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**“WE DID IT TO OURSELVES, CAN WE UNDO IT
OURSELVES?”**

Let me start by telling you – definitively, and as strongly as I can – that we – Newfoundland and Labrador and her people – cannot resolve the financial crisis that looms before us. We must be part of any solution – indeed, there can be no acceptable solution without us. But we cannot overcome these problems ourselves.

In one sense, that’s what I’m here to say today. But I want to try to set the problem in a broader context. What

can we do to help to resolve the problems, and what must we do?

Let me set the stage. It's my strongly held view – and I cannot imagine anybody challenging it rationally or seriously – that every man or woman who has served in the House of Assembly since Confederation must share responsibility for how we got to this state of affairs. There is only one reason why our province is today facing financial catastrophe – as a province, we have spent consistently, frequently, and constantly more than we could afford. I'm not trying to rehash 70 years of political debate, partisan or otherwise, on what the government of our province should – and in many cases, must – do in the interests of making life better for every one of their constituents. But the stark reality is that our Government has spent more than they

took in in 63 of the 70 years since we became a province in 1949. The cry that “we need this or that”, and the willingness of the elected leaders of our province to try to meet those needs – or wants – allowed this to happen. We borrowed steadily, regularly, and in increasing amounts. Wade Locke and his colleagues, at my request, have produced a graph which shows this – here it is.

I’m not trying to refight old battles, or to criticize long-ago decisions. Leaving aside the Muskrat Falls debacle – which is in a class entirely of its own – it can be argued there was a need for every hospital or road or piece of municipal infrastructure or social programme that has been put in place in Newfoundland and Labrador since 1949, and that every dollar spent to provide enhanced public services or social benefits was both essential and well spent. But that

said, why we did so is academic at best. The reality is that we spent the money, and that we borrowed at least part and in many instances a very large part of the cost. The historians and the political scientists and economists can debate this at whatever length they wish – what I am talking about today is the reality. The undeniable truth is that we have spent more than we raised in taxes or received from Ottawa in every year since we became Canadians in 1949 except for the seven years of the oil bubble and the 2019 Accord.

Perhaps this is the moment for a few words about deficits and borrowing. Every government borrows constantly -- for new schools, new hospitals and new roads -- so called "capital expenditures". The loans -- interest and principal -- are paid off in annual

instalments. Our problem -- brutally put -- is that for the last several years we've been borrowing to pay our current operating costs, including salaries and pensions. That's the same as borrowing to pay your light bill or your fuel bill, and then borrowing more money next month to pay last month's bill. That's what we've been doing. And we haven't yet begun to repay our share of the billions that NALCOR - - which we own -- borrowed on our guarantee over and above the loans guaranteed by Ottawa.

I'm not going to belabour this. All that I'm saying is that the first step towards heading off disaster must be to accept the reality. Acknowledgment that one has sinned is the essential first step towards absolution and forgiveness. I know that that sounds trite, even mundane. But I also tell

you that it's the key to surviving the crisis that is about to envelop us.

Ottawa will help us, for two separate but equally compelling reasons. The first is that our province is on the very verge of defaulting on our debt obligations. We came perilously close to that a year or so ago, when Dwight Ball told the Prime Minister we were unable to meet our public service payroll. That's unchallengeable evidence of looming bankruptcy. No Canadian "sovereign issuer" – a province or Ottawa – has ever defaulted, to my knowledge. Some came perilously close, as did Saskatchewan thirty years ago. I don't pretend to know where we are today, but I'll tell you we are on the edge of disaster. A default by the province Newfoundland and Labrador would be catastrophic for the province, it would also have a very strong negative impact

on every other Canadian public entity looking to raise funds. It is a delusion to think otherwise.

That's one reason why I have no doubt Ottawa will bail us out. The second is that we are Canadians, and every one of us living between Cape Race in the south and Cape Chidley in the north is a Canadian, too. While there is no doubt that successive governments, of both political stripes, have spent more than they should have done in the financial context, I believe that most fair minded Canadians – and that's by far greater part of our fellow citizens – would be quick to acknowledge that there was both a need for and a benefit to be gained from much of the improvement in our public services since 1949. That's why I believe that they will come to our aid in dealing with the financial crisis when we acknowledge our errors and seek forgiveness.

The challenge before us – all of us here today, and everybody who cares about the future of the people of this province – is to put ourselves in the best possible position to seek the help we need. This is the really difficult part. We've got to show our fellow Canadians that we have set our own house in order before we can ask them to donate part of their taxes to help us to meet our needs – both to service the debt that we have already borrowed, and to continue to provide the best possible level of services to their fellow Canadians, our own people.

I was a Member of the House of Assembly for 22 years. I won six elections during my first tour of duty, as the Member for White Bay North between 1966 and 1985, and another two as the Member for Naskaupi (as the Central

Labrador seat was then called) in 1992 and 1993, in the Administration led by Clyde Wells – in my view the best Premier we've had since Confederation. And I'm prepared to argue that I would have won a seventh term in White Bay North in 1985, and a third one in Naskaupi in 1996 had I decided to seek to remain in the House of Assembly. All of which I mention simply to convince you that I believe I have some knowledge of what is required of political Leaders or those who seek to become political Leaders.

We have no alternative other than to review the full range of public services provided by the government of Newfoundland and Labrador. The status quo is simply unsustainable. We've got to have a long hard look at just about every aspect of the broad spectrum of services provided by the Government. Hospitals and our health care

facilities, our highways system, our school systems and in particular Memorial and the College of the North Atlantic, the numbers of public servants and the wages and benefits they earn and every other service and benefit we provide.

Our argument will be that we “need” every one now being offered, and indeed must improve most if not all of them. But that doesn’t address the fact that we can’t afford to pay for them, and before we can convince our fellow Canadians to do so we must show that the services we are offering to our people are comparable – in fairness and in effectiveness – to those of the governments of other provinces are providing to their citizens.

The fact that we “need” some particular facility or service, is not sufficient. There must be a debate about this,

but this is not the time or the place to do it. The point I want to make is that the discussion, the debate, and the decisions we make are all going to bring great pressure on the Members of the House of Assembly – every one of the 40 of them. Years ago, the debate in rural areas was whether we could build roads to every community; the debate now must be about how to maintain those roads and those communities. Health care – the present system, I think it fair to say, was created in the 1970s. Is it still the one best configured to serve our needs? Health care touches upon every one of us directly and frequently – but it also involves a great many jobs. This will be a prime concern of every MHA – both rural and urban. What about the provincial ferries? True, they are a reasonably small part of the province's total expenditure – but they are a very visible part. Indeed, what is the future of rural Newfoundland and

Labrador? In short, we must scrutinize every dollar we spend.

Demographics – the iron rules of demographics – tell us that the province is getting much older very quickly. They also tell us that the number of people living in rural communities is dropping quickly, and the median age of the folks who do live there is rising rapidly. How do we care for these people?

A friend of mine told me recently that one of the only growth industries in the province in years ahead will be the operation of long-term homes and like facilities. The cost of looking after our senior citizens is going to continue to rise rapidly and most of that cost will have to be borne by the public chest – the great part of our older folks simply cannot

afford to pay for the care they need – and have every right to expect.

The key to what I have been saying is leadership – and, specifically, leadership by the Premier, the Cabinet and every one of the 40 MHAs. Their role will not be easy. It's the MHAs who deal directly with their constituents – the men and women who will be affected most directly by whatever changes any Government may decide to implement. And make no mistake – there will need to be many hundreds of changes to government's spending programs. None of these changes will be popular, and all of them affect every MHA's constituents directly. The efforts must be made over many years, because it took many years for the problems to develop to where they are today.

Every MHA – this is not a partisan issue – will have to be prepared to explain and to defend them. I’m not going to pretend it will be easy for MHAs to do this – I served as one for 22 years, as I’ve said – but I can tell you that an effort to bring our spending under control cannot possibly succeed without the wholehearted support of every MHA. I cannot stress too strongly how important it is that MHAs both understand what must be done and why it must be done, and are prepared to stand up and defend it.

There is only one issue which must be addressed by everyone who cares – as I do – about the future of Newfoundland and Labrador and her people. We must accept the reality of our province’s fiscal position, and we must acknowledge that we no longer have any option except to address it. And we must do so now, not in some

far-off distant future. Others who have spoken today have canvassed a broad range of issues – each of which bears upon the question I’ve been asked to address. I don’t need to speak for them – they all spoke for themselves very effectively – and so I shall simply say that the issue goes straight to the heart of our lives as Newfoundlanders and Labradorians.

We’ve got to where we are today by ignoring reality – political leader after political leader has done so. But we have run out of time. Our province is now borrowing to pay the interest on the debt we incurred over the years. We are not “bankrupt”, a word that describes a state of law, but we are “insolvent”, which is a statement of fact. We simply

cannot pay our debts as they fall due. . And we cannot shift the blame to others. We have done this to ourselves.

I turned 81 a fortnight ago. I have been involved in one way or another in the political life of Newfoundland and Labrador for more than 60 years. You will notice that I said “political” – not “partisan”. Most of my political activity has been partisan, of course, but my years as Lieutenant Governor, between 2002 and 2008, saw me stand aside from the political fray. I was still very much involved in public life, of course, but as a spectator not a partisan.

I have known – some of them very well – every premier of the province of Newfoundland – beginning with Mr. Smallwood. All 14: Joseph Smallwood, Frank Moores,

Brian Peckford, Tom Rideout, Clyde Wells, Brian Tobin, Beaton Tulk, Roger Grimes, Danny Williams, Kathy Dunderdale, Tom Marshall, Paul Davis, Dwight Ball and Andrew Furey. Each of them was/is dedicated to trying to make Newfoundland and Labrador a better place in which to live and to work, and to improving the lives of every man, woman and child living here. I'm not here to try to single out any of them as being a sinner – there's enough blame for every one of them to have a place. Some of them may have "talked the talk" in the well-known phrase, but only one of them ever "walked the walk". There's enough blame to go around for everybody who was involved.

Like many of you here, I've lived through years of the talk of injustice and unfair policies that denied us what we

should have received. But talk has not changed what happened. Some of our grievances are real, and some are not. But I see nothing to be gained in continuing to complain about them over and over and over. We've got to take a different tack to show that we not only need financial support from the government of Canada but that we deserve it. Simply rehearsing past grievances gets us nowhere. We've got to move on.

And so what do we do? How do we deal with the realities? This brings me back to where I began. We must first of all acknowledge that we have dug ourselves into this hole – and that we are still digging! We must have a long hard look at where we spend our money, and why we spend it. Only then can we look to Canada for help in dealing with

the debt which we – not our fellow Canadians – have run up.

I have no doubt that our fellow Canadians will help us. But we must remember that every other province is confronted with financial problems, none of them as great as ours, but all of them painful to resolve. Our government – the Premier and the Ministers, and every Member of the House – must stand together in demonstrating – not simply saying – that we are prepared to ask ourselves difficult questions, and to accept difficult answers. There is no way for us to blame others.

Our fellow Canadians will stand by us. But we must first show them that we are doing our part. We simply cannot go

on as we are, hoping against hope for some kind of economic miracle that will rescue us. We must show that we are working to put our own house in order before we can ask our fellow Canadians to help us climb out of a hole in which we find ourselves.

We owe it to those who have gone before us – the fathers we salute in our Ode – and to those who will follow after us to do what must be done. If I may use a well-known nautical phrase – this is a call for “All Hands on Deck”.

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