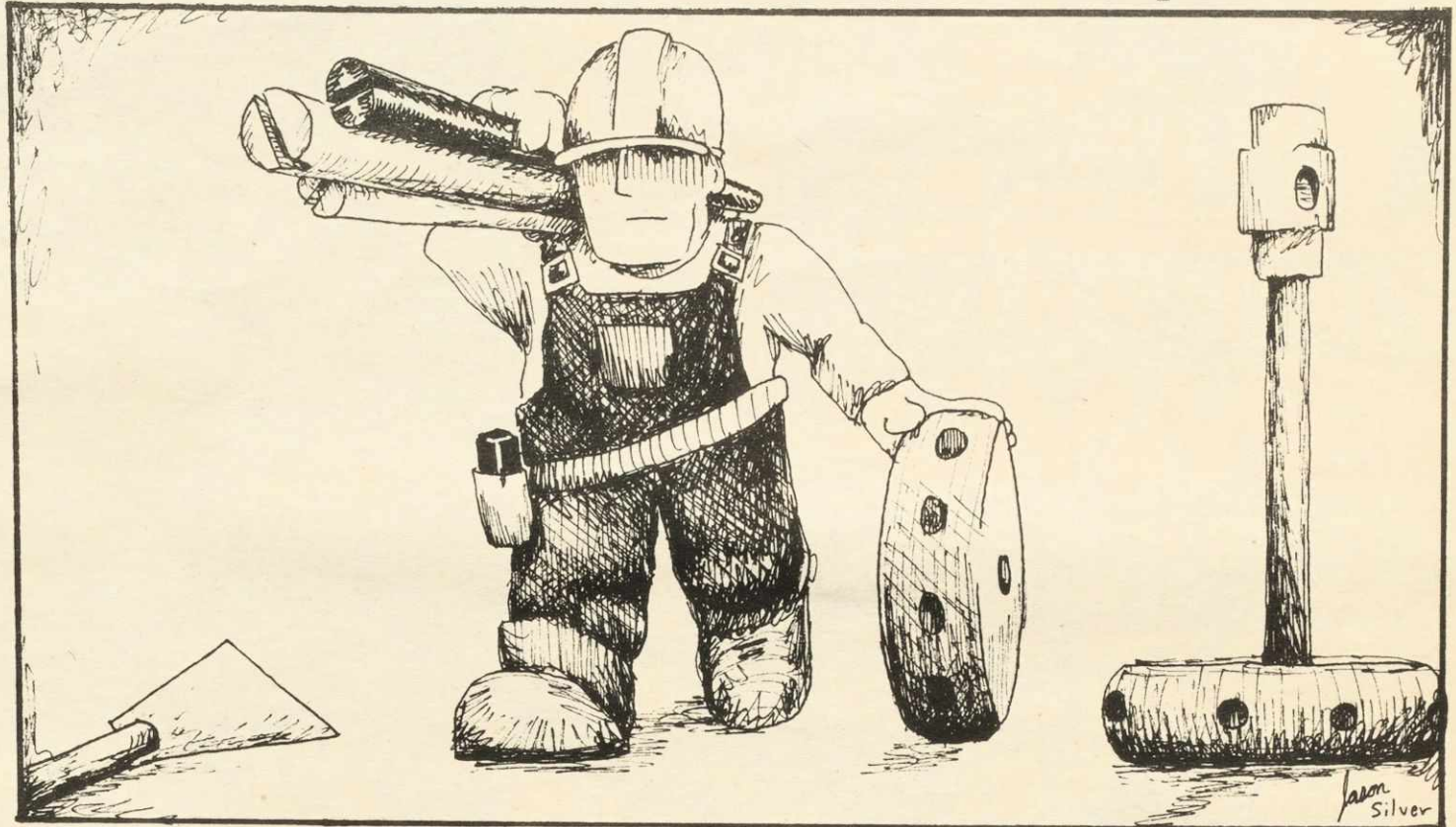


## feature

Atlantic Canadian *under-development* policies

by Alex Boston

I sensed a collective sigh of relief when Michael Wilson recently declared "the recession is over." Atlantic Canadians have reason to be especially excited. Throngs of tourists and businesspeople will soon flock to New Brunswick to take the 15 minute bridge-crossing to PEI spinning their dollars into the region. The cars, buses and trucks travelling here will be built and operated on the riches of yet another successful regional development mega-project, Hibernia, kickstarting economic diversification in Newfoundland offering "tens of thousands highly skilled jobs." The fixed link will, "if anything," enhance fishing opportunities in the tranquil Northumberland Strait.



If you buy any of this, you're crossing the Strait in Crosbie's smoked-windowed fish wagon sipping sacramental screech with bridge-builder Peter Gianelli, the most recent Messiah to this downtrodden part of the country— all at the tax payer's expense.

Gianelli assures 70% of the \$840 million tab for the fixed link will be spent in the region. Presumably this includes the profits reaped by his Charlottetown-based consortium, Straight Crossing Inc (SCI), composed of Calgary, French and US companies. As with Hibernia where three of the four companies are US-owned, profits will travel wherever in the world they can be maximized. All the designwork and shots are called from Paris. Seven hundred of the 2000 workers are in Montreal. The majority of skilled "Canadian" jobs have actually gone to Europeans and USers (can be pronounced users, otherwise known by the misnomer Americans). Newfoundlanders have been left out in the cold pouring concrete.

Texaco refused to join the venture because no insurance company will touch the immense concrete platform which has to be hauled 300 km. Certainly cheap and plentiful floating ones could have been used, but then what's the point of a make-work project? Similar environmental and safety concerns prompted former US President and Zappata Drilling executive "Blood for Oil" Bush to place restrictions on US companies from working in virtually all offshore areas of their country. So, instead of drilling off the comparatively safe California and Florida coasts, Mobil, Chevron and now Murphy are attempting to extract at much greater cost, Hibernian oil in the, much rougher seas of the Grand Banks which is threatened by ice for four months a year.

I suspect Crosbie, because of his thick accent, was misunderstood. He actually said "highly-skilled cods". They will have to sense the almost inevitable oil disasters, alert the multitude of birds who congregate at this world renowned migratory crossroads and then swim away.

In the proposed site for the fixed link similar environmental implications exist, particularly winds which commonly reach 140 kph (118 is considered hurricane force). Borden, at one end of the 13 km Bridge, is one of the windiest cities in Canada.



An early Public Works Canada (PWC) study concluded that above 40 kph the bridge will necessitate "special management controls," including convoys and speed reductions. Above 50 kph, many vehicles will be "escorted" or barred. No studies have been undertaken to measure winds in the center of the strait at a height of 60 metres, the level of the proposed bridge. However, at merely 10 metres winds are above 40 kph 40% of the time translating into "special management controls" at least half of the time. With the frequent rain, fog, snow and sleet, odds aren't great for the only winter crossing, even for Bud the Spud, the infamous and reliable potato trucker from the bright red mud.

Gianelli claims concrete islands around the piers "can withstand any damage from large disabled ships." Yet, in such waters we know ships are impossible to control, potentially colliding into the piers which more significantly than the bridge could cause crude traumas to the environment (the Brae buckled in 110 kph winds).

A more constant threat to the marine eco-system is the silting which will inevitably occur from the sandstone ocean floor. Nevertheless, without bothering to gather baseline data, SCI confirms, "there will be very little environmental damage."

This is a humble consolation to the only bright spot in the bleak Atlantic fishing industry, the Northumberland Strait shell fishery. Farmers' and fishers' concerns over ice-out delays aren't quite dispelled by Gianelli's prophetic assertion of no more than "two days!" For those who depend on the sea, reflecting on the long-term negative impact of the causeway on the Cape Breton lobster fishery is a sobering exercise. (It has also had no positive effect on the economy.) It is no surprise the first

calculations. According to a recent study in Policy Options, "the economic viability of a bridge has not been established." When errors are corrected "the status quo dominates in all scenarios examined."

Based on these slippery figures Ottawa is volunteering tax payers to subsidize the bridge to the tune of \$42 million a year for the next 35 years, indexed to inflation. Marine Atlantic's average subsidy in the last decade when \$24.5 million, when inflation was 56.7%. SCI only permits cost overruns of 25% while similar and admittedly larger projects like the English Channel Tunnel overran by 90% and the Penang Tunnel in Malaysia by 70%.

No study has documented any clear economic advantage. In fact,

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Environmental Assessment Review Panel's study of the bridge, which is conspicuously ignored, concluded in bold print, "The Panel recommends, therefore, that the project not proceed."

However, even if the bottom-line is dollars, such pathetic excuses for regional development also fail. Number crunchers in PWC economic feasibility studies threw in an additional un-planned ferry at the cost of \$40 million for their cost comparisons between the existing Marine Atlantic ferry service and the bridge. In some analysis the value of time saved in the crossing was extraordinarily inflated, the ferry's steadily increasing income was underestimated. All considered the ferry subsidy was placed \$15 to \$21 million above Marine Atlantic's own

the only certainty is a loss of 650 well-paid, permanent jobs. In a Darwinian "survival of the fittest" challenge, 70 lucky Islanders will be able to scoop the new permanent jobs for operating the bridge, at \$6 300 less per year. A thousand other construction workers can scramble for short term work. As with Hibernia assume the skilled workers will hail from other parts of the country and world.

As a make-work project Hibernia's 13 000 person years of construction jobs work out to \$200 000 a piece. This is merely using the \$1 billion "bottom line" grant Marcell Masse initially extended and the \$1.7 billion offered during the 88 election. If the 15% investment tax credit and \$200 million NFL will forego in sales tax credits, plus a few other niceties, the latest Auditor General assess-

ment puts government spending at 75% of the \$5.2 billion pre-production costs. This was before Crosbie's recent announcement that the government would pick up 8.5% of the partnership, toss in another \$300 million and a few more tax breaks.

Its almost funny American oil companies find it profitable to extract 650 million barrels of oil at a cost of \$27 per barrel when current oil prices are about \$20 pb. 4.7 billion barrels sit in much safer waters off California and Florida which could be extracted at about \$10 pb. As Eastern Canadian refineries can't handle the high wax content of Hibernian crude, it will be taken back to the US for refining and marketing where USers will burn generously-subsidized Canadian oil. If Canadians weren't paying taxes, they could probably laugh.

This amuses Crosbie who said after all, "it's all North American oil." The unemployment crisis and erosion of our economy are evidently not priorities for our country's increasingly exclusive rich, transnational club. Since Free Trade, the US has become the dominant partner in Canada's oil and gas industry. We are obliged to permanently supply resources, regardless of scarcity, at constant rates— oil, gas, timber, water, whatever. The oil and gas sector is uniquely unaffected by the persistent US cries, "unfair subsidies". When Hibernia was first discovered a decade ago I was a kid. My first impression still prevails: it's a cross between hernia and heart burn.

When I heard of the recent illegal flight of Premium Automotive Tanks from Cape Breton to New Hampshire I had to once again embrace Wilson's good news, this is a "jobless recovery".