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Atlantica

Myths and Reality

By Scott Sinclair with John Jacobs

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Summary

Atlantica: Myths and Reality

"Atlantica" is the name given to a proposed cross-border entity spanning the Maritime provinces, Newfoundland (but not Labrador), the parts of Quebec located south of the St. Lawrence River, Maine, Vermont, New Hampshire and upstate New York. The primary focus is not strengthening trade within this cross-border region. Instead, proponents aim to convince Atlantic Canadians that the road to economic prosperity lies in the region becoming a conduit for Asian goods destined for the American heartland and in accelerating energy exports to the north-eastern U.S.

Championed by the Atlantic Institute for Market Studies (AIMS), the proposal is a curious blend of unrealistic claims and zeal for deregulation — a mix that could have serious detrimental effects on Atlantic Canada.

A conduit for Asian goods?

Atlantica supporters envisage Halifax as the gateway for a high-volume roadway along which super-sized "truck trains" would haul Asian goods to the U.S. mid-west. Halifax is the eastern seaboard's closest deep-water port to Asia for container ships that are too large to pass through the Panama Canal. Attracting these leviathans, and trucking their cargo to U.S. markets, is the centrepiece of the Atlantica strategy.

This logic, however, does not stand up to scrutiny. West coast ports are already increasing their capacity and there are plans underway to expand the Panama Canal to accommodate larger ships by 2015. The scheme also hinges on the assumption that the eastern portion of the Canada-U.S. border will be virtually friction-free. This ignores the post-9/11 U.S. reality that "security trumps trade." The extra costs and risks involved in crossing the increasingly security-conscious U.S. border mean that the port of Halifax cannot count on huge increases in U.S.-bound cargo from Asia to assure its long-term vitality.

Even if it could be attained, the dubious goal of boosting traffic along this corridor "out of all proportion to local population and needs" would bring few economic benefits to the rest of the region. On the contrary, it would result in much more wear and tear on the region's roads and bridges, requiring significantly higher highway spending. The region's highways would also become less safe for motorists, both residents and tourists.

Huge increases in truck traffic would also cause substantial environmental harm, particularly through increases in greenhouse gas emissions. Decisive action to curb global warming, favouring more environmentally-sustainable transportation systems, would turn Atlantica's planned heavy-truck road corridor into a white elephant.

The Atlantica energy corridor

While key parts of the Atlantica transportation corridor story are implausible, the proposal for a parallel energy corridor is firmly grounded in continental energy realities.

The U.S. is the world's largest consumer and importer of petroleum and is eagerly looking to Canadian supplies to meets its energy security goals. Atlantic Canadian energy exports to the U.S. have grown rapidly over the last decade as offshore oil and gas have come on-stream. They now comprise over 50% of the region's total exports to the U.S.

In essence, the Atlantica energy corridor policy is about exporting oil and gas as rapidly as possible on terms that favour the industry, while leaving key decisions about exports to deregulated markets.

The major concerns about this rapid export growth are: whether the Canadian public is getting a fair share of the revenues from the sale of these publicly-owned natural resources; the impacts on Atlantic Canada's future energy security; and the negative environmental effects, regionally and globally, of accelerated fossil fuel exploitation. The Atlantica energy scheme gives short shrift to these concerns and instead strongly promotes an unregulated, export-driven, "free-market" approach.

Contrast this ideology with the experience of Norway, which captures almost an 85% share of oil revenues for its citizens. It does this through a combination of corporate taxes, a carbon tax, a direct ownership stake in oil and gas developments, and dividends from state-owned oil companies. The Newfoundland and Labrador government's efforts to negotiate a fairer share of returns for its citizens from future offshore petroleum developments should be commended. Atlantica partisans, however, are highly critical of this stance.

The Atlantica energy corridor is driven by U.S. energy security concerns, but gives little thought to Atlantic Canadians' future energy needs. Despite being a major energy exporter, Atlantic Canada imports 90% of the oil consumed within the region. In the event of a crisis, such as a hurricane, or of a longer-term shortage, the infrastructure needed to supply natural gas throughout the region is not even in place.

Atlantic Canada also urgently needs a long-term energy policy that conserves non-renewable resources and uses them wisely in a transition to safe, renewable forms of energy. A sustainable energy policy would involve, for example, greater local use of cleaner-burning natural gas as a stepping stone to a more renewable energy future.

Alternatives to market fundamentalism

The common thread throughout the Atlantica scheme is a fierce commitment to deregulation, whether by loosening road safety rules to allow truck trains or advocating a hands-off approach to the energy sector. As one analyst has pointed out, Atlantica's chosen theme of "business without borders" has a double meaning: business unimpeded by the international border, but also freed from the boundaries of environmental and social policy regulation.

Supporters take direct aim at minimum wage legislation, public services, and unions, explicitly identifying them as "policy distress" factors that thwart the region's development. For AIMS, in particular, the Atlantica model is a means to promote its "market fundamentalist" views — the unconditional belief that unregulated private markets always benefit society and that the best government is the smallest government.

Fortunately, there are far more compelling policy alternatives that promise increased co-operation between Atlantic Canadians and their New England neighbours, secure employment at decent wages, an environmentally sustainable future, and the further strengthening — not dismantling — of the social programs and public services that bind Atlantic Canada and all Canadians.

Like its namesake Atlantis — the mythical city which according to legend disappeared into the sea — the deeply flawed Atlantica proposal should be dispatched to the depths. With it should go its false promises of regional prosperity, and the energy insecurity, environmental degradation and democratic deficit embodied in the scheme's extreme market fundamentalism. Then the citizens of this region will be able to refocus their energies and get on with the task of building a more just, prosperous and sustainable future for all.

1 What is Atlantica?

"Atlantica," also known as the Atlantic International Northeast Economic Region (AINER), is a proposed cross-border entity spanning the Maritime provinces, Newfoundland (but not Labrador), the parts of Quebec located south of the St. Lawrence River, Maine, Vermont, New Hampshire and upstate New York (see map).

The push for Atlantica is part of a continent-wide drive towards greater marketplace integration. Supporters unabashedly promote the development of the Atlantic northeastern region into a corridor for Asian goods destined for the U.S. "heartland" and the intensification of Atlantic Canada's energy exports to the U.S. With somewhat less fanfare, they are embarking on a process of deregulation that would harm the majority of citizens on both sides of the border.

The current Atlantica concept was reportedly introduced by Brian Lee Crowley in a speech six years ago to the Atlantic Canadian premiers and New England governors. Crowley, Director of the Atlantic Institute for Market Studies' (AIMS), prodded the premiers to reject the limited goal of economic union of the Atlantic Provinces as "too 19th century" and urged them instead to embrace the "21st century" project of erasing the Canada–U.S. border.[1]

Proponents frequently suggest that Atlantica is a "natural" economic region, artificially divided by the international border. As conservative newspaper columnist Neil Reynolds portrays it: "Atlantica, in short, is a metaphor for a part of North America that belonged together but got wrongfully, irreparably, torn asunder."[2] From this viewpoint, the Atlantica project is not a new orientation for the region. It is seen as a return to the north-south ties of history, geography, culture and trade that, had they not been disrupted by Canadian nationhood, would now eclipse the Atlantic Provinces' east-west links with the rest of Canada.

This narrative is a rather clumsy attempt to play on Maritimers' and Newfoundlanders' historical sense of alienation from Upper Canada and their grievance over the loss of pre-Confederation economic vitality.[3] While Atlantic Canada has always enjoyed strong trade and cultural ties with the northeastern United States, the Atlantica story trivializes the region's economic history. It neglects the influence of Great Britain in the 19th century and fails to consider Atlan-


Atlantica?

tic Canada's trade ties within the British empire. Most importantly, this argument vastly underestimates the durability of the east-west ties resulting from 140 years of Canadian confederation (57 years in Newfoundland's case).

Moreover, this superficial version of the region's history masks the fact that the main thrust of the Atlantica concept is not to restore traditional trade links between Atlantic Canada and northern New England, but to try to exploit an entirely new pattern of global trade.

As will be discussed in section 3 of the paper, the primary focus of Atlantica is not to strengthen Atlantic Canadian-New England trade, but for this cross-border region to position itself as a conduit for Asian goods destined for the U.S. mid-west.

The Atlantica project also represents a highly ideological view of the region's future. Cape Breton academic Garry Leech points out that Atlantica's chosen theme of "business without borders" has a double meaning: business unimpeded by the international border, but also freed from the boundaries of environmental regulation, minimum wage legislation, social program spending, public ownership and unionization.[4] As will be discussed in section 5, AIMS identifies such protections as "policy distress" factors thwarting the region's development.

Within Canada, the Atlantica process is being driven by the right-wing think tank AIMS, large corporations organised through the Atlantic Chamber of Commerce and the Nova Scotia provincial government. At the federal level, support is coming from the Privy Council Office, the Prime Ministers' Office and the federal government's internal think-tank, the Policy Research Institute.

On the U.S. side of the border, the concept has attracted little attention outside the corporate community. But Atlantica fits comfortably within the philosophy of the Security and Prosperity Partnership, which is championed by the Bush administration and United States Trade Representative. Consequently, Atlantica should be understood as part of a broader drive towards fuller economic integration and political assimilation within the continent.

Key elements of the Atlantica proposal are, it will be argued, highly implausible — more rooted in myth than reality. Other parts, while feasible, could only be achieved at great cost to the region's natural environment and to the wellbeing of the majority of the region's citizens on both sides of the border. Without a frank and open public debate, the Atlantica scheme could do serious harm. As a policy concept, therefore, it must be understood and contested — which is the purpose of this paper.

2 The border still matters

Atlantica's proponents aim to convince Atlantic Canadians that the road to economic salvation lies in becoming a route for Asian goods destined for the American heartland, and increasing unprocessed resource exports, particularly energy, to the U.S. The credibility of this scheme hinges on the assumption that the eastern portion of the Canada-U.S. border will become virtually friction-free. This ignores mounting evidence to the contrary.

Due to structural economic reasons and heightened national security concerns, the U.S. border, rather than being erased, is likely to present even more of an obstacle to Canada-U.S. trade flows in the coming years. The international border still matters a great deal more than Atlantica's backers acknowledge.

Despite the 1989 Canada-U.S. Free Trade Agreement (FTA) and the 1994 North American Free Trade Agreement (NAFTA), Atlantic Canadian exports — including softwood lumber, livestock and potatoes — still face regular disruptions entering the U.S. For example:

- While Atlantic Canadian exports of softwood lumber have been largely exempted from U.S. countervailing duty actions and the subsequent export restraint agreement (the 2006 Softwood Lumber Agreement), they were subject to punitive U.S. anti-dumping duties during this long-running dispute.
- In May 2003, after a case of bovine spongiform encephalopathy (BSE), more commonly known as mad cow disease, was confirmed in a cow in northern Alberta, the sale of Canadian beef in the U.S., including from Atlantic Canada, was banned.[5] Following the ban, Atlantic Canadian beef exports to the U.S. dropped to virtually zero and have been slow to recover.
- In October 2000, the U.S. closed the border to PEI potatoes after the discovery of potato wart fungus in a PEI potato field. In 2002, a second occurrence of potato wart fungus again led to restrictions on PEI potato exports. Earlier, in 1991, the discovery of a quarantinable virus, PVYN, resulted in a U.S. ban on potato exports

that devastated the Atlantic Canadian industry.

Such incidents, which have been very costly to specific industries and to the Canadian public purse, underline the still-present, and arguably unavoidable, risks in trading across the Canada-U.S border.

There is little reason to expect periodic border disruptions to ease and they could well worsen. The U.S. is running a record trade deficit which most experts view as unsustainable. Figures from the first ten months of 2006 show that the trade deficit is running at over 6 percent of U.S. GDP and on pace to set a fifth consecutive annual record.[6] As a result, over the coming years there will certainly be strong political and economic pressures to reduce this deficit through some combination of a falling U.S. dollar, protectionist measures or economic slowdown.

Moreover, the political response to heightened U.S. national security concerns has already resulted in new initiatives that threaten to impede trade and make cross-border movement of goods and people more costly. In 2006 alone the Bush administration has:

- pressed ahead with a plan to require passports or equivalent secure documents for Canadians and Americans entering the United States from Canada;
- without consultation, stepped up "bioterrorism-related" inspections of Canadian fruit and vegetable imports and imposed new user fees on shippers to pay for these inspections,[7] and
- announced costly plans to build 1,800 high-tech surveillance towers to track all movement across the Mexican *and* Canadian borders.

Similar initiatives, including new security bills dealing with ports and transportation, are underway. The leadership of the new Democratic-controlled Congress has pledged, as one of its top legislative priorities, to require the scanning of 100% of U.S-bound containers from foreign ports.[8] For the foreseeable future, as the former U.S. ambassador to Canada Paul Cellucci famously remarked, "security trumps trade."

In the vital area of manufacturing, Atlantic Canada has seen the fewest benefits of all Canadian regions from North American trade integration. Statistics Canada estimates that increased trade integration with the U.S. accounted for only tiny gains in the real wages of Atlantic Canadian manufacturing workers (averaging .03% annually) and growth in manufacturing output (averaging .15% annually) over the 12-year period (1988–1999) after the FTA. Productivity gains associated with trade integration were also small (0.2% annually) over the same period.[9]

These meagre results suggest that trade integration in the post-FTA period has not boosted indigenous Atlantic Canadian manufacturing capacity. In light of this experience, why would deeper integration be expected to yield better results? Instead, there remains a strong need for alternative policy approaches. Given the pressures resulting from record U.S. trade deficits and national security preoccupations, the development of high-quality, value-added manufacturing jobs through exports to the U.S. will be an even more difficult challenge in the years ahead.

Finally, the trade ties of Atlantic Canada, especially the three Maritime provinces, with the rest of Canada are far more durable and important than portrayed by Atlantica proponents. The Atlantic Provinces Chamber of Commerce, for example, is astonishingly disparaging about trade with the rest of Canada, stating that:

> In 1867, Confederation's new policies and international tariffs in Canada routed, then natural, North-South trading links in Atlantica towards an East-West corridor, shifting power to central Canada. For the next 100 years Atlantic Canadian's (sic) struggled to feed a smaller central Canadian

> market while virtually cut off from a much larger and more immediate Northeastern US marketplace. Today, business and government leaders in Atlantica have recognized this travesty and have begun a dialogue to re-establish the Atlantica trade corridor to its once vibrant state.[10]

One can only presume from this piqued tone that Canadian markets rank rather low in the chamber's priorities.

Of course, trade ties with the rest of Canada are very important to the Atlantic Canadian economy and vice versa. In fact, when adjusted for distance and the size of economies,[11] even after the Canada-U.S. FTA and NAFTA, Atlantic Canadian provinces still trade far more with other Canadian provinces than with U.S. states.[12] A 1999 study observed that: "Interprovincial trade linkages remain twelve times stronger than those between Canada and the United States." The authors concluded that: "the post-FTA Canadian economy retains a strong national structure, with inter-provincial trade linkages more than an order of magnitude tighter than those between provinces and states."[13]

Internal trade is also far less vulnerable to the periodic disruptions that characterize Canada-U.S. trade relations. In all of the trade disputes discussed above (beef, lumber, and potatoes), trade of these products within Canadian markets remained largely open.[14] It is therefore surprising that Atlantic Canadian business lobbyists seem prepared to disparage the importance of east-west economic linkages and to discount the benefits of political, cultural and historical ties between Atlantic Canadians and the rest of the country in order to promote their Atlantica strategy.

In short, a sober assessment of current trends in Canada-U.S. trade relations does not support staking the economic future of Atlantic Canada on the seamless border presumed by the Atlantica scheme. Nor, it will be argued, does it warrant sacrificing distinctive Canadian social and economic policy approaches on the altar of fuller economic integration.

3 A conduit for Asian goods to the U.S.

The focal point of the Atlantica plan is the idea that Halifax should become the maritime gateway for a high-volume highway transporting Asian products to the American mid-west. Indeed, Brian Lee Crowley devoted almost his entire speech at the 2006 "Atlantica: Business Without Borders" conference to this single theme.

The primary purpose of the envisaged Atlantica transportation corridor is not to strengthen trade between Atlantic Canada and northern New England, or even to move the region's own products to other markets. In a remarkable statement for a self-professed region-builder, Crowley dismisses trade between states and provinces within the region as "hardly worth mentioning."[15]

Driving this point home, he stresses that the proposed Atlantica corridor would be unlike other Canada-U.S. trade corridors "which exist primarily to exchange goods and services produced in our two countries."[16] By contrast, the Atlantica plan is to take advantage of global trade trends by re-positioning the region as a conduit for goods produced elsewhere (Asia) for consumption elsewhere (the U.S. "heartland").

Crowley remarks that "within the global network, you must either be a destination in your own right (like Chicago, London, Hong Kong, or Tokyo) or you must be on the route to a destination."[17] From this vantage point, Atlantic Canada, and its next-door American neighbors, are clearly *not* destinations in their own right.

The rationale supporting the Atlantica transportation corridor is as follows: Global container traffic has been growing rapidly and as goods manufactured in China and South Asia continue to inundate North American markets, projected cargo volumes are expected to strain the capacity of west coast ports. With the advent of "post Panamax" container ships that are too large to pass through the Panama canal, Halifax is well-positioned as the closest North American port of call for ships from Asia via the Suez Canal route. Furthermore, Halifax is one of a select group of deep-water ports on the eastern seaboard capable of accommodating such huge vessels.

Attracting enough of these leviathans — a single vessel can carry 10,000 containers (TEUS[18]) or more — offers the opportunity, in Crowley's own words, to "increase traffic flows to levels *far in excess* of what our own local population and economic activity could justify (emphasis added)."[19]

The direct economic benefits of this scheme would be limited to those industries handling the containers, mainly concentrated in the port of Halifax. The transportation sector, especially trucking, would certainly gain. Weekly earnings in the trucking sector are slightly above average.[20] Long hours and difficult working conditions for truckers, however, have already led to shortages of truck drivers. Crowley's proposed solution to this shortage, which would be exacerbated by the Atlantica strategy, is to recruit Mexican guest workers to drive trucks in the region.[21]

It is also worth considering that the average productivity of the transportation and warehousing sector is significantly lower (23% lower in terms of real GDP/hour) than average productivity for Atlantic Canada.[22] In other words, the Atlantica scheme is targeting growth in a sector that has relatively low productivity.

Productivity of the Atlantic Canadian economy is already low when compared to the rest of Canada and other industrialized countries.[23] Focusing a regional development strategy on a low-productivity sector such as transportation and warehousing could, even if successful, further stunt regional productivity growth and undermine the long-term prosperity of the Atlantic provinces.[24]

Proponents hope that the increased traffic would drive down unit transportation costs, making it cheaper to move the region's own products along the busy corridor. They also mention the back-haul opportunities for this region's exporters on the containers' return trips to Asia, although the huge discrepancy in trade volumes and balances with Asia ensures that most containers would make the return trip empty.

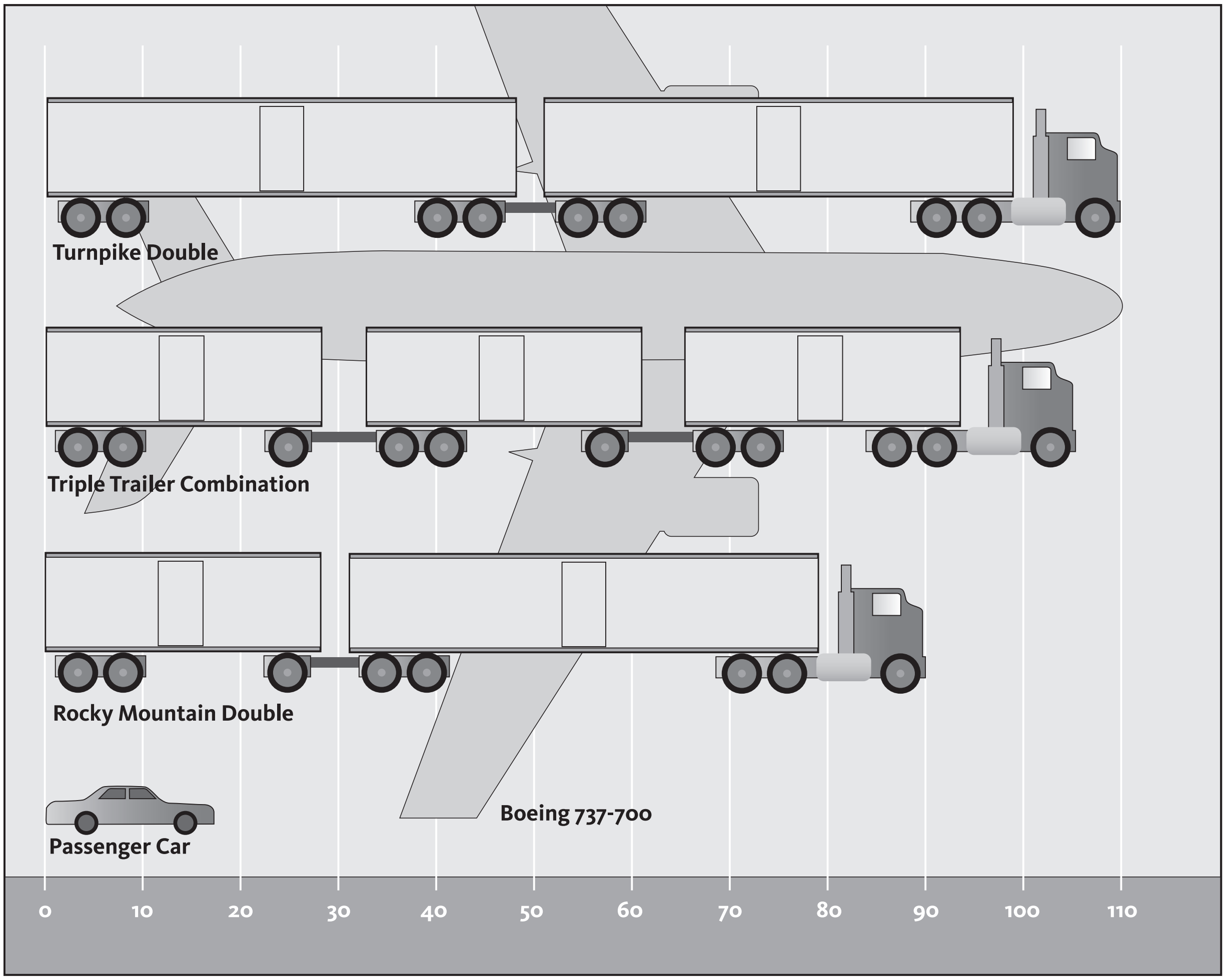
Finally, Crowley promotes the prospects for other cities in the Maritimes to benefit through "inland ports," terminals where containers are unloaded, repacked and routed to final destinations. But again, given U.S. security concerns, U.S.-bound containers would, in all likelihood, have to be pre-cleared by U.S. customs and border security officials stationed in Halifax and remain sealed until they reached the United States. Consequently, Canadian inland terminals would be bypassed by the Asian-U.S. traffic that is the primary focus of the corridor.

While the economic benefits would be modest and concentrated in Halifax, a deliberate effort to boost traffic flows to levels "out of all proportion to local needs" would have many undesirable impacts on environmental sustainability and the quality of life of the region's residents. Ten thousand containers stacked end-to-end would stretch for 60 kilometres. As Crowley boasts. "just to show you how large the post-Panamax ships are, if you were to unload the entire cargo of one of the behemoths at a single port and put half the containers on trains, you'd still need a line of tractor trailers 20 miles [32 km] long to haul the rest."[25] An influx of such vessels would certainly create serious traffic, environmental and planning issues in the Halifax-Dartmouth region.

If, as planned, the bulk of this massive expansion in container traffic is shipped onwards by truck, there would be significant negative impacts on the environment, highway maintenance and traffic safety all along the proposed route. Crowley insists, for example, that a viable Atlantica transportation corridor would require weakening Canadian and U.S. regulations on vehicle weights and dimensions to permit the operation of "truck trains." "Truck trains" are longer-combination vehicles with more than one trailer per tractor. These super-sized combinations, such as "turnpike doubles" or "triples" can be up to 125 feet (38 metres) long, including the tractor.[26] A typical truck train is 27 times heavier than a large sports utility vehicle.[27]

In the United States, federal law restricts the length of tractor-semi-trailer combinations to the tractor plus one 53-foot (16 metres) trailer or two 28-foot (8.5 metres) trailers and the total weight (including cargo) to 80,000 (36,287 kg) pounds.[28] Currently, certain Canadian provinces

CHART 1 **LCVs in Plane View**



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allow significantly larger vehicles up to 38 metres (125 feet) long on the roads, carrying loads up to 62,500 kg (137,500 lbs.) However, most trucks on Canadian highways are much smaller than this limit, with the bulk of the market served by tractors with a 16-metre (53-foot) trailer.[29]

There is already direct pressure on U.S. state governments to relax trucking regulations along the proposed corridor, providing a practical example of how the Atlantica concept meshes with a deregulation agenda. The Atlantica proposal would also certainly result in more and considerably larger trucks on Atlantic Canadian highways. New Brunswick has already begun a one-year pilot project permitting truck trains to operate on the highway between Saint John and Moncton.[30]

Increasing truck traffic and the weight of trucks results in significantly more wear and tear on highways and bridges and higher maintenance costs.[31] Allowing truck trains would require additional highway spending and upkeep for wider lanes, sturdier bridges, larger shoulders and new access ramps and roads. Furthermore, while the largest trucks are more fuel efficient on a tons-per-kilometre basis, the increase in truck traffic on the region's roads would result in significantly higher, overall greenhouse emissions.[32]

Another overriding concern is the safety of motorists who share the roads with long-haul truckers. Large trucks have higher fatal crash rates than passenger vehicles and most fatalities in truck-car collisions are suffered by occupants of the smaller vehicle.[33] Encouraging higher levels of truck traffic would increase injuries and fatalities on the region's roads. It also raises concerns about the compatibility of the Atlantica transportation strategy with the desire to attract more tourists to the region.

In essence, many of the overall impacts of the proposed Atlantica transportation corridor would be undesirable. But there are also good reasons to be skeptical about the feasibility of this strategy, even on its own terms. For example,

- Congested west coast ports, which are much closer to Asia than Halifax, are already adapting to meet growing Asian traffic. Container ports in California, Washington state, and British Columbia are expanding their capacity and improving the efficiency of existing operations.[34]
- Plans are already underway to expand the Panama Canal to accommodate newer, larger vessels. This expansion, which is scheduled to be completed by 2015, will mean that Halifax's temporary tenure as the closest eastern seaboard port for "post-Panamax" ships will disappear within a decade.
- There could be a reversal in the industry trend to container mega-ships,[35] which would strand costly local investments in the infrastructure required to handle the largest post-Panamax ships and related security technologies.
- Finally, while volume at the Halifax port will likely continue to grow, buyers and shippers will still seek, whenever feasible, to avoid the additional cost and uncertainty associated with crossing the Canada-U.S. border by landing most goods destined for U.S. markets in U.S. ports.

For all these reasons, U.S. harbours are likely to remain the primary ports of entry for the majority of U.S-bound containers from Asia. This conclusion is reinforced by the experience of Canada's west coast ports. Despite over a decade of promotion of Vancouver as a Pacific Gateway for all of North America, Transport Canada officials were "were surprised to discover that currently only 7 per cent of the containers coming into Vancouver are going into the United States."[36] The vast majority of containers landed in Vancouver are headed for Central and eastern Canada.

4 The Atlantica Energy Corridor

Atlantic Canadian energy exports to the U.S. have grown rapidly over the last decade as offshore fields have come on-stream. A major thrust of the Atlantica project is the intensification of Atlantic Canada's emerging role as an energy supplier to northeastern U.S. markets.

Atlantica's energy corridor policy is based on exporting oil and gas from the Atlantic offshore as quickly as possible on terms that favour the industry and leaving decisions about exports to deregulated markets. These actions would be taken without regard to the region's future energy security or the advantages of using cleaner-burning natural gas as a stepping stone to a more renewable energy future. Both these shortcomings should be of serious concern to Atlantic Canadians, as they will be the ones bearing the brunt of the social, environmental and economic costs while sharing little of the rewards.

4.1 Accelerated exports

Energy exports, primarily from offshore oil and gas, are the fastest-growing component of the Atlantic provinces' trade with the U.S. and the major contributor to the region's trade surpluses with the U.S. (see table 1). In just over a decade, between 1995 and 2005, energy exports increased from approximately $1.7 billion to $9.4 billion, jumping from 24% to 54% of the Atlantic region's total exports to the U.S.

Offshore energy resources represent a very significant, once-only, economic development opportunity for the region, and for Nova Scotia and Newfoundland and Labrador in particular. There is growing public awareness that these resources are finite and that without good public policy guiding their development, the opportunities they represent for the citizens of Atlantic Canada could be squandered.

In the case of Newfoundland and Labrador petroleum, Memorial University economist Wade Locke has estimated that annual production will peak in 2009 at 250 million barrels. Production from three established offshore fields will decline steadily afterwards. The development of a fourth offshore field, the Hebron project, with estimated reserves of 581 million barrels, would result in a spike back over 100 million barrels annually after 2015. Unless new reserves are discovered, production will dip below 50 million barrels around 2020 and diminish thereafter.[37]

TABLE 1 **Atlantic Provinces' Exports to United States** ($ millions)

	1995	1997	1999	2001	2003	2005
Atlantic Provinces Energy Industry Exports to US	1,655	2,282	2,451	5,992	7,582	9,353
Atlantic Provinces Total Exports to US	6,878	8,309	10,627	14,905	15,696	17,267
Energy Exports as % of Total Exports to US	24%	27%	23%	40%	48%	54%

SOURCES Statistics Canada, Strategis.gc.ca, Industry Canada

In a highly publicized dispute, the Newfoundland and Labrador government is attempting to negotiate better terms on future offshore oil developments, beginning with the Hebron project. One of the partners in the Hebron consortium, Exxon-Mobil, which last year reported income of $US36 billion, the highest profit ever by a U.S. company,[38] has taken an especially tough line against the government. Currently, negotiations have broken down and the Hebron development has been held up.

The crux of the debate is over whether the citizens of Newfoundland and Labrador are getting their fair share of benefits from the exploitation of offshore oil resources. Governments' share of net cash flow over the life of the three existing offshore fields has been estimated at an average of 53% of revenues (21% of which goes to federal coffers and 32% to the province).[39] By contrast, Norway — considered one of the world's most successful petroleum-producing states — captures close to 85% of the revenues generated by its oil and gas sector.[40] The Scandinavian country accomplishes this through a combination of corporate taxes, a carbon tax, a direct ownership stake in oil and gas developments, and dividends from state-owned oil companies.[41]

The Norwegian government justifies its high taxation and direct government involvement in the energy sector by pointing to the "extraordinary returns associated with the production of the resources," "common ownership of the resources" and "that the oil companies are allowed to exploit a valuable, limited resource."[42] All of these grounds apply with equal force to the Atlantic offshore. The Newfoundland and Labrador government, with strong public backing, is attempting to negotiate terms on future projects that move the province the direction of Norway's example.[43]

These negotiations to achieve a fairer share of revenue for the province are centred around four main goals: 1) a more progressive fiscal regime that gives the province a larger share of revenues, especially when petroleum prices are high; 2) a more responsive licensing and tenure policy, including "fallow-field" legislation which would set time-limits for companies to reach agreement on new projects or give up their tenure; 3) a government equity stake in future developments; and 4) encouraging more local benefits through the development of the provincial value-added service and supply sector.[44]

The province's efforts to strike a better bargain have been undercut by the federal government, which shares jurisdiction over offshore oil resources. The Harper government has refused to support the province's push for higher royalties from the oil companies. To date, the Harper government has also rejected the province's appeals for "fallow-field" legislation. Instead, the Prime Minister has informed Premier Danny Williams that "Federal intervention in this type of commercial arrangement would be inconsistent with the market principles the Government of Canada is promoting."[45]

Similarly, the energy policy embraced by Atlantica proponents within the region also stresses "market principles" and is unabashedly pro-industry. AIMS has strongly criticised the Williams government. Writing in the National Post, AIMS analyst Peter Fenwick argued that the government's attempt to get a better deal threatens all future energy development in the province. Fenwick asserts that "until the regulations become fair and predictable, Newfoundland's offshore is likely to stay undeveloped."[46]

This view ignores the fact that Norway has successfully provided a stable investment climate while ensuring its citizens a high share of revenues from the exploitation of the country's non-renewable resources. The Norwegian tax regime is designed to be neutral, so that if a development is profitable before tax is levied it will still be profitable after taxes are applied. As one analyst notes: "Norway's allocation of only 10% of revenues to private firms has not deterred foreign oil companies, including Shell, BP, Exxon, Petro-Canada and Talisman, from operating profitably in partnership with state-owned firms."[47] Moreover, most petroleum-producing countries around the world, with the notable exception of Canada, have moved to increase their share of oil and gas revenues in recent years.[48]

While a stable and predictable investment climate is certainly desirable for the oil and gas industry, the energy policy regime should also ensure a fair return for the province and Canadian citizens as well as returns for the oil companies. The Newfoundland and Labrador government's efforts to move in Norway's direction, clearly at odds with the energy policy framework driving Atlantica, should be commended.

4.2 Reliance on deregulated energy markets

The situation with Nova Scotia's offshore gas also graphically illustrates the Atlantica scheme for the region's energy future. This resource is being exported rapidly with little regard either to Atlantic Canada's future energy security needs or to the potential environmental benefits from using greater quantities of natural gas locally as a transitional fuel to a safe, renewable energy future.

Currently, the Maritimes & Northeast Pipeline (M&NP) transports natural gas from the Sable reserves off the coast of Nova Scotia to the northeastern United States. Constructed in 1999, the 1,000 km pipeline has a capacity of 600 million cubic feet of natural gas per day. The Deep Panuke project, with estimated reserves of 1 trillion cubic feet of natural gas, is the next planned development on the Nova Scotia offshore.

Several small lateral pipelines provide natural gas to local markets in Nova Scotia and New Brunswick. Many parts of the Maritimes, however, still have no access to natural gas. There are no laterals to northern New Brunswick, most of Cape Breton or Prince Edward Island. Nor has there been any initiative to connect existing pipelines to the east-west gas network that now ends at Quebec City.[49]

Even in areas serviced by laterals from the existing pipeline, some industrial consumers have complained of difficulty in acquiring gas in desired quantities.[50] The bulk of the Scotian shelf natural gas is exported directly to the Boston-New England market, bypassing most Canadian consumers.

In 2002, the government of New Brunswick made an application before the National Energy Board (NEB) to attempt to redress this situation. The legislation governing the NEB still requires that "the Board may not approve the export of natural gas from Canada unless it is satisfied that the quantity of gas to be exported is surplus to reasonably foreseeable Canadian needs."[51]

Since 1987, however, the Board's practice has been to authorize natural gas exports through short-term orders, circumventing the legislative requirement to consider Canadian needs. Approximately 75% of annual Canadian gas exports are authorized under short-term orders.[52] As the New Brunswick government pointed out, "with respect to Scotian offshore gas, only one export license has been issued representing roughly 10% of the gas being exported from these Canadian reserves." [53]

New Brunswick tried unsuccessfully to convince the NEB to establish a set of rules that would apply when the board considers applications for short-term export orders for new supplies of Scotian offshore gas, such as from the Deep Panuke project. Such rules would have provided for public notice and comment on gas export applications, creating a speed bump that could allow local consumers the opportunity to acquire gas at market prices prior to export.

AIMS revealed its biases — and the mindset that underpins Atlantica — by intervening at the hearing to oppose New Brunswick's rather modest proposal. In one of a number of public attacks on New Brunswick's position, AIMS asserted that, "New Brunswick is signalling to potential investors in the offshore to stay away or they will become hostage to the whims of politicians trying to curry favour with voters."[54]

There would, however, be significant potential socioeconomic and environmental benefits if Atlantic Canadians could gain greater access to a portion of the offshore natural gas supplies that are currently being exported.

Although the Harper government has backed away from Canada's Kyoto Protocol commitments, a majority of Canadians and parliamentarians strongly support determined efforts to meet Canada's Kyoto targets to cut greenhouse gas emissions by 6 per cent (from 1990 levels) by 2012.

While substituting cleaner-burning natural gas for oil and coal does not provide a long-term solution to climate change, it could be an important step in meeting short-term Kyoto targets and in the transition to a post-carbon energy future. Natural gas is particularly well-suited to combined electricity generation and industrial use.[55] Currently, regional energy utilities Emera and New Brunswick Power both burn coal, including coal imported from strife-torn Colombia, to generate electricity. Similarly, the region's industrial users, such as the pulp and paper producers in northern New Brunswick, will need access to natural gas to substantially reduce greenhouse gas emissions.[56] For the region to export large quantities of natural gas while burning imported coal and refined petroleum makes little sense from an environmental perspective.

This over-emphasis on exports is also disquieting in regard to Atlantic Canada's future energy security. Larry Hughes from the Dalhousie University's Energy Research Group observes that, "Energy security requires energy sources that are reliable, uninterrupted, and reasonably priced."[57] Despite the development of significant reserves of offshore oil and gas, the region is far from achieving the energy security goal. Atlantic Canada and Quebec continue to rely on imports to supply approximately 90 per cent of the petroleum they consume.[58]

While Atlantica's plans for an enhanced energy corridor and accelerated exports clearly responds to the Bush administration's preoccupation with increasing U.S. energy supplies, it disregards concerns about Atlantic Canadian energy security. Gordon Laxer, an energy expert from Alberta's Parkland's Institute, points out that in the aftermath of Hurricane Katrina, Alberta was able to respond to the crisis by increasing its energy exports to the U.S. But if a hurricane were to strike the Atlantic Canadian coast, disrupting oil terminals and offshore fields, Western Canada could not help. The east-west pipeline infrastructure does not exist. Nor could the region's own reserves, even if unaffected by such a natural disaster, be effectively mobilized. Again, the regional distribution infrastructure is simply not in place.

Finally, as Laxer and many others argue, NAFTA's energy provisions threaten Canadian energy security. NAFTA's "proportionality clause" stipulates that, in the event of a crisis, Canada can only restrict exports if it continues to supply the U.S. with the same proportion of total exports as prevailed over the previous three years.[59] Canada currently exports 63% of its natural gas to U.S. markets and, in the case of Atlantic Canada, gas exports are approximately 75% and rising.[60]

Proven reserves of natural gas are smaller than many Canadians imagine and could begin to run out far sooner than they realise.[61] While the development of the Deep Panuke Field may offset this trend, offshore production of Scotian natural gas peaked in 2001 and has declined markedly since then.[62] Especially when viewed within the framework of NAFTA's energy rules, there is a strong argument for using caution when considering accelerated gas exports.

Atlantica is simply a catch-phrase for locking in unsustainable energy policies that will bring limited benefits to the broader community. AIMS and other Atlantica backers, including the Harper government, stress that energy exports should be unregulated with decisions left to "free market" forces. This rigid philosophy, however, ignores important factors including public ownership of these resources, the significant public subsidies and incentives available to develop them, and their importance — both economically and environmentally — to the future of this region and the country. Pressing public interest considerations, especially future energy security and environmental impacts, demand greater prominence than the narrow Atlantica focus permits.

5 A low-wage, low-standards future?

Few would argue against the potential benefits of improving trade ties between Atlantic Canada and New England or smoothing the mechanics of crossing the border. Atlantica proponents, however, weigh down these straightforward interests with unrealistic expectations, faulty analysis and heavy ideological baggage. As a result, they present not only an implausible, but also a highly undesirable, vision of the region's future.

The AIMS-Atlantica agenda is clearly a low-wage, low-standards strategy. On its "Atlantica story" web site, AIMS asserts that "Much of the region's economic distress, on both sides of the border, is also caused by poor quality public policy. In other words, at least part of the region's decline is self-induced, not just by a failure to act coherently as a region, but also through a failure to modernize laws, policies and practices."[63]

According to AIMS, these poor-quality public policies include:

- "Minimum wage legislation (a measure of labour market flexibility)"
- "Union density (a measure of labour market flexibility)"
- "Government employment as a percentage of total state/provincial employment (a measure of public sector efficiency)"
- "Size of government relative to the economy (a measure of the burden the public sector places on the private economy)"

AIMS presents these factors as evidence of policy backwardness and economic distress. This thinly-disguised attack on working people, public services, social programs and democratic decision-making is very revealing about what underlies the Atlantica agenda.

5.1.1 Minimum wages

State-level minimum wages in the northeastern U.S. are generally higher than those in other regions of the United States. Atlantic Canadian minimum wages are roughly comparable to neighboring U.S. states in dollar terms (see table). But in both cases, full-time workers earning the minimum wage would still find themselves struggling at or below the poverty level.[64] Nevertheless, according to Atlantica proponents,

TABLE 2 Minimum Wage
Atlantic Provinces, Maine, New Hampshire and Vermont

	Minimum Wage ($ Can.)
Newfoundland	7.00
Nova Scotia	7.15
Prince Edward Island	7.15
New Brunswick	6.70
Maine	7.42
New Hampshire	5.88
Vermont	8.28

NOTE Min. Wage rates as of Jan. 1, 2007 and US rates converted to $Cdn Dec. 1, 07
SOURCES Human Resources and Social Development Canada, US Department of Labor and Bank of Canada

minimum wages are too high on both sides of the border.

Raising the income of society's poorest workers to more reasonable levels through increased minimum wages is an ethical imperative, not a sign of "poor-quality public policy." Furthermore, there is a large body of research showing that modest increases in the minimum wage, such as those being debated in the newly-elected U.S. Congress, have no significant effect on employment levels.[65] Higher minimum wages also create broader economic benefits by "encouraging employers to invest in skills so as to raise productivity."[66]

The shift to a more productive economy emphasizing high-skilled jobs is particularly important in Atlantic Canada. Most of the jobs currently being created in the region are in low-wage and low-skill sectors, where a disproportionate number of workers are paid the minimum wage.[67] The minimum wage both protects these workers and stimulates the economy to move beyond a reliance on low wages.

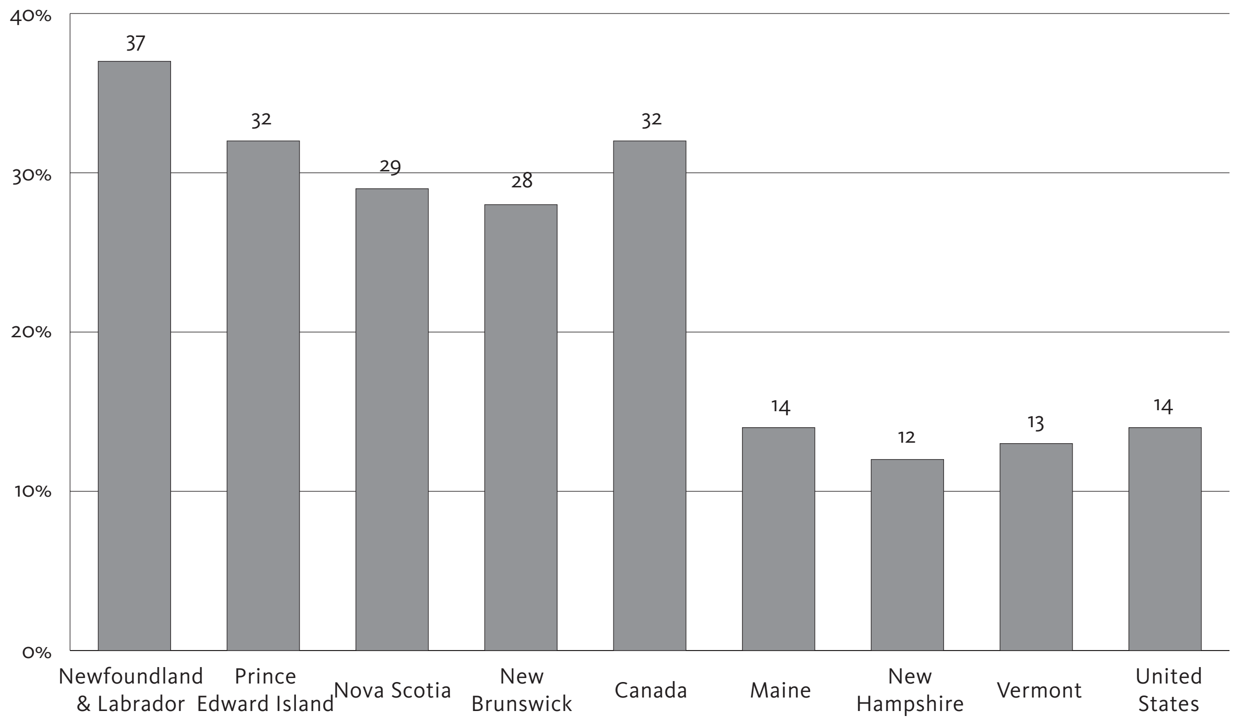
5.1.2 Union coverage

Astonishingly, AIMS characterizes the already extremely low union coverage of less than 14% in northern New England as a cause of that region's "economic distress." Quite simply, according to AIMS, unions are bad and increasing the number of unprotected workers is good. As chart 2 shows, union coverage in Canada, including the four Atlantic Provinces, is more than double that in the United States. Atlantica proponents are clearly intent on driving the entire region's union coverage below the already low levels in the northern New England states. Labour market restructuring on this scale implies an all-out attack on unions throughout the region and on Canadian unionized workers in particular.

Through solidarity and collective action, unions help improve wages and working conditions not only for their own members, but throughout the economy. Unions narrow income differentials and help close the pay gap between women and men, and between workers from visible minorities and other workers. They help prevent the region from pursuing a low-wage, low-skill path of economic development. Expert economic research has shown that high levels of collective bargaining coverage promote higher skills and higher productivity, and do not have negative impacts on economic performance.[68]

Unions contribute to the well-being of all workers through efforts to protect and strengthen social programs such as unemployment insur-

CHART 2 **Union Coverage** Atlantic Canada, Maine, New Hampshire, New York, and Vermont (2005)



SOURCES Statistics Canada and U.S. Bureau of Labor Statistics

ance and medicare. Rather than being a "policy distress" factor, a high rate of union membership increases the influence that working people have in the development of effective and just public policy, as is the case in many industrialized countries. Leaving workers unprotected by lowering the rate of unionization in the region would reduce wages, increase inequality and worsen the quality of life in Atlantic Canada.

5.1.3 Public sector employment

The AIMS' assertion that public sector employment levels provide an accurate measure of "government efficiency" is nonsense. Efficiency is well-defined and generally understood to be the amount of effort required to accomplish a goal.[69] In this case, the "amount of effort" could be represented very broadly by the number of government employees. The "goal" would be the goods and services provided by government employees and the benefits to citizens.

Measuring efficiency in a complex entity such as government is a challenging exercise, for which AIMS' chosen measure is clearly inadequate. For example, a large province with a small population would naturally require more public employees to provide the same levels of service as in a highly populated, smaller jurisdiction. Likewise, a government that provided higher levels of health and education services could reasonably be expected to have a larger public sector.

Regardless of the complexities, any honest measurement of efficiency would be a ratio between the amount of effort and the goal. In a classic case of sleight-of-hand, AIMS measures the effort without acknowledging the accomplishments. Using a numerator without an appropriate denominator makes the measurement substantively meaningless. Instead, it simply betrays AIMS' and Atlantica's profound anti-government bias.

5.1.4 Size of government relative to the economy

AIMS' last measure simply assumes, without argument or explanation, that all government is deadweight that burdens "the private economy." In their view, the larger the size of government relative to the overall economy, the greater this burden. Once again, the choice of this "measure" reveals AIMS' and Atlantica's anti-public sector bias. It provides no useful information about the appropriate role of government or its capacity to improve the lives of its citizens — for example by providing health, education and other social services and through environmental and labour regulation. Furthermore, by aggressively promoting the market at the expense of the public sphere, AIMS would deprive citizens of the ability to promote their interests and shape their communities, provinces and states through democratic expression and decision-making.

For AIMS, the opportunity to ruthlessly promote its "market fundamentalist" ideology is an important component of the drive to create Atlantica. Market fundamentalism is the unconditional belief that unregulated private markets always benefit society and that the best government is the smallest government. From this perspective, Atlantica constitutes part of an agenda to further restructure the region's economy, social programs and regulations along market fundamentalist lines.

Ironically, after two decades of hotly-contested efforts to impose it, market fundamentalism is finally losing credibility. Even the Organization of Economic Cooperation and Development has carried out a major reappraisal of its neo-liberal 1994 Jobs Strategy, which stressed labour market deregulation, unemployment insurance benefit cuts, low minimum wages, and "flexible" wages as the path to job creation.[70] It now acknowledges that there is "more than one road to Rome." According to one reviewer, the June 2006 OECD Jobs Strategy "admits that minimum wages, unions, and employment protection laws have no visible impact whatsoever on unemployment."[71] The document also recognizes that social democratic countries in Europe have achieved very high employment rates and low unemployment rates through a different policy mix, which includes decent UI benefits, strong unions, and high levels of investment in training and labour adjustment policies.[72] This policy orientation has produced some of the world's most productive economies, highest standards of living and most equitable societies.[73]

While accomplishing these goals would be a challenge, the model of fair wages and benefits for a highly-trained and productive labour force provides a far more inspiring and generous vision of the region's future than does AIMS' "survival of the fittest" Atlantica scheme.

6 Alternatives to Atlantica

6.1 Atlantica: Myths and reality

Like its namesake — the fabled city of Atlantis — Atlantica's story is cloaked in mythology. And, as in many myths, the reality too often lies hidden beneath colourful prose or flights of fancy.

Despite the longing of Atlantica's supporters to erase it, the Canada-U.S. border is not about to disappear. Even after the period of restructuring following the Canada-U.S. FTA and NAFTA, the border's effect on trade remains significant. As we have repeatedly seen, the post-9/11 U.S. preoccupation with national security continues to heighten the disruptive commercial impacts of the border.[74]

Overall, a mix of structural economic pressures, traditional protectionism and legitimate demands from a broad range of U.S. groups for fairer trade and less intrusive trade treaties are likely to make future North American trade relations more, not less, challenging. Atlantic Canadians need to be clear-headed and creative in managing border relations with their U.S. neighbours, not misled by the false sense of free-market fundamentalism that pervades the Atlantica scheme.

Any realistic assessment of future trends must take into account the structural economic factors that will sooner or later compel the U.S. to rebalance its international trade relations. U.S. national security concerns are likely to make navigating the border more costly and these concerns might be used by certain U.S. interests as a pretext for restricting trade. While the potential trade ties between the two regions are strong, northern New England and Atlantic Canadian producers are also competitors in certain sectors and this will result, as it always has, in ongoing trade frictions.

By contrast, inter-provincial trade networks are proportionately tighter and considerably less vulnerable to potential disruption. Exchange rate movements and solid economic growth are also making international markets, particularly Europe, relatively more attractive. Increasing intra-Canadian trade and diversifying Atlantic Canadian trade to other international markets — goals which the Atlantica proponents disregard or openly disparage — will bring long-term benefits to the region.

6.2 Alternatives to Atlantica

6.2.1 Transportation alternatives

The shakiest plank in the Atlantica platform is the notion that the region is poised to become a conduit for sea-borne Asian goods bound for markets in the American mid-west. In reality, the tale of Halifax emerging as Asia's gateway to the U.S. mid-west does not stand up to scrutiny.

West coast ports are already increasing their capacity and there are plans underway to expand the Panama Canal to accommodate larger ships. Combined with the extra costs and risks in crossing the international border, this suggests Halifax will probably capture no more than a small fraction of U.S.-bound cargo from Asia. For a variety of reasons, U.S. ports are likely to remain the entry point for the vast majority of U.S-bound products from Asia.

Even if it could be attained, the dubious goal of boosting traffic along the corridor "out of all proportion to local population and needs" would bring few economic benefits to the rest of the region, especially Newfoundland and Labrador. The negative environmental impacts associated with huge increases in truck traffic would be another story — these problems would have a far-greater reach.

A recent analysis indicates that "Nova Scotia's transportation system, with its heavy reliance on roads both for passengers and freight, is not sustainable — and its problems are growing." The comprehensive report shows that "between 1990 and 2002, truck freight traffic increased by 66 per cent and greenhouse gas emissions from heavy-duty diesel trucks increased by 54 per cent." Indeed, of the twenty key indicators of sustainable transportation tracked by the study, thirteen were deteriorating. These included transportation expenditures, truck freight reliance, and energy efficiency, all of which would drastically worsen if the Atlantica transportation corridor with its super-sized ships and truck trains ever came to pass.[75]

It is reasonable to believe that, within a decade or two, drastic action to curb global warming will be taken that would devastate the large investments being proposed for the road transportation corridor. The Atlantica conduit could end up being a white elephant.[76]

Nevertheless, the port of Halifax does have a bright future if appropriately managed. There is merit in proposals to increase container traffic through Halifax (and possibly other underutilized deep-water ports in the region such as Canso). This growth is already occurring, with Halifax container traffic poised to increase from the current level of approximately half a million containers per year. But the principal emphasis of an expanded Halifax port should be handling traffic destined to and from Canadian markets. Moreover, Halifax's location makes European, not Asian, traffic a more reliable mainstay.[77]

On environmental and sustainability grounds, the priority must be efficiently moving these containers onwards, not by road, but through improved rail infrastructure and short-sea shipping. Linking the region's ports to a sustainable, inter-modal transportation system is both a significant planning challenge and an exciting opportunity.[78] Successfully meeting this challenge must actively involve not just the business community and the transportation sector, but municipal governments, local residents, environmentalists, small businesses, tourist operators, independent experts, non-governmental organizations and interested citizens from all walks of life.

Finally, directing limited public resources towards the proposed Atlantica corridor would mean fewer resources for more diversified, public infrastructure investments that could spread benefits throughout the region. The transportation corridor would impose significant costs on communities and taxpayers along the proposed route, while ignoring the needs of communities in other parts of the region. This misuse of infrastructure spending must be contrasted with the potential benefits from improvements to municipal services, upgrading transportation networks throughout the region and other major infrastructure investments with greater, and more widely dispersed, regional economic development potential. Is the Atlantica corridor truly a spending priority for Atlantic Canadians, or would the region be better served socially, environmentally and economically with services such as improved health care, a comprehensive public transportation system or extended broadband internet networks?

6.2.2 Energy alternatives

While key parts of the Atlantica transportation corridor story are implausible, the proposal for a parallel energy corridor is firmly grounded in continental energy realities. The U.S. is the world's largest consumer and importer of petroleum and is eagerly looking to Canadian supplies, including Atlantic offshore oil and gas, to meets its energy security goals.

The questions confronting Atlantic Canadians are whether accelerating unprocessed energy exports to meet unquenchable U.S. energy demands is in the region's long-term interests and, indeed, whether this model advances Canadian and American citizens' shared interest in the transition to a more sustainable energy future.

The major concerns about this rapid export growth are: whether the Canadian public is getting a fair share of the revenues from the sale of these publicly owned natural resources; the impacts on Atlantic Canada's future energy security; and the negative environmental effects, regionally and globally, of accelerated fossil fuel exploitation. The Atlantica energy scheme, most clearly articulated by AIMS, gives short shrift to all of these concerns. Instead, it strongly promotes an unregulated, export-driven "free-market" approach.

Atlantic Canadians would be much better served if their governments emulated the Norwegian example in achieving higher returns to the public for the exploitation of these valuable, publicly-owned natural resources. This would be a significant move towards a truly sustainable development policy. The efforts of the government of Newfoundland and Labrador to negotiate a fairer share of returns for its citizens from future offshore petroleum developments should be strongly supported.

The Atlantica energy corridor is driven by U.S. energy security concerns, but gives little thought to Atlantic Canadians' future energy needs. Despite being a major exporter, Atlantic Canada imports 90% of the oil consumed within the region. In the event of a crisis, such as a hurricane, or of a longer-term shortage, the infrastructure needed to supply natural gas throughout the region is not even in place.

Atlantic Canada also needs a long-term energy policy that conserves non-renewable resources and uses them wisely in a transition to safe, renewable forms of energy. A major goal of negotiating fairer terms for access to oil and gas reserves should be to ensure that energy revenues are invested with an eye to when these scarce resources will be gone.

An alternative vision of energy sustainability will put Atlantic Canada at the forefront of efforts to reduce carbon and greenhouse gas emissions in Canada and globally. This plan should set clear targets and timelines for reducing greenhouse gas emissions and utilize a greater portion of offshore natural gas locally as a transitional fuel to a renewable energy future.

This vision could also result in more fruitful cross-border cooperation between citizens and governments in Atlantic Canada and New England. For example, the 2001 climate action accord adopted by the five Eastern Canadian Premiers and six New England Governors committed the Premiers and Governors to cut the carbon pollution to 1990 levels by 2010 and 10 percent below that by 2020.[79] Concerted action to achieve and expand upon these goals requires a very different approach to energy sustainability than that advocated by Atlantica proponents.

6.3 Democracy, citizenship and participation

The Canada-U.S. border is more than just a commercial gateway, a speed bump, or, periodically, a barricade affecting commercial relations. For citizens in both countries, it also helps define their respective civic communities, citizenship and democratic rights.[80] Such participatory rights are far weaker and more difficult to attain in cross-border regional initiatives.

The governance model favoured by Atlantica proponents raises fundamental concerns regarding public participation and democratic accountability. At the "Reaching Atlantica: Business Without Borders" conference in June 2006, for example, discussions on the future of the entire region and all its inhabitants were dominated by corporate representatives, senior government bureaucrats and analysts from conservative think-tanks.[81]

This elitist model is inspired by the Security and Prosperity Partnership. Canadian and American government officials are engaged in a far-reaching "regulatory convergence" exercise through which bi-national groups of government officials respond directly to complaints from corporate representatives about regulatory issues. The deregulatory process is occurring without public transparency, accountability, due process or broader democratic participation.[82]

As the radical demands for deregulation of trucking, energy and labour standards from Atlantica supporters illustrate, this approach will leave citizens in both countries with weaker regulatory protection. What is needed instead is a model of regulatory cooperation based on emulating the highest standards continentally and globally and supporting the democratic right of individual jurisdictions to develop "leadership standards," that are higher than existing standards.[83]

Like the overall Security and Prosperity Partnership of which it forms a part, Atlantica has been deliberately designed to proceed with little or no public involvement and oversight. This exclusion is particularly pronounced for Canadians since Washington's policy towards Canada is driven by U.S. domestic interests and security concerns over which Canadians have no control and little influence. Despite their flaws, national, provincial, state and local governments and their respective legal systems do provide citizens on both sides of the border with participatory rights and a democratic voice — basic rights that would be seriously compromised by the Atlantica scheme.

6.4 Concluding remarks

Despite its serious faults, the Atlantica agenda has considerable momentum, especially with the present federal regime in Ottawa. The Atlantica orientation signals a major shift in the federal government's regional economic development policy in the Atlantic provinces. The strong emphasis on market-driven policies comfortably meshes with the Harper government's distaste for more interventionist regional development policies.

The concept has been tirelessly promoted by AIMS Director Brian Lee Crowley, who has just been appointed a special advisor to the federal Department of Finance.[84] This appointment provides him with an influential perch within the federal government from which to push the Atlantica idea.

There is also sustained pressure from the corporate community, which is considering a second "Business Without Borders" gathering in Halifax during the summer of 2007. The Nova Scotian government, perhaps sensing the ability to leverage infrastructure funding for the Halifax gateway concept, is also a strong proponent. The

Prime Minister's Office is reportedly pressuring other provincial governments in the region to get behind Nova Scotia in embracing Atlantica as a guiding principle for regional policy. Even municipal governments have responded to the hype and passed motions mildly endorsing the Atlantica idea. Finally, the Atlantica scheme complements the continentalist agenda being pushed at the highest levels of the Harper and Bush administrations through the Security and Prosperity Partnership.

Clearly, there is a pressing need for broader public debate and vigorous questioning of Atlantica's shaky premises. Such discussion would expose many gaps in the rationale for Atlantica and the not-so-hidden, right-wing regulatory and social policy agenda that underpins it. But for this to occur, awareness of Atlantica — and the threats it poses — must spread beyond the exclusive, elite circles that have deftly managed the issue to date.

There are far more compelling policy alternatives that promise increased cooperation between Atlantic Canadians and their New England neighbours, secure employment at decent wages, an environmentally-sustainable future, and the further strengthening — not dismantling — of the social programs and public services that bind Atlantic Canada and all Canadians.

Like the mythical Atlantis, which according to legend disappeared into the sea, the deeply flawed Atlantica proposal should be dispatched to the depths, taking with it the false promises of regional prosperity — and the energy insecurity, environmental degradation and democratic deficit embodied in its extreme economic market fundamentalism. Only then, can the citizens of this region get on with the task of building a more just, prosperous and sustainable future.

Notes

1 Neil Reynolds, "Want efficient trade? Start by erasing borders," Globe and Mail, Sept. 20, 2006. While Reynolds attributes the concept to him, Crowley was certainly not the first to use the term "Atlantica." The term was introduced in the report of the New Brunswick Royal Commission on Finance and Municipal Taxation, established in 1962 and chaired by Edward Byrne. See Stephen Tomblin, "Atlantic Region Integration Options," March 2003, p. 13. Subsequently, Atlantica was "the name given to the single Maritime province recommended by the 1970 Maritime Union Study (the Deutsch Commission)." See "Atlantica proponents must walk the talk", letter to the editor from H.A. Fredericks, former director of the Atlantic Provinces Economic Council, Charlottetown Guardian, June 28, 2006. The 1970 Deutsch Commission report led to the creation of the Council of Maritime Premiers in 1971.

2 Reynolds, 2006.

3 In the case of the Maritimes, John A. MacDonald's 1879 National Policy, is still associated with a decline in regional prosperity. Maritimers also feel, with justification, that their economic development suffered from the concentration and centralization of business in central Canada during the early part of the 20th century.

4 Garry Leech, "Redefining Atlantic Canada in the Corporate Image," April 18, 2006. available at http://www.arsn.ca/arsn4.htm. Accessed January 12, 2007.

5 Denis Poulin and Attah K. Boame, "Mad cow disease and beef trade," Statistics Canada, November 2003.

6 The combined deficit for goods and services in the first ten months of 2006 was $US 643 billion, on pace to exceed last year's record deficit of $US 717 billion. U.S. Census Bureau and U.S. Bureau of Economic Analysis, "U.S. trade in goods and services, October 2006," Dec. 12, 2006.

7 "USDA announces more inspections, user fees for Canadian imports," Inside U.S. Trade, September 1, 2006.

8 Joseph Schuman, "Audacity and Caution, for the new Congress, Wall Street Journal on-line, January 2, 2007.

9 Wulong Gu and Gary D. Sawchuk, "How are Canadian Regions Adjusting to a Larger and More Integrated North American Market?", Statistics Canada, Micro-economic Analysis Division, May 2006.

10 Atlantic Chambers of Commerce, "Reaching Atlantica: Business Without Boundaries," available at http://www.reachingatlantica.com/defining_atlantica.php, accessed October 1, 2006.

11 To illustrate, Halifax is about half the distance from Boston as it is from Toronto, while Ontario's economy is approximately 1.4 times larger than that of Massachusetts. If there was no systematic difference between state-province and inter-provincial trade, the two-way movement of trade between Nova Scotia and Ontario would be about 70 per cent (½ × 1.4 = 70%) of the trade between Nova Scotia and Massachusetts. Nova Scotia-Ontario trade is, in fact, many times higher.

12 John Helliwell, one of the pioneers of this approach, emphasizes a variety of factors that separate markets and explain the border effect, "costly information, diverging knowledge and tastes, and transaction costs that grow substantially with distance and when one attempts to operate in a society with different norms and institutions." John F. Helliwell, Globalization and Well-Being, 2002, p. 25.

13 Helliwell, John F., F.C. Lee, and H. Messinger. 1999. Effects of the Canada-United States Free Trade Agreement on Interprovincial Trade. Perspectives on North American Free Trade Series. Paper No. 5, Industry Canada. p. 41. available at: http://strategis.ic.gc.ca/epic/internet/ineas-aes.nsf/vwapj/P5-ang.PDF/$FILE/P5-ang.PDF. accessed November 18, 2006.

14 The PVYN potato case was an exception. But, even in that instance, Canadian markets were quicker to re-open to PEI potatoes than U.S. markets. The restrictions placed on PEI potatoes by other provinces resulted more from the fear that their own exports to the U.S. would be affected rather than from phytosanitary concerns.

15 Brian Lee Crowley, "Atlantica: Are we mature enough to open our window on the world?" Based on remarks to the Reaching Atlantica: Business Without Borders Conference: June 10, 2006, Atlantic Institute for Market Studies Commentary, July 2006, p. 1.

16 Crowley, 2006, p. 1.

17 Crowley, 2006, p. 1.

18 TEUs are twenty-foot container-equivalent units.

19 Crowley, 2006, p. 5.

20 Nationally, average weekly earnings were $728.17 in 2005. Average weekly earnings in the trucking sector were $735.44. Statistics Canada, "Earnings, average weekly, by industry," available at http://www40.statcan.ca/l01/cst01/labr73a.htm, accessed January 9, 2006.

21 Crowley states: "The shortage of drivers is a difficult issue, but the solution is not to go into our high schools and bleat about the great careers in long-distance trucking. The answer is that our drivers are going to be called Alejandro Gutierrez and Juan Ortiz…. Mexican president Vincente Fox was in Canada not long ago asking us to work with him to create a guest worker program. We should take him up on this offer." Crowley 2006, p. 7.

22 According to productivity data compiled by the Centre for the Study of Living Standards, the average real GDP per hour in the transportation and warehousing industry for the three Maritime Provinces was $22/hr., whereas the overall average rate for the Maritime economies was $29/hr. (Source: http://www.csls.ca/data/ptabln.asp, accessed Jan. 10, 2007). Data for Newfoundland is not available.

23 The overall average real GDP/hr. for Canada in 2005 was $37/hr. while the average in Atlantic Canada was $30/hr. Centre for Study of Living Standards (http://www.csls.ca/data/ptabln.asp) accessed Jan. 10, 07.

24 I wish to acknowledge my CCPA colleague John Jacobs, who provided the research on productivity impacts.

25 Crowley, 2006, p. 3.

26 "Study Discussed Characteristics of Longer Combination Vehicles (LCVs) in Relation to Roadway Design," Road Management and Engineering Journal, August 10, 1997, available at http://www.usroads.com/journals/rej/9708/re970806.htm. accessed October 20, 2006.

27 Coalition Against Bigger Trucks web site, available at http://www.cabt.org. accessed November 27, 2006.

28 Lankard and Lehrer, 2000. Limits on larger trucks were first imposed by Congress in 1991 and extended in 1998. Many states, however, have exemptions and "grandparent rights" that allow bigger, heavier trucks to continue to operate where they already were permitted.

29 Environment Canada, Transportation Systems Branch, "Clean Air Options," available at http://www.ec.gc.ca/cleanair-airpur/CAOL/transport/publications/trucks/truck7.htm. accessed November 6, 2006.

30 Province of New Brunswick, "Long combination vehicle pilot project on New Brunswick highways," News Release, Feb. 21, 2005.

31 "According to the U.S. Department of Transportation's 1998 Draft Comprehensive Truck Size and Weight (TS&W) Study, "pavement deterioration increases with axle weight and with the number of axle loadings a pavement experiences." Quoted in Tom Lankard and John Lehrer, "Axles to Grind: Driving Questions About the Limits to Place on Trucks Traveling Our Roads," Road Management & Engineering Journal, February 2000. Frank McCullough, Ph.D., at the Center for Transportation Research at the University of Texas in Austin, has found that the damage done by just one pass of a tractor-trailer is equivalent to the damage done by 2,000 to 3,000 passenger vehicles. That damage increases exponentially: A 95,000-pound truck does two to three times the damage of an 80,000-pound truck." Lankard and Leher, 2000.

32 In addition, damage to road surfaces from large trucks increases the energy consumption of all vehicles using the road because smooth road surfaces contribute to increased fuel efficiency.

33 Safety data on "truck trains" versus single-trailer vehicles is still incomplete. There are good reasons, however, to be concerned that they pose even greater safety and performance issues than large single-trailer trucks. They are more difficult to steer and stop, have longer passing times and splash zones, and have difficulty maintaining speeds on uphill grades, creating "rolling roadblocks." Lankard and Leher, 2000.

34 See Wendy Stueck, "B.C. Braces for invasion of sea monsters," Globe and Mail, November 25, 2006, B4. On the U.S. Pacific coast, "the $2.4 billion Almeda Corridor rail freight expressway opened in April 2002 eliminating over 200 at-grade crossings through 8 cities along a 20-mile route serving the ports of Long Beach and Los Angeles." Doug O' Keefe, "The future for Canada-U.S. container port rivalries," Statistics Canada, revised March 2003, p. 1. A new container terminal at Prince Rupert is to begin operation at the end of 2007. See Daniel Machalaba, "Tiny British Columbia port aims to be new venue for China trade," Wall Street Journal, August 8, 2006, A1. The Prince Rupert facility will initially be capable of handling 500,000 TEUs a year, with an eventual planned capacity of 2 million TEUs.

35 O'Keefe, 2003, p. 1.

36 Testimony of Kristine Burr, Assistant Deputy Minister, Policy, Transport Canada, Proceedings of the Standing Senate Committee on Transport and Communications, Issue 2 – Evidence – June 20, 2006.

37 Wade Locke, "Economics of Newfoundland and Labrador's Offshore Oil Industry: Separating Fact from Myth," presentation to NOIA Annual conference 2006, June 22, 2006, available at www.em.gov.bc.ca/DL/offshore/Reports/noia_presentation_2006_final.pdf, accessed November 6, 2006.

38 Simon Romero and Edmund L. Andrews, "At Exxon Mobil, a Record Profit but No Fanfare," New York Times, January 31, 2006.

39 Government's share of net cash flow rises as oil prices rise, from 43% at $US 25 per barrel to 53% at 70 per barrel. This estimate assumes a price of $50 per barrel increasing at 2% annually for the life of the fields. Locke, 2006.

40 Hoyos, Carola. 2006. "Norway's mission to aid poorer oil nations criticized." Financial Times. 11 May. Cited in Dillon, 2006.

41 Norway also takes steps to prevent transfer pricing by transnational energy corporations from artificially reducing tax revenues.

42 Norway, Ministry of Petroleum and Energy, "Facts: The Norwegian Petroleum Sector," 2005. pp. 54–57. available at http://www.npd.no/NR/rdonlyres/537038C7-8181-4662-995E-F8FAE12919E7/0/Facts2005.pdf, accessed November 26, 2006.

43 Newfoundland now has an added incentive to negotiate better terms since the signing of the equalization agreement with the former Martin government. Prior to this deal, higher tax revenues from offshore development were clawed back dollar-for-dollar under the equalization formula.

44 Jim Keating, Newfoundland Hydro, presentation at Harris Centre symposium on "Offshore oil and gas: Is Newfoundland and Labrador Getting its Fair Share? November 15, 2006. available at http://www.mun.ca/harriscentre/Memorial_Presents/Oil_and_Gas/Oil_and_Gas.php.

45 Harper letter quoted in Brautigam, Tara. "PM is Big Oil's 'buddy': N.L. premier." Canadian Press, September 8, 2006.

46 Fenwick, Peter. "Newfoundland's shakedown racket," The National Post, April 6, 2006. available at http://www.aims.ca/oilandgas.asp?typeID=4&id=1339&fd=0&p=1, accessed November 8, 2006.

47 John Dillon, "Bolivia emulates Norway; why doesn't Canada?" Kairos Policy Briefing Paper, no 4. October 2006, p. 2, available at http://www.kairoscanada.org/e/resources/policyBriefing4Bolivia0610.pdf. accessed Nov. 6, 2006. accessed November 25, 2006.

48 Keating, 2006. p. 5.

49 "This would mean building a pipeline through northern New Brunswick to Edmundston, and from there across the St. Lawrence River to Quebec City where it would link up to the eastern extension of the TransCanada pipeline that takes Western gas to Ontario and Quebec. New Brunswick also wanted another pipeline built to northeastern region of the province to service a power plant and its resource industries." Fred Wilson and Steven Shrybman, Scotian Gas: Breaking the Free Trade Consensus, Canadian Centre for Policy Alternatives, August, 2002. p. 2.

50 The Province of New Brunswick, Applications under paragraph 12 91) (b) and subsection 21(1) and 24(3) of the National Energy Board Act," National Energy Board, February 28, 2002, file number mh-2-2002, available at www.neb.gc.ca. accessed January 12, 2007.

51 Wilson and Shrybman, 2002, p. 3.

52 The Province of New Brunswick, 2002, p. 8.

53 The Province of New Brunswick, 2002.

54 Brian Lee Crowley, "Nationalism and natural gas don't mix, CBC Radio "Commentary," July 17, 2002.

55 Tim Flannery, The Weather Makers: How we are changing the climate and what it means for life on earth, (Harper Collins, 2005), pp. 259-60.

56 "Natural gas availability is also extremely important to the future viability of the pulp and paper industry in the context of Canada's Kyoto commitments. A recent study by TC Browne, DW Frances and MT Towers in Pulp and Paper Canada, February 2001, estimates that Canadian pulp and paper producers will be required to reduce greenhouse gas emissions by 11.9% by 2010. To accomplish this goal will require a 40% increase in natural gas consumption by the industry and a 47% reduction in the use of refined petroleum." "A typical pulp and paper mill such as those at Fraser-Nexfor in the Edmundston region, energy costs represent as much as 12%–15% of the cost of production and may equal or exceed labour costs. The cost of energy can represent the difference between a profitable operation and one that loses money." Written evidence of Max Michaud, CEP Vice-President, Communications, Energy and Paperworkers Union of Canada, Atlantic Region, National Energy Board ("NEB") Hearing Order MH-2-2002 April 23, 2002 (File No. 7500-M093-3).

57 Larry Hughes, "Securing our energy future? A review of Nova Scotia's energy sector in 2004," Canadian Centre for Policy Alternatives, July 2005, p. 15. Available at www.policyalternatives.ca. accessed November 1, 2006.

58 Richard Gilbert, "Let's re-route our energy strategy," Globe and Mail, October 17, 2005, A:17; Laxer, 2006; and, for Nova Scotia, see Larry Hughes, "Energy Security in Nova Scotia: Recommendations to 2020," Canadian Centre for Policy Alternatives, forthcoming, 2007.

59 NAFTA Article 605 reads, in part, that a NAFTA party may only restrict energy exports if "the restriction does not reduce the proportion of the total export shipments of a specific energy or basic petrochemical good made available to such other Party relative to the total supply of that good of the Party maintaining the restriction as compared to the proportion prevailing in the most recent 36-month period." North American Free Trade Agreement, Final text, CCH International, 1992.

60 While estimates of reserves vary, Statistics Canada, for example, has estimated Canada's proven reserves of natural gas at just 8.7 years of Canadian supply. See Gordon Laxer, "Don't Let the Eastern bastards freeze in the dark," presentation, Council of Canadians Annual General Meeting, Charlottetown, PEI, October 28, 2006.

61 Laxer, October 2006; Wilson and Shrybman, 2002.

62 "Monthly offshore natural gas production rates peaked in December 2001, at 517.8 million m3 (18.2 billion cubic feet). There has been a marked decrease in monthly offshore production since then; by May 2005, production had declined by over 190 million m3 (6.7 billion cubic feet), to 325 million m3 (11.5 billions cubic feet)." Hughes, July 2005, p. 5.

63 Atlantic Institute for Market Studies, "How poor quality public policy holds Atlantica back," available at www.atlantica.org/atlanticastory.asp?cmPageID=101, accessed Nov. 30, 2006.

64 The absence of public health insurance in the U.S. greatly increases the vulnerability of U.S. low-wage workers compared to their Canadian counterparts.

65 Card, D. and A. B. Kruger,1995. Myth and Measurement: The New Economics of the Minimum Wage. Princeton: Princeton University Press; Goldberg M. and D. Green 1999. "Raising the Floor: The Social and Economic Benefits of Minimum Wages in Canada." Vancouver: Canadian Centre for Policy Alternatives. Wolfson, Paul (2006) "State Minimum Wages: A policy that works" Washington: Economic Policy Institute. Available at http://www.epi.org/briefingpapers/176/bp176.pdf, Accessed Jan. 16, 2007.

66 Andrew Jackson, National Director, Social and Economic Policy, Canadian Labour Congress, "Reassessment of the OECD Jobs Strategy: Brief Comments from a Canadian Labour Perspective," June 15, 2006. available at http://canadianlabour.ca/index.php/Link__mainNav_issue/1025, accessed November 30, 2006.

67 Atlantic Provinces Economic Council (May 2003). "Report Card: Atlantic Canada: Rising employment but earnings still lag" Halifax: Atlantic Provinces Economic Council.

68 For a summary and references, see Andrew Jackson, "The Economic and Social Impacts of Unions." http://canadianlabour.ca/index.php/Role_of_Unions/393.

69 The Oxford English Dictionary, for example, defines efficiency as "the effectiveness, competence, or the ability to accomplish or fulfil what is intended." The Canadian Oxford English Dictionary, 1998.

70 See note 73.

71 Jim Stanford, "A left turn on the road to Rome," The Globe and Mail, July 3, 2006.

72 Jackson, 2006, p. 1.

73 The OECD report "Boosting Jobs and Incomes: Policy Lessons from Reassessing the OECD Jobs Strategy" can be accessed at: http://www.oecd.org/document/56/0,2340,en_21571361_36276310_36998072_1_1_1_1,00.html. The report identifies a number of countries that have had successful economies while pursuing a different policy package than the "market reliant countries," for example Austria, Demark, Ireland, the Netherlands, Norway, and Sweden. These countries rank high in terms of productivity and quality-of-life measures. See, for example: "OECD Compendium of Productivity Indicators, 2006" (released Oct.

2006) available at: http://www.oecd.org/document/5/0,2340,en_2825_30453906_35954629_1_1_1_1,00.html and United Nations Development Program's Human development index in "Human Development Report, 2006" available online at: http://hdr.undp.org/hdr2006/pdfs/report/HDR06-complete.pdf.

74 These impacts will not be confined to the movement of goods. Canadian citizens entering the U.S. will not be spared scrutiny, as the disturbing case of Maher Arar powerfully underlines. As political economist Daniel Drache puts it, from the perspective of U.S. homeland security, Canadians are "security outsiders." Daniel Drache, *Borders Matter, Homeland security and the search for North America*, (Halifax, Fernwood Publishing, 2005).

75 Aviva Savleson, Ronald Colman, Todd Litman, et. al., The GPI (Genuine Progress Indicator) Transportation Accounts: Sustainable Transportation in Nova Scotia, Exceuvitve Summary, November 2006. available at http://www.gpiatlantic.org/publications/summaries/transportationsumm.pdf, accessed December 1, 2006.

76 Thanks to my CCPA colleague Marc Lee for emphasizing this point.

77 According to the most recent Port of Halifax statistics, in 2005, Europe accounted for 47% of containerized traffic though the port, while Asia accounted for 27%. Port of Halifax, "Container shipping/cargo," available at http://www.portofhalifax.ca/AbsPage.aspx?id=1027&siteid=1&lang=1. accessed January 15, 2007.

78 Furthermore, there needs to be full public discussion, environmental assessment and planning to minimize pollution, traffic and other adverse local impacts in the Halifax-Dartmouth urban area (or other ports in the region).

79 Conference of New England Governors and Eastern Canadian Premiers Climate change action plan, available at: http://www.neg-ecp-environment.org/newsletters/News_NEG-ECP_Climate_Change_Action_Plan_(July_2001).pdf. Accessed January, 29, 2007.

80 Drache, 2005, chapter 1.

81 Leech, 2006.

82 Under the guise of eliminating the so-called "tyranny of small differences" in Canadian and American regulations, the continental corporate sector is pursuing a deregulation agenda. See Marc Lee and Bruce Campbell, "Putting Canadians at Risk, How the federal government's deregulation agenda threatens health and environmental standards," Canadian Centre for Policy Alternatives, September 14, 2006. available at http://www.policyalternatives.ca/index.cfm?act=main&call=6104ea04.

83 This dynamic is often referred to as the "California effect", in recognition of that state's pioneering efforts in regulating to protect the environment.

84 Eric Beauchesne, "Tories draft right-wing economist Brian Crowley to advise on finance policy," Ottawa Citizen, November 9, 2006. The appointment provoked a strong reaction: John McCallum described Mr. Crowley as: "intelligent but way, way out in right field." "He sees equalization as a welfare trap, he has no time for regional development and he's a forceful advocate of two-tier health care." Bruce Campbell, of the Canadian Centre for Policy Alternatives, added that "Mr. Crowley's free-market solutions, as well as his advocacy of closer economic links with the U.S., are in line with views expressed by Stephen Harper before he became prime minister."

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