal. Again, Nova Scotia, under the leadership of Progressive Conservative (PC) Premier Rodney MacDonald, took a more conciliatory route. Neither tactic was effective to preserve Martin's deal. In 2007, Harper's second budget included a standardized, 10-province equalization program that excluded 50 per cent of resource revenues; and it capped payments to have-not provinces at the level required to match the fiscal capacity of have-provinces that received no equalization payment. Harper's new equalization program offered higher immediate payments from a 10-province standard that included the richer provinces in the formula, but it clawed back more resource revenues, and it imposed a ceiling on benefits.



Harper offered both provinces the option to choose the former Martin Accords with no claw back, but the payments would be lower.

By the end of 2007, Nova Scotia accepted the new equalization formula, with an agreement to continue to negotiate further over details. The dispute was bound to abate for this province in any case because its exploration and drilling had stalled. Opposition remained in Newfoundland and Labrador. Harper refused Williams' call for \$10 billion to be paid over 15 years as the price for peace. Williams took out newspaper ads criticizing Ottawa, in defence of the previous Martin Accord. Relations with Ottawa were so embittered that Williams personally led the highly successful "Anybody but Conservative" campaign (popularized with the "ABC" acronym) in the 2008 national election. Alex Marland (2010) quipped that Williams, riding high on resource royalties, "[became] a poison in federal politics... [who] might as well [have been] leading the Parti Terreneuviennne."

Over a decade later, it is difficult to appreciate the antagonism. Even though the equalization formula was too complex for the general public and even most public officials to understand, "everyone" understood that Harper had reneged on the Accords (Smith, 2008). Negotiations were also deeply personal. In Atlantic Canada, even advice from seasoned Tories who had kept the party alive during the lean years did not sway the prime minister. Nova Scotia Member of Parliament (MP) Bill Casey, a veteran from the Mulroney Cabinet, voted against the 2007 budget which included the new equalization formula and was promptly expelled from caucus. Casey became a local hero and was re-elected as an independent with 69 per cent of the vote. In the 2015 election, Casey switched over to the Liberals and won the seat handily.

Bickerton also attributed great significance to the Atlantic Accords as a measure of the nation's commitment to the region's well-being. Regardless of anyone's grasp of the details of the dispute, people recognized it as a breach of trust. The Accords had originally been negotiated in the context of section 36 of the *Constitution Act, 1982*, which requires governments to secure economic development and to provide reasonably comparable levels of public services through equalization. As side deals, the Accords offended the Harper Conservatives' more general principle of preferring a standard formula, as opposed to allowing claims for special preference that is not built quantitatively into the formula. Side deals also annoyed finance department officials and the other provinces. The Accords may not have been the best vehicle to achieve the principles laid out in section 36 for that reason, but it was the route first taken in the 1970s when resource wealth from oil and gas promised to usher in a new era of prosperity. Bickerton (2008) suggested that, alternatively, Ottawa could have maintained ownership of offshore resources but sequestered royalties in a separate fund for regional development initiatives, without ever touching the equalization formula. But this would require a renewed and expanded role for Ottawa in the region which Harper's Conservatives would not undertake, and so equalization bears the burden of section 36. The Atlantic Accords thus became an emblem of Conservative hostility. It provided ample ammunition, right from 2006 through to 2015, for dissenters to argue that the Conservatives had a particular animus against the region.

## Labour Mobility

Smith (2008) concluded her analysis of the state of intergovernmental relations after the first minority Harper government by noting that the symbolic weight of the dispute counted for less than subsequent events: "As



for the federation, it is tempting to think that it will weather the storm. Certainly, the changing economic circumstances of the regions of the country are driven by forces more powerful than the accords and equalization” (p. 95). No force was more powerful during the Harper era than the expanding role of natural resource extraction of all types, including, notably, the oil and gas industry. As detailed by Christensen (2015), “when carbon was king during the Conservative mandates, Canadian crude oil production increased 44 percent and dominated the national agenda.” To be sure, the spot price of oil exhibited extreme volatility during this period. However, capital investment in the oil and gas industry does not respond immediately to spot prices, but rather to expectations for long-term prices, and these were heightened throughout the period.

A 2014 Fraser Institute report on the decade-long boom in jobs, investment, and income had the pointed title: “Go West Young Adult.” People from all across Canada moved west, with the largest absolute numbers coming from Ontario, but that was a steady drip from a large pool. By comparison, out-migration from the Atlantic provinces was more like a surging gush from a small bucket. This process began before the Harper Conservative era. In the 2003–7 period, some 2,100 individuals aged 15–34 years old left Nova Scotia each year on average; New Brunswick lost about 1,700, and Newfoundland and Labrador lost about 2,800 (Milke, 2014, pp. 31–32). Those figures may not seem enormous when we think of Canada as a whole, but one must appreciate that the entire populations of these provinces add to only 2.3 million. A steady outflow of young people, year after year, is devastating to a province’s prospects for the future; out-migration has a major cumulative impact on small provinces as young adults leave their parents, have children, and make their own home elsewhere.

Moreover, those numbers on interprovincial migration capture only part of the phenomenon that transformed the East Coast. They only include individuals whose move from one province to another is recorded by a change in the province of residence on income-tax returns. It was more typical for individuals to work in another province without changing their official province of residence. This was especially true for young people whose permanent residence was their parents’ home. There were much larger numbers of young people who worked out west intermittently without changing their health care coverage or their drivers’ licence because they had no fixed permanent address other than their parents’. This was particularly evident amongst workers who stayed with friends, sublet under the table, rented motel rooms by the month, or stayed in an industrial barracks-style setting.

Other people settled into a more regularized mode of interprovincial commuting. A typical pattern among oilfield workers was to fly in for two weeks of 12-hour shifts and fly out to be at home on the East Coast for a week (Simmonds, 2014). There was no class stratification here. For example, after Nova Scotia PC Cabinet Minister Kerry Morash was defeated in the 2006 provincial election, he commuted between Nova Scotia and the Kearn Oilsands project north of Fort McMurray (Tutton, 2015).

Getting a handle on the numbers of people in this informal category is difficult. Statistics Canada has the ability to measure the incidence of interprovincial commuting by its access to Revenue Canada data. Interprovincial employees are defined as those individuals receiving wages (as reported on their T4 slip) in one province and reporting their T1 tax returns as a resident in another province. One study found that in spite of the vast distances between the East Coast and Alberta, the number of interprovincial workers increased almost three-fold from 2004 to 2008. About 70 per cent were men. By 2008, just over one quarter of all interprovincial workers in Alberta were commuting from the East Coast (Laporte et al., 2013, p. 6, 21). This long-distance





workforce comprised approximately 34,000 workers in Alberta commuting from Atlantic Canada. This is a huge number of people from a small region to supply to another province.

The power of this administrative data is limited in a crucial respect. Self-employed individuals do not receive a T4 slip, which is the source from which the province of employment is determined. A self-employed individual only receives a T4 slip if they are incorporated and give themselves a T4 slip. This is important because so many of the jobs in Western Canada (not just the oil industry, but also, for example, the 2010 Olympics) were in the construction trades. Self-incorporation varies by skilled trade, but is not typical in the construction trades, least of all amongst the youngest and most mobile workers. As a result, even the best estimates from Revenue Canada for interprovincial commuting are on the low side (Laporte & Lu, 2013, p. 10).

The 2007 Interprovincial Workforce Database reports that the National Capital Region dominates this phenomenon. Federal government employees who live in Hull or the Gatineau area of Québec and cross the Ottawa River to work in Ontario are the largest category of interprovincial workers. The next largest category comprises other Québec people from beyond the Ottawa–Gatineau area commuting into Ontario. British Columbia workers crossing the border into Alberta are the next category; the oil and gas fields of the Northern Rockies cross provincial boundaries, and there are regular flights from the Okanagan Valley into Northern Alberta. Those patterns dominate because they involve so many people in large, contiguous provinces. Most of those interprovincial workers are crossing the border in their own vehicles, with little impact on their lives. The long-distance Atlantic experience is profoundly more disruptive. In that context, it is astounding that the Atlantic provinces accounted for 16 per cent of all interprovincial employees in 2009, despite comprising only 7 per cent of Canada's labour force. This small region ranked third in Canada, behind Québec and then British Columbia, for being the home for an interprovincial worker (Laporte & Lu, 2013, p. 3).

Another way to get a handle on the magnitude of interprovincial commuting is to look at wages earned outside the province. Newfoundland and Labrador presents a compelling result in this regard. This province has its own expanding oil and gas industry, which attracts substantial numbers of young workers. Simultaneously, however, many other workers from this province commute for work out west. In 2011, Newfoundland and Labrador led the region in terms of share of total wages earned outside the province, at a whopping 8.5 per cent. Viewing this result in conjunction with the dominance of the local energy industry highlights a troubling lack of diversification in this province's economy. The three Maritime provinces also had substantial shares of total income earned outside the province, ranging from 4.5 to 6.2 per cent. Most of that income was earned by men, and in Alberta. In terms of age demographics, during the study period from 2003 to 2011, progressively older and married men joined the trek as well (Morissette & Qiu, 2015, p. 4).

To appreciate the significance of income earned outside the province, it must be emphasized that the incomes earned out west were substantially higher than incomes earned back home. If anything, incomes earned by commuters skew low because not all workers commute consistently throughout the entire year. For those who worked only in Alberta in that tax year, the median earnings of construction workers were \$51,000, and the median earnings for oil and gas workers were \$60,000 annually. One quarter of men in those industries had annual earnings in excess of \$86,000 (construction) and \$96,000 (oil and gas extraction) (Laporte et al., 2013 p. 55). The same study measured the distribution of wage increases on an individual basis for people who



had worked at home and then away. For example, 42 per cent of skilled workers earning more than \$50,000 annually gained more than \$25,000 by working in Alberta (Laporte et al., 2013, p. 41).

Much of those earnings were spent back home. In one sense, these private-sector incomes from work in Western Canada amounted to “equalization by remittance.” Studies of remittance income in Canada and elsewhere in the world have found negative implications for the home community. For example, Desjardins et al. (2013) observed small, localized versions of what is often referred to as “Dutch Disease” (p. 82). High wages remitted from the oil and gas industry had the effect of crowding out local investment and entrepreneurship in the workers’ home communities. For example, small business owners found it difficult to plan for retirement when few people wanted to buy their operation. Sociologists also observed damage to kinship and social networks of small towns. The burden of volunteering fell to those who stayed behind; shortages of volunteer firefighters were acute. As a result, there was conflict between those who stayed to do the work to support kin and community and those who returned to throw around their paycheques (Harling Stalker & Phyne, 2014).

Canadian economists have long recognized the existence of what they term the “intrusive rentier syndrome” when capital-intensive, high-paying resource companies crowd out other segments of the local economy. In Canada, this phenomenon has often been associated with one-company towns where a pulp mill, mine, or smelter dominates. In the case of Atlantic Canada, the intrusive rentier was located thousands of kilometres away in Western Canada, but the local impact was similar (Desjardins et al., 2013, p. 13, 182).

The impact of intrusive rentier syndrome was most pronounced in rural areas. To a considerable extent, the Halifax area—with its relatively large population and diversified economy, including universities, hospitals, military bases, and aerospace and software industries, was more immune to effects of out-migration and interprovincial commuting. The transportation corridor from Halifax through New Brunswick along the Trans-Canada Highway also held up better than other areas (Desjardins et al., 2013, p. 76, 89).

The Conservatives were not directly responsible for the expanding oil industry, nor its impacts in Atlantic Canada, because Canada is a price-taker, not a price-maker, due to its status as a large, but not leading oil producer to world markets. Moreover, the expansion and its impacts began long before the Conservatives took office. Nonetheless, they were seen to celebrate the industry as no government before had. In a major speech to an international business audience in England six months before taking office, Harper touted Canada as an “emerging energy superpower.” He also held Canada above other oil-producing countries (notably Russia): “We believe in the free exchange of energy products based on competitive market principles, not self-serving monopolistic political strategies” (Taber, 2006). These and other similar comments over the years led some people in Atlantic Canada to attribute the perceived impacts of the expansion—whether it was equalization by remittance, Dutch disease, or intrusive rentier syndrome—to the Conservative government in general and to Harper personally.

While it may be unfair to blame the government of the day for long-standing industrial shifts driven by global forces, some government policies did play a role in how their impacts unfolded in Atlantic Canada. One example was a change made to Employment Insurance (EI) eligibility criteria in 2012. The standard requirement for EI claimants to seek employment was to be enforced more rigorously, with surprise checkups on claimants in their home. More contentiously, claimants were required to accept employment within 100



km of their home. The new rules were national in scope, but their application was targeted specifically at seasonal workers in the Atlantic provinces. For a few months in 2013, the situation of a single mother in rural PEI became a cause célèbre. Marlene Giersdorf went public with her grievance that it was impossible for her to expand her job search because she did not have a vehicle, and there was no public transit to Charlottetown where jobs were going unfilled. She staged a protest, complete with signs, outside the local Service Canada office, to make her claim that the new rules could not accommodate her particular circumstances. Politicians and journalists picked up on her individual situation as typical of the East Coast. There might be jobs in the provincial capitals, but there were no jobs and no child-care facilities in the communities where people lived (MacEwen, 2013).

Many people, including the Atlantic premiers, suspected that Harper's restrictions on eligibility for benefits under the Employment Insurance Program were a scheme to nudge people down the road west. When confronted with just this accusation, Harper replied,

The job searches that we require do not require people to take work outside of their local area. It's not unique to Prince Edward Island that there are greater economic opportunities particularly for young people, more economic opportunities in some parts of the country than others. And that's just the reality of the situation; it's not an EI phenomenon. (Wright, 2014)

Just as there were greater opportunities elsewhere, there were greater penalties for staying in rural PEI. Despite protestations to the contrary, the ostensibly neutral national revisions to EI eligibility was the single most damaging region-specific issue contributing to the Conservative Party's collapse in Atlantic Canada (Navarro-Genie & Kydd, 2015).

Reforms to the Temporary Foreign Worker Program (TFWP) were, in effect, the flipside of the coin to tighter EI benefits. These changes were also ostensibly national in scope but had particular impact on the East Coast. The TFWP was established in 1973 to allow Canadian employers to hire highly skilled foreign nationals to fill temporary positions. Chrétien's Liberal government expanded the program to include low-skilled workers in 2002, and the numbers ballooned over the subsequent decade. In response, the Canadian labour movement argued that employers were preferentially hiring foreign workers, dragging down Canadian wages, and calling for a crackdown on the program. When abuses in the system came to light, Employment Minister Jason Kenney tightened the requirements in 2014. He claimed that there were plenty of Canadians to hire; hence, the businesses could continue to thrive with market forces determining wages (Morgan, 2014).

Surprisingly, the most adamant defence of the existing program came from the Atlantic provinces. Despite relatively high rates of unemployment, there were simultaneous labour shortages in some locations and industries. With an aging population and out-migration, small businesses, especially fish-processing plants in rural areas, had few people to hire. According to the Atlantic Provinces Economic Council (2014), the number of temporary foreign workers increased threefold from 2005 to 2012, when it reached 11,000 workers, representing 1 per cent of total employment. As in other provinces, some worked in restaurant kitchens, but, uniquely to the East Coast, many worked in the seafood-processing plants. Seasonal employment in the fisheries had, historically, been linked to the cycle of eligibility for EI benefits, but that rhythm was ruptured as young people left for opportunities elsewhere. Temporary foreign workers filled the jobs that were left vacant by out-migration and urbanization.



In the end, the Conservative government relented with a temporary partial exemption specifically applying to the seafood sector. Nevertheless, the TFWP affair left a lingering perception of a lack of understanding or concern for local Maritime industries by the Conservative government, perhaps even antipathy to the programs that had integrated Atlantic Canadians into the federation over several decades.

The foregoing components of economic disruption—out-migration, demographic decline, labour shortages, interprovincial commuting, and a localized version of “Dutch disease”—rippled throughout the region, with implications for social and political life at the level of the local community. In a twist of irony in 2004, two years before becoming prime minister, Harper visited New Brunswick and pronounced, “Someday, when this province gets its fair share from Confederation, when it’s able to control its own resources and exploit its own opportunities, [it] will be less a place where you visit your grandparents, and more a place where you visit your grandchildren” (Savoie, 2006, p. x).

In retrospect, after Harper had had his kick at the can, voters could wonder what positive steps the Conservatives had undertaken to realize that ideal. Bill Casey, the Mulroney-era MP who was expelled from the Conservative caucus over the Atlantic Accords tapped into this very theme when he ran successfully for the Liberals in 2015:

When our young people go west, it hurts our communities, our families, takes away our volunteers, firefighters and entrepreneurs. It is ironic that the government of Nova Scotia is trying to attract people to come to Nova Scotia when the federal government’s policy is to encourage our young people to go west to work. (Canadian Press, 2015)

For many people in Atlantic Canada, the abstract principle of labour-market mobility was experienced on a deeply intimate level as family ties were disrupted. This sense of dislocation arguably contributed to the overwhelming defeat of the Conservatives in the region in 2015. While nobody can say for sure whether a different set of policies from Ottawa could have successfully turned the tide of young workers, it is clear that many Atlantic voters came to blame Harper for the intensification of this phenomenon.

## Economic Development

From the beginning of Harper’s time in office, there was a good deal of apprehension in Atlantic Canada at the election of a Conservative government that had so many of its roots in the Western-based Reform Party. The Reform/Alliance contingent of the recently merged Conservative Party included many people on the right of the ideological spectrum who opposed state intervention into the economy by means of targeted regional development initiatives and labour-force development programs, instead favouring broad tax cuts and deregulation. Through their years in opposition, the Reformers had criticized government spending in the Atlantic region as rife with boondoggles, pork barrels, and general sleaze. That critique included the cycle of seasonal work, supplemented by unemployment insurance benefits, topped off with companion “make-work” projects operated by Human Resources Development Canada. A 2002 rant from Kenney in the House of Commons epitomized the Alliance Party’s hostility:



In terms of regional development [...] my party's policy is one of strong and consistent opposition to all forms of corporate welfare and taxpayer handouts through what we have learned in an increasingly corrupt political apparatus to favoured corporations, be it through Western Economic Diversification, FORD-Q, ACOA or any of the other alphabet soup of corporate welfare programs. (*Hansard*, 2002)

Hence, the 2006 election brought widespread apprehension about the future of federal government funding for programs that had taken a prominent role in defining the region's place in the federation.

A less extreme stance emerged after the Conservatives formed the government. As former leader of the Progressive Conservative Party, Peter MacKay was the most senior member of government from Atlantic Canada. Accordingly, he was appointed minister for the Atlantic Canada Opportunities Agency. In his first major public appearance, he announced \$2.5 million in Atlantic Innovation Funds to an enthusiastic audience in Sydney, Nova Scotia: "ACOA, I want to tell you, is here to stay—and it's here to pay" (MacVicar, 2006, p. D1). Atlantic Canadians could thus be assured that the funds would flow.

In some respects, the Conservative government practices conflicted starkly with the party's earlier stance in Opposition. In the wake of the financial crisis of 2008, governments around the world, including Harper's, embarked on a massive surge of stimulus spending. In Atlantic Canada, decisions in allocating so-called Economic Action Plan funds to "shovel ready" projects were made by the political minister in each province. Graham Steele (2015), who was Nova Scotia's minister of finance at the time, reported that every spending decision ran across MacKay's desk, and MacKay was determined that as much money as possible be spent to twin the part of the Trans-Canada Highway running through his own district. In another example of old-style politics, the Conservative MP for South Shore–St. Margarets was caught in photographs carrying a large ceremonial cheque bearing the Conservative logo and his own signature as authorizing spending to announce \$300,000 to upgrade a rink in his district ("Tory logos on federal cheques," 2009).

But the question remained: If the Liberal version of economic development had created a "culture of defeat," according to Harper, then how did a Conservative government propose to do it differently? In many respects, the Conservatives' overall economic development strategy carried on much as that of the Liberals, albeit with a shift in focus toward for-profit enterprises. During the 1990s, the theory and practice of economic development had shifted from chasing or rescuing large-scale "smoke-stack industries" to small-scale, community-development initiatives that could build on the already existing strengths and skills of the local population (Polèse, 2013). As opposed to older strategies that relied on provincial leaders to strike investment deals with major corporations, community-economic development projects arise from the grassroots up, with entrepreneurs working in coordination with municipal and county governments. The concept of "capacity-building" was central to community economic development, but in rural Atlantic Canada, urbanization and out-migration/interprovincial commuting depleted the supply of capacity available. Individuals with the most capacity—that is, ambition, energy, and skills—were among the first to leave. Under Liberal governments, not-for-profit social enterprises had been central to the vision of community economic development. However, they became relatively marginalized under the Conservative government, as funding bodies, principally ACOA, progressively encouraged ventures to become professionalized, productive, and competitive. For-profit, as opposed to social entrepreneurship, was in favour (Krawchenko, 2014).



Perhaps the most important contribution to regional economic development by the Harper Conservative government was one that was never advertised as such: the National Shipbuilding Procurement Strategy (Starr, 2014, p. 264). In 2010, the government announced a major plan to recapitalize Canada's fleet of Navy and Coast Guard ships, at an initial budget of \$33 billion. The strategy was further designed to re-establish Canada's shipbuilding industry on a steady basis and thus create employment. In 2011, Irving Shipbuilding in Halifax was selected to build offshore patrol and combat ships, the biggest and most challenging segment of the strategy. Vancouver Shipyards was selected to build the Coast Guard ships. The (later renamed) National Shipbuilding Strategy effectively functioned as a regional development program because it included requirements to use Canadian suppliers under the Industrial and Technology Benefits Program for the purpose of strengthening Canada's domestic defence industry (Thorsteinson, 2014). Supplies (especially software design) came from anywhere in Canada, but defence contracts had substantial impact on the local economy in the Halifax area.

The National Shipbuilding Strategy quickly ran into controversy. Critics from outside Atlantic Canada failed to see the logic of building our own ships when they could be bought for much cheaper from South Korea or elsewhere. A *National Post* (2015) editorial, entitled "The Tories seem more interested in buying votes than buying ships," quipped that it was more of the same old subsidies for the region: "The Tories talk a good game, but when it counts, they seem more interested in buying votes than buying ships." If there were votes to be bought in Atlantic Canada, they came at a very high price indeed, as costs for the ships escalated dramatically, and the design phase dragged out for years. Eventually, the project was intended to employ thousands of workers for a generation, but Irving Shipyards did not begin construction or ("cut steel") until September 2015. Apart from the merits of the government's strategy to recapitalize the Navy and rebuild the shipbuilding industry on the East Coast, it was an ambitious, expensive, long-term plan. While it still carries the potential to build industrial strength over several decades, the short-term economic impact was too little and too late to win votes for the Conservatives in the 2015 election.

Another important contribution was the federal government guarantee of loans financing the Lower Churchill hydroelectric project in Labrador. Premier Danny Williams introduced the project in 2010 as a joint venture with Nova Scotia, with respect to an underwater Maritime Link to Cape Breton. This arrangement was chosen to bypass transmission through Québec, in light of the highly fractious dispute that had prevailed through four decades over the earlier Upper Churchill project (Antle, 2011). The new mega-project was formally a joint venture between power corporations in the two provinces—Nalcor and Emera—but, in practice, proceeded with extensive government involvement. Nalcor is a crown corporation of Newfoundland and Labrador, and both companies operate within tightly regulated environments. Thus, taxpayers and electrical ratepayers are very much on the hook. Due to the enormous scale of this project—initially under-estimated at \$6.2 billion—financing would not have been feasible without a federal government guarantee. Harper delivered this commitment as an election promise during the 2011 campaign, by which time Williams had been replaced as premier by Kathy Dunderdale ("Developing the Lower Churchill," 2011). After winning that election, the Conservative government followed through with a formal commitment in 2012 (Taber & Séguin, 2012). This arrangement signalled a transition in Newfoundland and Labrador to a more cooperative approach to federal-provincial relations than had prevailed under Williams (Marland, 2012, p. 288). The final guarantee, which was capped at \$6.3 billion, enhanced the investment rating of the bonds financing the project, thus lowering the cost of borrowing by approximately \$1 billion over its lifetime. In addition to providing long-term access to



fossil-fuel-free electricity, the construction phase of the project was estimated to create 1,500 jobs per year (Natural Resources Canada, 2013).

The ultimate success of the Lower Churchill project remains uncertain for the same sorts of reasons as for most mega-projects. Subsequent to ground-breaking in 2014, the project was dogged by cost overruns, delays, and accidents. These troubles loomed large in provincial politics of Newfoundland and Labrador, and even spilled over into the national and international fora. Nalcor's CEO was sacked, and his replacement asked for—and received—guarantees from Justin Trudeau's federal Liberal government (Bailey, 2016; Barry & Breen, 2016; Boone, 2016). He also put the Italian construction contractor up for review, a move that provoked Italian Prime Minister Matteo Renzi to intervene with Trudeau at the 2016 G7 meeting (Cochrane, 2016).

These two mega-projects—the National Shipbuilding Strategy and Lower Churchill—fit well with the Harper-Conservative vision of nation-building through large-scale industrial endeavours involving national defence and development of natural resources. Harper's enthusiasm for this sort of activity also extended beyond government-sponsored projects, as he publicly advocated for numerous private-sector initiatives. In 2013, TransCanada Pipelines announced its plans for the Energy East pipeline. This project was designed to convert an underused natural-gas pipeline to carry crude oil from western Canada to Montréal and then to extend the pipe to the Irving Oil refineries in Saint John, New Brunswick. Once refined, much of the oil could have been exported globally through the Bay of Fundy, and some could have replaced the foreign oil that is otherwise shipped in from overseas to fuel furnaces and vehicles in the Maritimes. Harper's advocacy was accompanied by Maritime premiers whose positions ranged from public support to a lack of opposition. Under the subsequent Trudeau Liberal government, TransCanada withdrew its application for the project after changes were made to the National Energy Board (NEB) and its review criteria. TransCanada's (2017) letter to the NEB cited "substantial uncertainty around the scope, timing, and cost associated with the regulatory review" and "the question of jurisdiction that arises from the NEB decision."

The Maritimes' experience with shale gas ("fracking") during the Harper era presents a cautionary tale for how a new industrial initiative can provoke far-ranging debates that verge on regional soul-searching. David Alward, the PC premier of New Brunswick who had openly supported Harper, welcomed the shale gas industry and signed agreements with several companies to explore the potential for expansion. In 2011, when Calgary-based Windsor Energy carried out exploratory seismic testing along a provincial highway in the town of Sussex, provincial jurisdiction was challenged by the government's own minister of natural resources. At issue was whether permission from the provincial transportation department was sufficient or whether municipal consent was required as well. The ensuing legal dispute led to a 2016 ruling that Windsor Energy "did not need prior written consent from the municipality" (White, 2016).

A different jurisdictional challenge arose over shale gas exploration in Kent County, New Brunswick, in 2013. During a prolonged and sometimes violent standoff, Indigenous protestors called (unsuccessfully) for the Canadian military to defend the treaty rights of the Elsipogtog First Nation against the RCMP, which was protecting the exploratory equipment of SWN Resources, an American company exercising shale gas lease rights granted by the province (Howe, 2015). Over several months in 2013, "the confrontation tested the limits of government's monopoly authority on the use of force" (Fast, 2016, p. 7).



The 2014 New Brunswick election was fought in large part on the shale gas issue. Brian Gallant's Liberals defeated Alward's PCs, and the new government declared a moratorium on further exploration. Soon after in that same year, the Liberal government of Nova Scotia declared its own moratorium on shale gas exploration. Clancy (2013) explained that lack of familiarity with the petroleum industry in the Maritimes, and distinctive features of its land-use patterns hindered the emergence of "social licence": "There is little in the rural culture of the provinces that offers a bridge for shale gas business practices and acceptances."

The range of opinions on fracking among Atlantic scholars is surprisingly broad. At one extreme, Foster and Foster (2014) merged an environmental argument with a particular version of what constitutes the traditional way of life in the region:

We Atlantic Canadians should take pride in the lifestyle that we've developed, and which seems to frustrate so many of our elites. We've mastered the art of 'occupational pluralism'; that bare-bones strategy that allows us to make ends meet by cobbling together small, ad hoc jobs, in harmony with the season and the ups and downs of the local economy. Instead of hollering to the resource-extracting economic elite that we're 'open for business,' we ought to subvert and re-claim the labels meant to demean us ('Nova Scarcity') and the notions of our backwardness. (p. 7)

Savoie (2014) presented a starkly contrasting view:

It saddens me—no it angers me—to see thousands of hard-working Maritimers leaving for Western Canada to work in the energy sector while our provincial governments take turns in declaring a moratorium [...] How can we accept transfer payments generated by the western energy sector while we refuse to permit shale gas exploration at home? It is both a moral and economic question that requires an answer if we are to continue to protect Canada's transfer payment scheme to the have-less provinces. (p. F3)

Hence, even the suggestion of a growing presence of the shale gas industry in the region provoked existential debates about identity, competing jurisdictional claims, and the Maritimes' place in the federation.

## POLITICAL REPRESENTATION

With its relatively small population, Atlantic Canada has never held much influence in the House of Commons. And with each round of electoral redistribution this influence shrinks a bit more as new districts are added in other regions of the country where populations are growing. In the most recent Representation Order (2013), the region's number of seats in the House of Commons remained static at 32, but the relative weight of those seats declined as the total number of seats rose from 308 to 338.

In compensation for the declining weight of those few seats, Harper appointed experienced Tory veterans to his Cabinet. Greg Thompson was first elected in 1988 as a PC under Brian Mulroney's leadership; he represented New Brunswick in Harper's first Cabinet. Loyola Hearn from Newfoundland and Labrador was appointed to Cabinet with years of provincial PC government experience in hand. Once elected in 2008, Gail Shea from Prince Edward Island likewise brought provincial government experience to Harper's Cabinet. And in Nova Scotia, Peter MacKay emerged as the dominant player of the bunch, exercising the traditional influence





of a regional minister from his own independent power base on the East Coast (Brodie, 2018). For example, Peter MacKay exercised a good deal of discretion over how Economic Action Plan funds were spent (Steele, 2015). But considering that MacKay rarely departed from Harper in matters of policy, it is not clear whether he could have stood up for regional interests against national policies, without suffering the same fate as Bill Casey.

Historically, the relative weakness in the House was partially balanced by a magnified presence in the Senate. The four Atlantic provinces are constitutionally entitled to 30 Senate seats out of a total of 105 nationally—a 28.5 per cent share, triple that in the House of Commons. This over-representation was purposely built into the system to ensure that regional interests were adequately addressed.

When Harper became prime minister, he brought with him a preconceived and well-publicized agenda to reform the Senate, centred on the principle of electoral consultations with voters on a provincial basis. His attempt to introduce a Senate-reform bill during his first term failed to move forward. In the interim, Harper refused to address a growing number of unfilled Senate seats, with the exceptions of Michael Fortier from Québec, who was simultaneously appointed to Cabinet, and Bert Brown from Alberta, who had won a provincial electoral process. Harper's neglect became an issue of concern in Atlantic Canada, where seven seats had gone vacant. He finally relented near the beginning of his second term and made the outstanding appointments in the face of a potential loss of power to a coalition of opposition parties.

Ironically, Harper's Senate selections for the region included Mike Duffy, whose subsequent criminal investigation for his behaviour as a senator helped to elevate detractors' claims of institutional illegitimacy to a crisis level. Duffy was ultimately acquitted of the legal charges that were brought against him in a trial that was less about what the defendant had done and more about whether or not it was allowed. News coverage of the trial made for dramatic political theatre that had a demonstrable impact on the national election campaign with which it coincided. In its aftermath, serious questions lingered about the ethics—as opposed to legal technicalities—of Senate rules and senators' behaviour. For example, a post-trial poll found that 71 per cent of Prince Edward Islanders opposed Mike Duffy continuing to represent the province in the Senate (Corporate Research Associates, 2016). Proposals for Senate reform from Canada's major parties range from minor tweaks to outright abolition. Hence, by the time Harper left office, the Atlantic region faced an uncertain future for its parliamentary representation in Ottawa.

Turning to the House of Commons, it is instructive to relate the regional tensions described in the foregoing sections to the vote response of Atlantic Canadians. Given the numerous gripes about how the national Conservative government treated the region, one might expect to see a regional bias against the party that isolated Atlantic Canada politically from the rest of the country. Indeed, the party was shut out entirely from Atlantic seats in the 2015 election. However, a brief overview of the popular vote over the course of the era reveals that anti-Harper bias in Atlantic Canada, while real, is more accurately viewed as a secondary effect, while the main pattern of partisan preferences in the region ebbed and flowed much as it did elsewhere.

Figure 1 presents the popular vote in national elections since 1997, contrasting the Atlantic region (solid curves) to the rest of Canada (dashed curves). The major shifts in Canadian partisan preferences that unfolded during this period are shared by both sets of curves. (A valid criticism of the Atlantic/non-Atlantic comparison is that neither category is coherent. But if we instead compare the Maritimes to Ontario, the same pattern of shared



partisan preference shifts emerges at least as strongly.) Both within Atlantic Canada and elsewhere, the Liberal Party attracted a declining vote share, reaching a nadir in 2011 under the leadership of Michael Ignatieff, followed by a massive recovery in 2015 led by Justin Trudeau. As elsewhere in Canada, the New Democratic Party received an increasing share of Atlantic votes, peaking in 2011 in the midst of Jack Layton’s “Orange Crush,” followed by a sharp drop in 2015 under Tom Mulcair’s leadership.

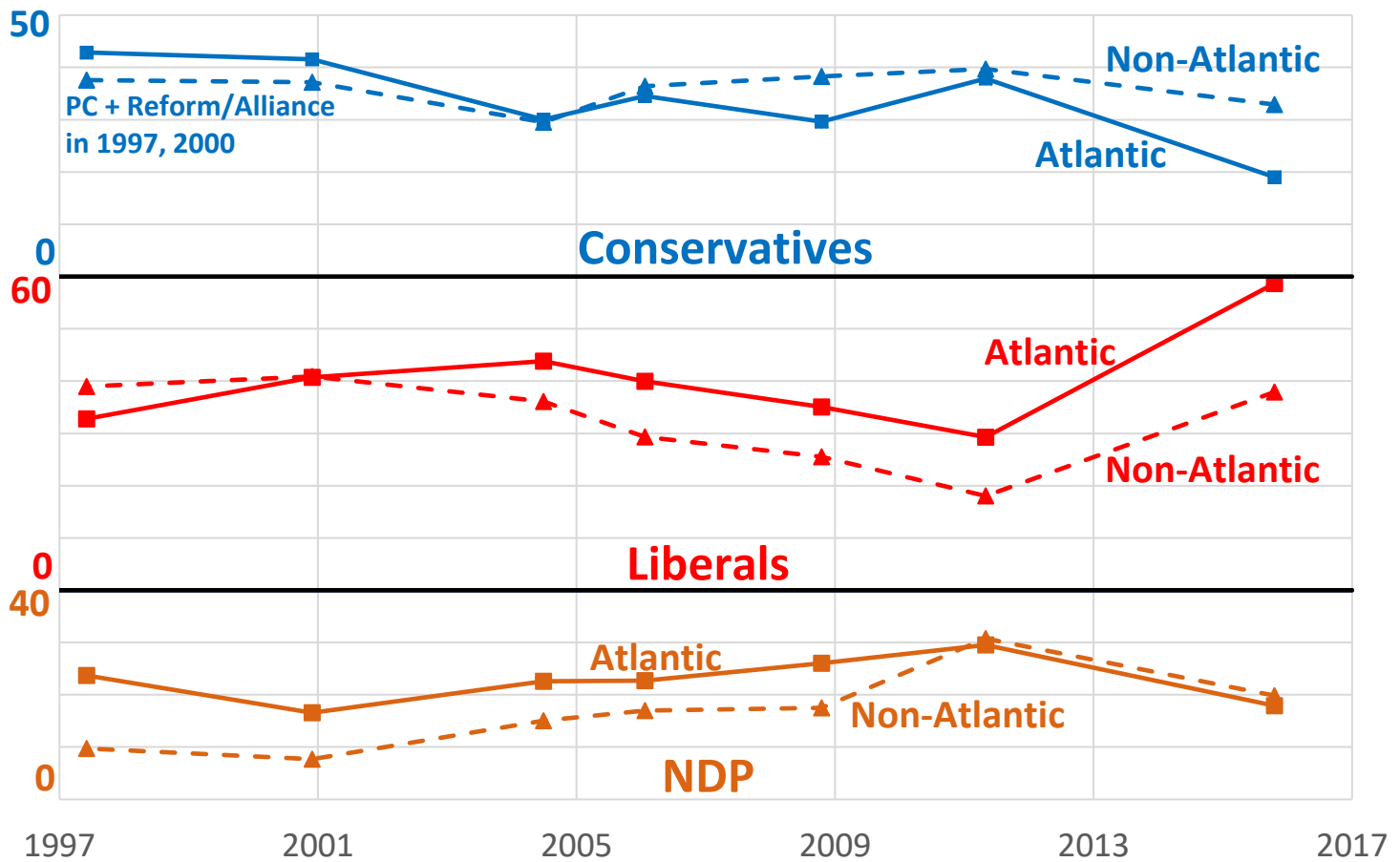


Figure 1. Atlantic vs. Non-Atlantic popular vote (%)  
Source: Elections Canada (1997–2017).

Even the pattern of Conservative vote support in Atlantic shared important features with that in the rest of Canada. The 2006 result is noteworthy. Based on the record of this party (and its predecessors) while in Opposition, there were many reasons for Atlantic Canadians to be apprehensive—even fearful—of the prospect of its imminent victory. Harper’s “culture of defeat” remark and Kenney’s parliamentary rant against ACOA are two well-known examples from the preceding years. Nevertheless, Atlantic Canadians delivered a



similar rise in popular support for the Conservatives, as did voters elsewhere in the country, as the Conservatives took minority control of the House.

The 2008 election did bring a noticeable departure for the region: support for Harper's party flagged as it rose slightly elsewhere in Canada. This decline can reasonably be related to the dispute over the Atlantic Accords. However, the apparent scale of the divergence is somewhat misleading, considering that the Conservatives won an extra seat in the region—10 versus nine in 2006. It turns out that their drop in regional vote share was entirely confined to Newfoundland and Labrador, where Danny Williams carried out his "ABC" campaign with great success, depriving the party of all three of its prior seats in that province. The Conservative popular vote in that province dove to 17 per cent (from 43 per cent in 2006), while remaining steady in the Maritimes. Conservative support actually rose in New Brunswick and PEI in 2008, leading to a gain of four seats in those provinces. Hence, Williams' combative approach to federal-provincial relations introduced a divergence between his province and the Maritimes in terms of federal electoral support in 2008.

Then, in 2011, as Conservative support inched into majority-government territory elsewhere in Canada, Atlantic Canadians went to the polls and got on board with the national agenda to finally hand over control to Harper. Popular support was nearly as high in the region as elsewhere, as the Conservatives took 14 Atlantic seats. This renewed regional support came after five years of Conservative governments had shown Atlantic Canadians what to expect. Evidently the pull of the Canadian political mainstream outweighed regional grievances. Even Newfoundland and Labrador showed an increase (to 29 per cent) and sent a Conservative MP to Ottawa. Premier Kathy Dunderdale linked this increase directly to Harper's election promise to guarantee the financing of the Lower Churchill hydroelectric project ("Developing the Lower Churchill," 2011), a step that signalled a lessening of hostilities with Ottawa.

Support for the Conservative Party did collapse throughout Atlantic Canada in 2015, as the Liberals swept all 32 seats with a 59 per cent share of popular support. Not even well-entrenched incumbents were safe from the Liberal sweep. Seeing the writing on the wall, several incumbent Conservatives had declined to re-offer. High-profile New Democrats also went down to defeat. The massive shift in support could be seen in advance. Corporate Research Associates (2015)—the leading pollster in the region—reported that the Liberals had secured a comfortable lead more than a year before the election. The shift from Conservative to Liberal support in Atlantic Canada should reasonably be viewed in the context of the pervasive desire for change that swept the country in the 2015 election. However, it does make sense to link region-specific concerns with the particular intensity of the rejection of Harper's Conservatives that occurred in Atlantic Canada.

In sum, overall voting patterns during the period shown in Figure 1 do not indicate that the region is charting a divergent path. Atlantic Canadian voters are integrated into the national political conversation, while adding their own regional accent.

## CONCLUSION

While Harper's vision of open federalism clashed with the views of many Atlantic Canadians when he took office in 2006, his tenure as prime minister nonetheless forced them to think about what they can and cannot accomplish without Ottawa's direct involvement. This introspection highlights the importance of intra-regional



integration (Savoie, 2006, pp. 201–3). To what degree does Atlantic Canada hold together as a building block of Canadian politics, and how did this change during the Harper era? As outlined below, internal diversity within the region, if anything, grew during this period. Yet interprovincial cooperation and regional cohesion solidified noticeably.

Grouping these four provinces into a region called “Atlantic Canada” has always been an awkward fit, with Newfoundland and Labrador as an outlier due to its late entry into Confederation, geographic isolation, and progressively distinct industrial mix. The three Maritime provinces have a much longer history of cultural and economic ties. Informal meetings among premiers beginning in 1953 led to the formal institutionalization of the Council of Maritime Premiers in 1971. This institution was expanded to include Newfoundland and Labrador in 2000, making it the Council of Atlantic Premiers. While these meetings began with the question of Maritimes union, they have largely set aside that issue, instead focusing on reducing internal barriers to trade and mobility, harmonizing regulations, procurements, subsidies, and occupational standards. Berdahl and Gibbins (2014) outlined similar goals for western provincial integration, but highlighted crucial differences in the degree of institutionalization, as the Council of Atlantic Premiers has regular meetings and a permanent secretariat. The two scholars argued that in the absence of strong regional bodies, western cooperation relied on the personalities and interests of sitting premiers and so was vulnerable to sudden shifts arising from elections or leadership changes. They described how in 2012—soon after the New West Partnership Agreement was signed—Alberta and British Columbia found themselves with new premiers who were less interested in cooperation and who initiated an ongoing dispute over pipelines (Berdahl & Gibbins, 2014, pp. 89–104).

Developments in Atlantic Canada during the Harper era conspired to bring Newfoundland and Labrador more closely into the regional fold. This statement may seem counter-intuitive because the Harper era brought profound changes that were not shared by the Maritimes. The oil and gas industry grew rapidly, and the provincial government became increasingly dependent on the associated revenues. As well, a spirit of resource nationalism surged under the leadership of Danny Williams—a distinctly non-Maritime characteristic. However, this economic and political divergence did not stand in the way of interprovincial cooperation when a shared interest in hydroelectrical power emerged with Nova Scotia. Essentially, Newfoundland and Labrador sought to develop a long-anticipated resource while avoiding a repetition of the disastrous earlier arrangement with Hydro-Québec, and Nova Scotia was desperate for access to renewable electrical power. The Lower Churchill hydroelectric project emerged.

We can only appreciate just how amicable and cooperative the Lower Churchill negotiations were by contrasting them to the fractious dealings between Newfoundland and Labrador and Québec over the earlier Upper Churchill project that filled four decades with disputes that led all the way to the Supreme Court (Feehan & Baker, 2010). The terms of agreement for the new Lower Churchill project include “commitments to equal opportunities for Nova Scotia and Newfoundland and Labrador businesses and residents, a fair and open procurement and contracting process, funding for training and development, educational sponsorships for universities, tracking and reporting updates of economic and employment benefits for both provinces” (Nova Scotia Energy, 2014). This spirit of Atlantic cooperation was only heightened by unsolicited hostility from Québec, expressed both at the federal level by Bloc Québécois leader Gilles Duceppe and at the provincial level by Québec’s intergovernmental affairs minister, among others (“Developing the Lower Churchill,” 2011).



Public speeches from the two Atlantic premiers convey a shared vision of growing regional cooperation in surprisingly strong terms. To Danny Williams, the agreement with Nova Scotia “mark[ed] the beginning of a new era of Atlantic Canadian co-operation [...] This is a day of great historic significance to Newfoundland and Labrador as we move forward with development of the Lower Churchill project, on our own terms and free of the geographic stranglehold of Quebec” (Antle, 2011). Darrell Dexter managed to find even greater historical significance in the agreement: “In my view, this is our CPR [...] We are building the Atlantic region; we are building the nation. This strengthens us as region, but ultimately in so many categories it builds the country” (Taber & Séguin, 2012). Even though the other two Maritime provinces were not direct partners in the project, both premiers felt moved to get in on the solidarity by expressing support for the project (Antle, 2011). The ease with which these four provinces came together over this large project speaks to a growing sense of regional cohesion. To be sure, this spirit of cooperation arose during the optimistic planning stage. It remains to be seen how well the new-found cohesion stands up to the real-world strains arising from construction accidents, delays, and cost overruns.

The Lower Churchill hydroelectric project fit Harper’s ideal of open federalism in many ways: the provinces collaborated to pursue their own agenda; they employed a large-scale industrial approach to environmentally sustainable resource exploitation; and Ottawa provided indirect financial support, but otherwise took a back seat. The shipbuilding project also fit well; it strengthened Canada’s military by making major expenditures in an area of exclusive national jurisdiction. The Harper-Conservative view was that these large-scale projects build on regional economic strengths that will help to sustain Atlantic Canada through economic ups and downs over several decades.

In other regards, the long-term vitality of the region was weakened during the era. This paper has examined a number of tensions between Ottawa and the Atlantic provinces which impacted the region’s place in the federation, some of which remain unresolved. First and foremost is the damage to community integrity caused by large-scale interprovincial movement of workers. This process began long before Harper was prime minister, but it accelerated during his tenure. No discernable federal policy emerged to stem the tide, while, simultaneously, EI eligibility was tightened. Hence, many Atlantic Canadians held the troubling leakage against Harper, whether or not an easy remedy was available. Questions also remain about how the region will be affected by changes that have been made to economic development programs and by anticipated reforms to the beleaguered Senate.

The field remains open for Ottawa to find improved approaches to building on strengths in the region and to enhancing resilience. The task is by no means easy. While Harper was blamed for inaction on the leakage of young workers, there is no consensus on what it would have taken to counter the pervasive pull of global economic forces. On top of this lies the problem of path dependence. Subsequent governments do not have the leisure of going back to 2006 and doing things differently. They must confront the problems that have already progressed thus far.

At the same time, Harper’s long-term legacy projects have entered the collective psyche of Atlantic voters and thus continue to force the hand of those who follow. While Trudeau largely side-stepped blame when TransCanada withdrew its proposal for the Energy East pipeline, he could not avoid taking on the ballooning support needed to complete the Lower Churchill hydroelectric project. Neither could he avoid ongoing



tensions surrounding the Shipbuilding Strategy, as many of the new jobs created in Halifax depend on a consistent flow of repair and maintenance contracts to carry them through lulls between stages of the major constructions (Brewster, 2018). How will Trudeau—and his successors—safeguard these enterprises while at the same time pursuing their own distinct initiatives? Atlantic Canada began the era expecting more from Ottawa than Stephen Harper’s vision of open federalism. Now it faces the question of whether any federal government could deliver everything it had wanted, regardless of partisan stripes.

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