

NEW BRUNSWICK: LET'S NOT WASTE A CRISIS

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ABSTRACT

New Brunswick is staring at a crisis in the making. The crisis is economic in nature but, unless it is addressed with a sense of urgency, it may well make New Brunswick increasingly difficult to govern. The province is confronting a host of economic challenges: a structural deficit, an aging population, uncertainty surrounding federal transfers, sluggish economic growth, a highly competitive global economy, and an inability to attract new Canadians. The paper argues that New Brunswick should not waste a crisis and consider doing things that it “could not do before.” The paper maintains that the province’s academic community has an important role to play in ensuring that New Brunswick does not waste the looming crisis.

It is very difficult these days for students of public policy in New Brunswick to strike an optimistic note for the province. About the best one can say is that one ought not to waste a crisis by trying to avoid it. Crisis situations offer possibilities to establish a new policy agenda, restructure long standing policies and programs, and encourage citizens to take a stronger interest in the future of their communities.

Given the state of the province’s fiscal situation, New Brunswick offers policy makers and citizens the opportunity not to waste a crisis, and we should seize the moment. Indeed, it is no exaggeration to write that the province’s public sector cannot be sustained at current levels and that clinging to the status quo can only turn a challenging situation into a full blown financial crisis. In short, the status quo is fraught with both political and economic dangers.

The purpose of this paper is to take stock of New Brunswick’s political economy. I look to history and to recent developments to make the point that New Brunswick needs an important wrench of the wheel if it is to set a new course. Current circumstances cry out for a new course if we are to avoid economic stagnation, serious tensions between our communities, and losing some of our political and economic powers to outside forces.

History Matters

Stephen Harper has been much maligned in our region for his observation that Atlantic Canada has to overcome its “culture of defeat.” What many Maritimers overlooked was that Harper did not point the finger at Atlantic Canadians themselves as the root cause of this culture but, rather, at the workings of Canada’s national political institutions. He has a point.

History does matter. Canada’s national political institutions have not been kind to the Maritime provinces. Residents of Ontario and Quebec do not like to hear this message – they prefer to think that their relative economic success in the past was due to their stronger entrepreneurial spirit, at least when compared with our region. I write this not because I want to paint my region as the whining child of the Canadian federation, but rather to make the point that national political institutions explain to some extent our region’s relative underdevelopment. Here, I can do no better than quote Margaret Conrad. She writes: “With the exception of the 1930s, out-migration has been endemic to the region since Confederation, a condition that, had it occurred anywhere else in Canada, would have been a signal for emergency measures to staunch the flow of human capital. If anything gets my dander up, it is the view, implied in many national debates and policies, that sustaining healthy, vibrant communities in Atlantic Canada is less important than it is in Quebec, Ontario or Alberta.”¹ She adds that Joseph Howe, the most vocal spokesperson for Nova Scotia’s anti-Confederation Movement, could now say: “I told you so.”² Howe saw that our region would lack the numbers in the House of Commons to shape policies in its interests contrary to Ontario and Quebec.

“National policy” became and remains code words for promoting the economic interests of Ontario and Quebec. Among many other developments, large public investments in canals in Ontario and Quebec in the early years of

Confederation speak to this reality. Though promised by the leading proponents of Confederation to encourage New Brunswick to support Confederation in 1867, the Chignecto canal was never built. Think also of the Trans-Canada Highway, the Saint-Lawrence Seaway, and the Canada-US Auto Pact. Think of Ottawa's decision to locate *all* – yes, *all* – crown corporations to support the national war effort in Ontario and Quebec.³ This decision alone set the stage for impressive economic prosperity in Canada's golden horseshoe and for the development of the manufacturing sector in central Canada. Think of continuing "national efforts" to promote east-west trade. Think of massive public investments in Montreal's aerospace industry and Ottawa rushing out with both hands to save Ontario's automobile industry in 2009. Think of Ottawa's continuing desire to concentrate more and more of federal public servants in the national capital region. Think also of Ottawa's inability to shape economic development policies and initiatives to accommodate regional economic circumstances. Former Prime Minister Paul Martin put it very well when he said, "when a regional issue arises in central Canada, it very quickly becomes a national issue," but that this is not the case for other regions.⁴ The fact that a Canadian prime minister saw what we in the Maritimes have long recognized is only small consolation: it is one thing to recognize the problem, but it is quite another to deal with it.

National political institutions have allowed – no, encouraged – the above noted developments. The Senate, for example, has never been able to provide a regional offset to the representation by population of the House of Commons. Other federations, notably the United States, Germany, and Australia (also with a Westminster-inspired parliamentary system), have an upper house designed to promote the interest of the smaller provinces and states. It may surprise some readers to hear that serious consideration was given by the Fathers of Confederation to enshrine in the constitution that the Maritimes provinces would have one-third of the seats at the cabinet table.⁵ It is not difficult to imagine that Canada and the Maritime provinces would look different today if they had agreed to this.

I am always struck by how quickly the premier of Ontario and "national" columnists working out of Ottawa are to react in a negative way to any suggestion of Senate reform.⁶ Premier McGuinty, for example, reacted to the latest efforts at Senate reform by insisting that "the best Senate reform would be its abolition," essentially telling the smaller provinces to live with Canada's current marital arrangements and to let the more populous provinces continue to have their way.⁷ It will be recalled, however, that McGuinty launched "a fair representation" campaign to increase the number of Ontario seats in the Commons in 2007 to keep pace with new seat allocations for Alberta and British Columbia.⁸ It will also be recalled that, in response to Ontario's political pressure, Prime Minister Harper agreed to give Ontario "21 more seats in the House of Commons" on 17 December 2008.⁹ It only takes a moment's reflection to appreciate the long-term implications for the three Maritime provinces. It also suggests that the premier of Ontario believes that only representation by population should apply in Canadian federalism, and somehow other federations have it all wrong in having an upper house able to speak with authority to the interests of the regions and smaller provinces. How convenient for Ontario and its premiers!

But that is hardly all. Premiers of Ontario, starting with Bob Rae and continuing to this day, have been busy promoting "fair share" federalism for Ontario. They have again met with considerable success, not surprising given the province's political clout in deciding who holds political power in Ottawa. McGuinty, for one, argued that Ottawa was "shortchanging Ontarians by about \$1.1 billion a year in health care and higher education."¹⁰ Ontario has long argued for Ottawa to shift transfer payments to the provinces for health, social services, and post-secondary education to a per capita basis which would, of course, again favour the more populous provinces at the expense of small have-less provinces.

Finance minister Jim Flaherty finally agreed to the shift in his 2007 budget. He declared "starting in 2007-08 we will put the Canada Social Transfer payments on an equal cash basis to support post-secondary education, social assistance and social services equally in all provinces." He added: "We are also committing to move the Canada Health Transfer to an equal per capita cash basis when the current arrangement expires in 2014."¹¹ Prior to the 2007 budget, transfers under CHST were based on three factors, including Ottawa's estimate of the value of the tax space it relinquished in favour of the provinces in 1977 (that is 14.9 percent of the basic federal tax and 1 percent of taxable corporate income).¹² The 1977 decision reflected the economic reality that the value of a tax space was greater for the richer provinces and that some adjustments were required to ensure somewhat comparable level of services and a degree of fiscal fairness across Canada.

Again the shift to a per capita basis to calculate transfer payments clearly favours Ontario and the other more populous provinces. Big dogs do indeed eat first. But in the process, premiers of Ontario since the early 1990s have become the new whiners of the Canadian federation. Rae, Harris, Eves, and McGuinty have had the same consistent

message – Ontario is being poorly treated by Ottawa. Welcome to our world, but their case is hardly convincing. Among other things, it ignores history and the inherent bias of our national political and administrative institutions, thus favouring Ontario and Quebec.

Ontario premiers were not alone in pointing to Ottawa to explain the province's economic and fiscal difficulties. Ontario-based economists Warren Lovely and Tom Courchene came to their support and wrote about how the federal government was short-changing Ontario.¹³ Lovely argued in his "Killing the Golden Goose" article that Ottawa ran a \$23 billion operating surplus with Ontario in 2004.¹⁴ This overlooks a number of highly relevant issues. For one thing, progressive tax systems tend to generate more revenues from higher income individuals and regions, and no one should be surprised by this. That is the way progressive tax systems are designed to work. For another, it is overly simplistic, if not outright misleading, to simply add spending on one side and revenues on the other and declare that Ottawa is running a surplus in Ontario. It suggests that \$1 spent on research and development in southern Ontario equals the \$1 spent for an E.I. recipient in Cape Breton, that \$1 spent on the salaries of senior federal public servants concentrated as they are in Ottawa equals \$1 spent on a make-work project in Bouctouche, and that \$1 spent on the operations of federal crown corporations which, for the most part, are located in Ontario and Quebec, equals \$1 spent on the equalization program in Prince Edward Island, and the list goes on. Economists do tend to write as if history did not matter – oh! If only it could be that simple.

Federal transfer payments to the Maritime provinces were designed to compensate the region for creating artificial east-west trade patterns that invariably favoured central Canada and the operations of national political and administrative institutions that were designed to deal with political problems between Upper and Lower Canada. Generous transfer payments to our region became a kind of guilt money from Ottawa to legitimize national policies that serve Ontario and Quebec well, but could never accommodate the economic circumstances of the three Maritime provinces. Ontario now has access to Ottawa's guilt money, given that it too now qualifies for equalization payments.

Funny thing about guilt money. A good number of economists from Ontario began to make the case in the early 1980s that federal transfers and some elements of Ottawa's regional economic development were harmful to Atlantic Canada.¹⁵ They created economic dependency. I bought into the arguments in my own work.¹⁶ Now that Ontario qualifies for federal guilt money, nothing is heard from these same economists about the dangers of dependency on federal transfers. The old saying often heard in Ottawa, "on policy you stand where you sit," seems to also apply for Ontario-based economists.

One senses that Maritime premiers have been left on the sideline scratching their heads trying to understand this turn of events. While Ontario premiers have taken over their role as the whiners of the Canadian federation, Maritime premiers have been inexplicably silent. Perhaps they bought into the golden goose argument and hesitate to speak out on the issue. But what is no less puzzling is the stone silence from the departments of economics in Atlantic Canada universities. With some notable exceptions, we have heard precious little from our departments of economics on the implications that new federal fiscal arrangements hold for our region.¹⁷

Still, one thing is certain: an agenda has been set on federal transfer payments that will shift more funds to the more populous provinces and less to the three Maritime provinces. Our national political institutions with an unreformed Senate and the new seats allocated in the Commons which will enlarge still more Ontario's dominance on national political power will continue to shape policies and major initiatives that favour the heavily populated provinces. This agenda could also turn the three Maritime provinces into a region with the political clout of northern Ontario with increasingly politically marginalized premiers.

Maritime premiers no longer seem sure how to deal with Ottawa and central Canada. Contrary to the premier of Newfoundland and Labrador, New Brunswick Premier Shawn Graham has adopted a Neville Chamberlain peace-in-our-time with Ottawa approach. He has, for the most part, avoided confronting the prime minister publicly on federal-provincial issues. The approach, however, has met with very little success.

The concentration of power in the Prime Minister's Office in Ottawa also means that we are no longer likely to see strong ministers from our region like in years past (Allan J. MacEachern and Roméo LeBlanc, among many others).¹⁸ Strong Maritime ministers in the past were able to secure the odd but important economic development initiatives. I am thinking here, for example, of the federal government's decision to locate its superannuation branch in Shediac.

In short, we are no longer the supplicants of Canadian federalism. Ontario has joined Quebec in insisting that Ottawa should pay still more attention to their political and economic interests. For our part, we have yet to carve out a role for the three Maritime provinces at the federal-provincial table. We no longer have a central message, a rallying cry that unites the three Maritime provinces in their dealings with Ottawa. Instead, we have adopted an every-man-for-himself approach as the Hydro-Quebec/NB Power deal revealed.

What Now?

Guilt money served at least one purpose – it enabled New Brunswick to build a public infrastructure far in excess of its own capacity to finance it. That money has also enabled the province's large French-speaking minority to develop its own institutions. The decision to enshrine a Charter of Rights and Freedoms in our constitution, and its interpretation by the courts, has considerably strengthened the hand of the minority in securing its own institutions and expanding public services in its own language. This has had a positive impact at all levels – political, economic, and community development. It has also added layers to our public infrastructure which has often been financed by federal transfers.

That said, it is difficult to make the case that federal transfer payments can lead to self-sustaining economic growth for our province. A healthy dynamic economy and a chronic dependence on transfer payment do not sit well together. In any event, given Ottawa's shift to per capita spending on transfer payments and to other programs (see, for example, the stimulus package to deal with the 2008-09 economic recession), the establishment of federal regional development agencies patterned on ACOA in every region, including southern Ontario and Ottawa's own difficult fiscal situation, we now have little choice but to lessen our dependence on federal transfers.

New Brunswick Premier Shawn Graham captured the imagination of many New Brunswickers when he launched his self-sufficiency agenda within days of coming to power in 2006. Self sufficiency speaks to self-sustaining economic development but also to a recognition that the province will not be able to rely on federal transfer payments as it has in the past in developing and maintaining its public infrastructure and services.

The Graham agenda, however, was short lived and self-sufficiency now has a bad reputation in the province. It will not likely hit the province's public policy hit parade again for at least one generation. Graham quickly lost focus and set off in all directions, trying to fix everything that landed on his own desk, thinking somehow that every policy issue was linked to his self-sufficiency agenda. He set out to fix health care delivery, the French immersion program, the salaries of medical doctors, post-secondary education, poverty, fees for provincial ferry-goers, French-language education (the LeBlanc report), the economic woes of northern New Brunswick, electricity rates, and the list goes on and on. In all instances, he boldly put one foot forward only to step back within weeks. New Brunswick political scientist Don Desserud summed it up well when he said: "I think that there is a behavioural pattern with the Graham government – it jumps ahead and is far too rash in its plans and then has to backtrack to fix things. It's fairly problematic."¹⁹

Politicians who successfully pursue a policy agenda share a number of things in common. First, they have an agenda, one that comes from their instincts and deeply held beliefs that also resonate with core members of their political parties. Second, they are able to focus on three or four key policy measures. Third, they are able to stay the course and stare down opposition and adversity. Think of Louis J. Robichaud on the political left and Margaret Thatcher (who famously said – this lady is not for turning) on the political right.

A self-sufficiency agenda, to have any chance of success, requires single-minded purpose and an unbending focus on economic development. The Graham government has overhauled a number of policy areas whether or not they were tied to the self-sufficiency agenda. It is interesting to note, however, that it left the province's machinery of government for economic development essentially intact.

To be sure, Liberal-friendly lobbyists, communication specialists, consultants, and lawyers are more self-sufficient today than four years ago. As for most other New Brunswickers and the state of the province's financial position, the same is not true. I take some pride in reporting that I led a review of the province's right to information legislation in 2007 on a volunteer basis, only asking that all the money that would have been paid to me as a consultant be turned over to a management development program for New Brunswick public servants. I saw this as my contribution to the province's self-sufficiency agenda.

The government of New Brunswick has turned to a myriad number of well compensated consultants in recent years to review many, many policy issues. Indeed, the provincial government had consultants lead the charge on all the

policy initiatives outlined above. Some of these reports were very poorly researched and, by even the weakest of standards, were shady pieces of work. I have, over the years, read many consultant reports, given my line of work. I would rank the consultant report on New Brunswick's early immersion program to be the weakest I have ever read. I have long wondered why no public servant in the provincial education department worked up the courage to say "no, we are not going to ask New Brunswick taxpayers to pay for this sub-standard work."

The department paid some \$100,000 for the report. We have since been informed that "published e-mails between department staff proved that the government officials worked to shape the findings of commissioners James Croll and Patricia Lee."²⁰ If this is so, shame on the consultants and shame on the public servants. An important role of public servants in our Parliamentary system is to "speak truth to power." Truth was thrown out the window, it seems, to accommodate political power and the consultants simply delivered what the buyers of their services wanted to hear.

There is evidence that the provincial government has set up a parallel bureaucracy by turning to outside consultants to perform tasks that properly belong to the public service. A Washington-based consultant firm, for example, was paid to prepare a response to a paper written by a fourth-year university student who challenged the proposed Hydro-Quebec/NB Power deal from an economic perspective. Are we to assume that there was no one in the Department of Finance or elsewhere in Fredericton's Centennial Building with the background and knowledge to prepare a response to a fourth-year student paper? It is no longer clear what public servants occupying policy analyst positions actually do in Fredericton, if they are not capable of even challenging the findings of a fourth-year university student. Setting a parallel bureaucracy staffed by consultants can hardly make a positive contribution to the province's self-sufficiency agenda. It is costly and it sends a wrong message if one is trying to promote a professional non-partisan and competent public service.

The number of consultants hired to work on the Hydro-Quebec/NB Power deal was astounding. It seems that every day one heard of a new consultant firm and new communication specialists (often with close Liberal ties) retained to work on the deal. Given the state of the provincial government's fiscal position, including the fact that it is running a deficit on its ordinary (non capital) account, the government has been using its credit card to hire consultants. To be sure, the province's financial position is a great deal weaker today than in 2006. The province's net debt is increasing to the tune of \$1 billion a year. The steep economic recession explains the financial difficulties but so does the government's decision to cut taxes and increase spending in the same budget.

Indeed, we have witnessed new spending commitment after new spending commitment in virtually every sector, while important cuts were recently introduced to personal and corporate income taxes. It only takes a moment's reflection to appreciate that, in public policy and public finance, this spells trouble.

Instead of rationalizing or consolidating our public sector infrastructure, the provincial government has been going in the opposite direction – it is actually adding to it. For example, the provincial government recently set a precedent by providing financial support to the Atlantic Baptist University (renamed Crandall University). As part of Canada's Knowledge Infrastructure Program (KIP), the government allocated \$12 million to develop further the university's infrastructure facilities.²¹ Premier Graham argued that it would allow "New Brunswick to continue to move to self sufficiency" without explaining how, or the link between the two, or how helping to finance a fifth university could make the province more self sufficient.²² The Federation of New Brunswick Faculty Associations was quick to oppose the deal. It argued: "investing \$12 million of government funding in a private university takes away an equivalent amount from our province's public universities."²³

New Brunswick, with a population base of 750,000, has been relatively well served by four universities, two of which have satellite campuses in three communities. One can ask whether the province can continue to finance all its university programs, let alone provide financial support for the buildings of a fifth one. I take no satisfaction in reminding the reader that New Brunswick is a province with a stagnant and aging population.

Most politicians like to increase public spending while some like to cut taxes. Politicians who like to do both will far more often than not lay the groundwork for a structural deficit. New Brunswick today is clearly on the road to a structural deficit, and a substantial one at that. Structural deficits differ from cyclical ones in important ways. Cyclical deficits are the product of the business cycle while structural deficits remain across business cycles because the level of government spending is too high for existing revenue levels. Put differently, a return to strong economic growth in New Brunswick will not be enough to bring the province's books back in balance.

Politicians with a strong penchant for opening up the spending tap could take refuge in measures to deal with the 2008-09 recession, and many did. Stimulus packages came in fashion throughout the Western world and parts of Asia. To be sure, the economic circumstances of the day shook politicians and their economic advisors. However, regions were hit differently with those like Ontario with its large manufacturing sector hit the hardest. Still, Canada weathered the economic storm better than its biggest trading partner, the United States. Atlantic Canada, in turn, also weathered the economic storm relatively well when compared with other regions. Atlantic Canada registered a 0.6 percent decline in 2009 compared to 2.1 percent at the national level and is expected to register a positive gain of 1.4 percent in 2010.²⁴

The point is that New Brunswick did not need to open the spending tap to the extent that it has in recent years, and it should be quicker than other regions in turning it off. Structural deficits are not only bad economic policy, they are difficult to wrestle to the ground after they set in. How many times have we heard politicians talk of getting out of deficit in two-three years, only to see them extend the cycle? We, in New Brunswick, are now borrowing money to pay the bills, not to invest in a better future. More to the point, the provincial government employed its credit card to pay for the bevy of consultants and communication specialists that worked on a number of initiatives, notably the Hydro-Quebec/NB Power deal.

Precisely at a time when a parsimonious culture should permeate all levels of the provincial government, given the sharp rise in the annual deficit, the growing debt, the shift of federal transfer payments to a per capita basis, and the province's stagnant and aging population, the provincial government seems to be steering at full speed towards the rocks. This adds up to a crisis in the making.

The Challenges

There is no shortage of challenges facing New Brunswick, and the province's demographics, economic structure, and fiscal situation figure prominently among them. The New Brunswick government itself put it very well when it declared that the demographic challenges facing the province include low fertility rates, declining birth rates, declining and aging population, a significant out-migration, particularly of youth, to other provinces, and a small immigrant intake, well below the national share.²⁵

New Brunswick's population has hovered at about 750,000 for a number of years and has seen its share of Canada's population trend downward for the better part of a century. In 1971 the province's share of Canada's population was about 3 percent while today it is a little over 2 percent.²⁶ More people move to other provinces than Canadians from other provinces move to New Brunswick, and this is particularly true among young people.²⁷

Added to the above is the province's aging population. In 1976 the province's median age was 25.7 years but by 2006 it had risen to 40.8 years. In comparison, the national median age in 2006 was 38.8 years.²⁸ It only takes a moment's reflection to appreciate what an aging population means for the province's workforce, but also for our ability to pay for public services. The province's self-sufficiency task force saw this challenge clearly and observed: "To significantly expand our economic base and achieve self-sufficiency, New Brunswick's population must increase by over 100,000 in the next two decades. That's a net increase of roughly 5,000 people each year. New Brunswick has never experienced sustained population growth of that magnitude."²⁹ The task force tabled its report on 7 May 2007 and there is little evidence that the province's population is or will soon be increasing at a rate of 5,000 a year.

It is one thing to hope that the province's population will witness a rapid expansion but it is quite another to translate that hope into reality. We know that new Canadians prefer to go where new Canadians are (i.e., Toronto, Montreal, and Vancouver) and Canadians prefer to move to where economic and employment opportunities exist. Precious few new Canadians have decided to make New Brunswick their home, thus leaving potential economic opportunities unrealized.

What about New Brunswick's economic structure? Here, too, we have an important challenge, one that should permeate every corner of the provincial government. Not only is our population shrinking as a proportion of the Canadian population, so is our economy. From 2003 to 2008, the New Brunswick economy grew by 6.7 percent. Canada's economy, however, grew by 12.8 percent during the same period.³⁰

New Brunswick is losing manufacturing employment at a faster rate than the other nine provinces. The province lost 8,300 jobs in the sector between 1999-2008, a drop of 21.1 percent. By comparison, Ontario witnessed a 17.5 percent drop, Nova Scotia a 15.4 percent drop, while Alberta registered a 21.8 percent gain and Canada a 14.0 percent drop.³¹

New Brunswick also witnessed the slowest total employment growth of all provinces between 1999-2008 (a gain of 12.7 percent). This compares with a gain of 16.7 percent in Nova Scotia and 22.7 percent in Manitoba.³²

It is important to note that 36 percent of the growth in employment in New Brunswick during the 1999-2008 period was in the public sector.³³ Therein lies the rub. The federal government signed a generous agreement with the provinces on health care in 2004, providing for 6 percent growth in spending. The agreement expires in 2013 and with Ottawa's decision to shift its transfers to the provinces to a per capita basis and, given its own fiscal challenge, one can easily speculate that the federal government is unlikely to be as generous post-2013 or to extend the agreement at 6 percent.³⁴ What then for New Brunswick?

New Brunswick cannot escape the competitive nature of the global economy. Simply put, we now live in a global economy and it is up to us to respond to it. We cannot ignore it because it will not ignore us, and its presence will continue to be felt in every city, town, village, and hamlet in the province. If we cannot compete, if we cannot improve our productivity performance and our capacity to innovate, we will continue to lose population and to see more and more of our communities close shop. To be sure, New Brunswick has important assets and strengths, but we need to engage New Brunswickers on the way ahead. The challenge is much too imposing to be left in the hands of a small group [because of previous "hands"] of political and economic elites.

To sum up, New Brunswick has an aging work force, a stagnant population, a large and growing debt, sluggish economic growth when compared with other provinces, an inability to attract new Canadians, and a large public sector that relies on federal transfers and borrowed money to operate as it must learn to live in a highly competitive global economy. At the risk of sounding repetitive, this adds up to a crisis in the making, a crisis that New Brunswick should not waste by ignoring. Rahm Emanuel, President Obama's chief of staff, put it well when he observed: "You never want a serious crisis to go to waste. And what I mean by that is an opportunity to do things you think you could not do before."³⁵

What to Do?

My purpose is not to launch a partisan attack on the sitting government. This is not about scoring points for the Liberal or the Progressive Conservative party, nor is it about partisan politics. Readers who see a partisan pitch in this paper will miss the point entirely. For one thing, the situation is much too serious to hurl partisan attacks at one another. For another, I recognize that both major parties in the province will happily embrace partisan tactics to score political points – that is what political parties do. On this point, history suggests that neither major political party in New Brunswick can claim the high ground. Political institutions are fuelled by partisan politics and the road to political power is through partisan politics. That is the nature of parliamentary democracy, and it is not about to disappear.

Though partisan politics will invariably play a part in debating potential solutions, I do not think that partisan politics alone can address New Brunswick's emerging crisis. In short, New Brunswickers need to give a helping hand to our politicians, no matter their party affiliation. I write this because political life has become extremely demanding. We expect a great deal from our politicians and we impose a number of constraints on their work. For the most part, it is a thankless occupation made even more difficult by far greater transparency requirements and by a much more aggressive and persuasive media than in years past. Twenty-four hour news channels, right to information legislation, the end of deference in society, and the increasing horizontal and complex nature of public policy issues have transformed politics from the art of the possible to the art of survival. It is increasingly difficult to attract individuals away from the safety of the business world, academe, and the public service to the "no holds barred" world of politics where private life is no longer possible.

The important point is that politicians, whatever their party affiliation, need our help in shaping tomorrow's public policy agenda for New Brunswick. The challenges are great and impossible to meet without public support. New Brunswickers should not be content to sit on the sidelines simply hurling criticism and at times insults at our politicians, as I have too often seen and heard in recent months. The situation calls for a sober and well-informed debate and the involvement of citizens if we are to do things that we "think that we could not do before." Put differently, to do things that we "think that we could not do before" requires a new mindset in shaping public policy and a recognition that politicians working alone, however well intentioned, will not suffice. The public uproar over the government's decision to sell New Brunswick Power to Hydro-Quebec speaks to this new reality. Indeed, the NB Power/Hydro-Quebec deal will go down in history as a turning point in provincial politics, providing numerous lessons learned about how to introduce change or a major initiative. One hopes that both politicians and citizens have learned from that experience.

I note, however, with more than passing concerns that the leaders of both major political parties in the weeks leading up to the 2010 provincial election campaign pledged not to raise taxes while making new spending commitments. This is simply not realistic and it is certain that some backtracking will be necessary once the election is over. Politicians will then wonder why there is so much cynicism towards the province's political class. They need to be reminded that citizens are today better educated than, say, thirty years ago, and old-style politics only fuels cynicism towards the political class.

Political leaders also have to deal with a new political reality which is being fuelled by a kind of populist anger. The great recession 2008-10 led many to conclude that economic and political elites and technocrats, including those working in central banks and governments, are no longer up to the task. It seems that citizens are insisting for still more consultations, transparency, and accountability, convinced that they should no longer take a back seat to anyone in shaping new policies or major initiatives.

Simply put, politicians can no longer operate in relative isolation to shape major initiatives at a time when the challenges ahead for New Brunswick cry out for a series of major initiatives. The politics of New Brunswick is further complicated by the existence of two major language groups. To be sure, it is New Brunswick's greatest asset but it also requires extra care and effort in shaping major policy initiatives.

The above was brought home one year ago when I wrote an *op. ed.* in the *Telegraph Journal* that pointed to the province's difficult fiscal position and that difficult decisions would soon be required to deal with it. An Acadian nationalist wrote to say that my piece was playing into the hands of the province's English majority and that I should stick to writing books about politics in a global setting. His fear, as I understood it, was that the majority will see the need to cut spending as reason enough to cut into French-language services and French-language institutions.

I reject this thinking out of hand. New Brunswick has matured a great deal since the days of Leonard Jones and the Confederation of Regions (COR) party. One only has to look at the reaction of many English New Brunswickers when the Graham government sought to eliminate the province's French early immersion program. It was a group of English New Brunswickers that led the charge against the government's decision and who took the government to court on this issue.³⁶ The Charter of Rights and Freedoms also guarantees a number of rights to anglophones in Quebec and francophones outside Quebec.

How, then, can New Brunswick promote economic development and establish an equilibrium between our public services and our ability to pay? In my view, we have little chance of doing things that we "think that we could not do before" unless we launch an information campaign to inform New Brunswick of the challenges ahead. This campaign must be open, transparent, and strictly non-partisan to have any chance of success. It should not be launched or supported by the provincial government and its only purpose would be to inform, not to stake out policy positions. It should be left to others, notably political parties and interest groups, to stake out policy positions for New Brunswickers to consider. It may well be, however, that a properly prepared information campaign will lead New Brunswickers to a certain conclusion on the way ahead but that will be for New Brunswickers to decide.

New Brunswickers need to be informed in a detached and objective fashion on the state of the New Brunswick economy and the province's fiscal situation. We need to address a number of fundamental questions. We need to ask how can New Brunswick compete in the global economy and how can New Brunswick increase productivity, research and development activities, innovation, and strengthen its work force? We need to explore the state of cooperation between the three Maritime provinces. How can we break down *l'esprit de clocher* that has long plagued the Maritime provinces? What can New Brunswick do to adjust to new environmental requirements? What role can New Brunswick and its maritime partners play to make national political and administrative institutions more sensitive to regional circumstances? What decisions are required to bring the province's fiscal position back in balance? If we are to rationalize publicly-supported institutions from hospitals, to schools and universities, how best can we involve New Brunswickers in the decision-making process? These are difficult questions, but they need to be addressed if we are to do "things that we think we could not do before."

Universities should play a lead role in organizing the information sessions. I have long believed that we, in the academic community, have a responsibility to share our knowledge and insights. We hold a privileged position in society given the freedom we have to speak out. A privileged position in society comes with responsibility, and we in the

academic community need to assume this responsibility with a sense of urgency. Our province is entering a very difficult period in its history, and we need to lend a helping hand by reaching out to our fellow citizens.

I conclude by congratulating Tony Tremblay at St. Thomas University and his editorial team for leading the charge in establishing a *Journal of New Brunswick Studies/Revue d'études sur le Nouveau-Brunswick*. This is an important step. We will need the full participation of leading academics in the province and many interested New Brunswickers who are willing to get involved to ensure that this time "New Brunswick should not let a crisis go to waste."

There are a number of ways for the province's academic community to lend a hand. The means of communications are today highly accessible to the vast majority of New Brunswickers so that the academics can reach out to them with a minimum of efforts. There is no reason, for example, why academics from New Brunswick universities could not come together to establish a virtual forum on the state of the province's economy.

Notes

- ¹ Margaret Conrad, "History Does Matter," *The Literary Review of Canada*, October 2008, www.reviewcanada.ca/essays/2008/10/28, 3-4.
- ² Ibid.
- ³ See, among others, Donald J. Savoie, *Visiting Grandchildren: Economic Development in the Maritimes* (Toronto: University of Toronto Press, 2006).
- ⁴ "Martin to emphasize regions," *National Post*, 23 September 2003, A1.
- ⁵ See, among others, Savoie, *Visiting Grandchildren*.
- ⁶ See, for example, Jeffrey Simpson, "Senate reform: an altered state of affairs," www.theglobeandmail.com/news/opinion, 7 January 2010.
- ⁷ "Senate reform plan sparks standoff with provinces," www.theglobeandmail.com/news/politics, 6 January 2010.
- ⁸ "Fair Representation," www.premier.gov.on.ca, 23 November 2007.
- ⁹ "Harper agrees to give Ontario 21 more seats in House," www.network.nationpost.com, 17 December 2008.
- ¹⁰ www.ianmacdonald.ca/columns, 29 January 2007.
- ¹¹ Ottawa, *The Budget Speech 2007 – Aspire to a Stronger, Safer, Better Canada*, (Government of Canada: Department of Finance), 19 March 2007, 4.
- ¹² *Federal Transfer Programs to the Province* (Quebec: Commission sur le déséquilibre fiscal, 2001), 8.
- ¹³ Thomas J. Courchene, "Hourglass Federalism," *Policy Options* (Montreal: Institute for Research on Public Policy, April 2004), 12-17.
- ¹⁴ Warren Lovely, "Killing the Golden Goose," *Canadian Financial Quarterly* (Toronto: CIBC World Markets, 15 April 2005).
- ¹⁵ See, for example, Thomas J. Courchene, "A Market Perspective on Regional Disparities," *Canadian Public Policy* 7, no. 4 (1981): 513.
- ¹⁶ See Donald J. Savoie, *Regional Economic Development: Canada's Search for Solutions* (Toronto: University of Toronto Press, 1986).

- ¹⁷ Notable exceptions include the works of Wade Locke at Memorial University and Paul Hobson at Acadia University.
- ¹⁸ See Donald J. Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics* (Toronto: University of Toronto Press, 1999).
- ¹⁹ Quoted in "Tories: Power game has changed," www.telegraphjournal/canadeast.com, 16 January 2010.
- ²⁰ Alison Menard quoted in "Something familiar about the new deal," www.timesandtranscript-canadwest.com, 25 January 2010.
- ²¹ "News Release - \$12 million investment made in Atlantic Baptist University," Government of New Brunswick, 4 June 2009.
- ²² Ibid.
- ²³ "The Federation opposed to provincial funding," www.fnbfa@nb.aibn.com.
- ²⁴ See, for example, *Report on Plans and Priorities* (Moncton: Atlantic Canada Opportunities Agency, 2010-11), 7.
- ²⁵ *Towards New Brunswick's Population Growth Strategy* (Fredericton: Government of New Brunswick, 2007), 3.
- ²⁶ Ibid., 5.
- ²⁷ Ibid., 6.
- ²⁸ Ibid., 7.
- ²⁹ *The New Brunswick Reality Report – Part I: At the Crossroads* (Fredericton: The Self-Sufficiency Task Force, 2007), 4.
- ³⁰ Peter Moreira, "We're a backwater," *The Nova Scotian*, 29 November 2009, 8-9.
- ³¹ Canada, *Table 281-0024* (Ottawa: Statistics Canada, 2009).
- ³² Ibid.
- ³³ Ibid.
- ³⁴ "Ottawa warns provinces will be cutting back, too," www.theglobeandmail.com/news, 22 January 2010.
- ³⁵ Quoted from Professor Stewart D. Friedman, "Do Not Waste This Crisis," <http://hbr.org/friedman/2008/11/dont-waste-this-crisis.html>.
- ³⁶ "Slashing early French immersion not a good decision." Canadian Parents for French (CPF) – Media Release, (Ottawa: Canadian Parents for French, 14 March 2008).