

Fish, Oil, and Cucumbers: The Premiership of Brian Peckford, 1979-1989

by

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## Introduction

This thesis is about government involvement in the economy and the relationship between private and public enterprise. More specifically, this thesis singles out Newfoundland's third premier, Progressive Conservative Brian Peckford for detailed investigation. His premiership between 1979 and 1989 raises important questions about provincial development, the relationship between the government and the economy, and Newfoundland's future.

Premier Peckford's primary goals while in office were to help Newfoundland assume control over its economic future and to achieve provincial self-reliance. These issues were particularly acute in view of the fact that Newfoundland, unlike any other Canadian province, was largely dependent on a single industry, fishing, which was in steep decline by the 1980s.<sup>1</sup> In fact, the province's commercial cod fishery definitively ended with the imposition of an indefinite moratorium in 1992,<sup>2</sup> not long after Peckford had left office.

As a result, the province had to diversify its economy, which required government intervention. Although Peckford inherited this task upon taking office, diversification and development has arguably been the top priority of every provincial government of Newfoundland since Confederation in 1949. Peckford was not governing in a vacuum. Growing up under his predecessor Joseph Smallwood from 1949 to 1972 was part of his political formation. However, Peckford sought to reduce the province's dependence on "handouts from Ottawa," something that he felt that the province's first premier, Joseph Smallwood, had encouraged.<sup>3</sup> He doggedly pursued an agreement with Ottawa on offshore oil and gas revenues,

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<sup>1</sup> Sean T. Cadigan, *Newfoundland and Labrador: A History* (University of Toronto Press, 2009), 280.

<sup>2</sup> Ibid.

<sup>3</sup> Peckford, Brian, *Some Day the Sun Will Shine and Have-Not Will Be No More* (St. John's: Flanker Press, 2012), 97-98.

the Atlantic Accord. He also attempted to increase control over the fishery and to re-negotiate a disadvantageous hydroelectric agreement with Quebec.

However, J. D. House, writing in the *Canadian Journal of Sociology* in 1985, said that Peckford and Newfoundland were only passive bystanders in dealing with the province's economic problems.<sup>4</sup> House also wrote that Peckford's assertive policy was not idiosyncratic. Rather, according to House, Peckford represented Newfoundland's "strong sense of regional identity and grievance." He writes that in a 1977 poll, Newfoundlanders had a stronger sense of local identity than even Quebec, and they were the least satisfied among the provinces by how they were being treated by Ottawa.<sup>5</sup> According to House, the premier would express "much concern about preserving Newfoundland's social and cultural heritage, its rural lifestyle and its dispersed settlement pattern." Although Peckford's first election as premier saw his party re-elected mainly by urban voters, he was mainly supported by rural party members in the leadership bid that made him premier. House added that despite Peckford's rhetoric, his policies regarding resource development would inevitably lead to greater urbanisation.<sup>6</sup>

Indeed, over the course of my research, I found that Premier Peckford talked a lot about governing differently and advocating for Newfoundland. However, he did not really break the mould in a substantial way. The same overall pattern of governance that emerged during the Smallwood era, which involved a focus on resource development and attempts to attract outside investment, continued to prevail during Peckford's decade as premier. Peckford's fight with Ottawa over control of offshore resources helped to secure the financial resources the province

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<sup>4</sup> J.D. House, "The Don Quixote of Canadian Politics? Power In and Power Over Newfoundland Society." *Canadian Journal of Sociology*, 10.2 (1985): 171.

<sup>5</sup> House, "Don Quixote," 172.

<sup>6</sup> J. D. House, *The Challenge of Oil: Newfoundland's Quest for Controlled Development* (St. John's: Institute of Social and Economic Research, 1985), 61.

needed for development. In doing so, the premier also sought to create a stable regulatory environment for offshore oil companies. When the government became involved in an ill-fated greenhouse project, it fell into one of the traps that Smallwood had previously pursued: financially supporting projects inappropriate for the province, but proposed by investors.

Peckford's record in office, however, is mixed and subject to differing interpretations. A newspaper article that ran when Peckford resigned in 1989 describes him as a "pugnacious populist." The article, written by John Spears, describes two conflicting interpretations of his policies: that he left Newfoundland, thanks to getting control of its offshore resources "poised on the brink of a secure and wealthy future." The other interpretation that Spears offers is that Peckford merely left Newfoundland "with an economy based on the same old fish, forests and minerals, with a new and even more uncertain resource: oil." Finally, Spears points out that Peckford himself promised "that no longer would Newfoundland be taken to the cleaners by fast-talking mainlanders with get-rich-quick development schemes," but ended up plunging \$18 million of the province's money into a greenhouse that produced only cucumbers.<sup>7</sup>

Spears does not appear to prefer one interpretation over the other. In response to his comments, however, I would say that Peckford's oil venture required a great deal of patience and had not yet come to fruition at the time the article was written. When the industry was finally established, Newfoundland no longer required equalisation payments starting in 2008, which was an incredible achievement given the province's past dependence on federal transfer payments. Furthermore, at the time, opinions of Peckford's record in office were coloured by his resignation because it was prompted by the failure of the greenhouse. While the premier may

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<sup>7</sup> John Spears, "Two Portraits of Brian Peckford: Populist Hero or Economic Flop?" *Toronto Star*, January 22, 1989.

have succumbed to one "fast-talking mainlander," his long-term vision resulted in the establishment of the off-shore oil industry and the diversification of the provincial economy.

In the legislative debate over the 1982 throne speech, Progressive Conservative member Hal Barrett summed up the Peckford government's policy regarding natural resources. His statement is a poignant reminder of Newfoundland's situation at the time and how the government was responding to it. Without the paramount issue of economic development, principally through exploiting natural resources, the provincial government had no reason to exist:

"The benefits of our natural resources have for too long enriched areas removed from our shores while our people contend with a standard of living and a level of opportunity far below that enjoyed by other Canadians. [...] This is manifested by the emphasis which the government places on its approach to resource management [...] which is based on the indisputable premise that the people of Newfoundland must be the first beneficiaries of our own natural resources. If the government does not safeguard the development of natural resources, with what else could they possibly concern themselves? [...] At no time can social and cultural development policies be isolated from those of resource management. The two go hand in hand."<sup>8</sup>

### **Overview of Newfoundland and Labrador**

The province of Newfoundland and Labrador has faced serious economic challenges since joining Canada in 1949. The province is geographically remote from the rest of the country and has a harsh climate with a small population. Traditionally, its economy has been dominated by the resource-extraction sector, especially fishing,<sup>9</sup> which has traditionally been seasonal in

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<sup>8</sup> Newfoundland and Labrador, *House of Assembly Debates*, March 11, 1982, 26-27.

<sup>9</sup> Royal Commission on Employment and Unemployment, *Building on our Strengths: Report of the Royal Commission on Employment and Unemployment* (St. John's: The Commission, 1986), 88-89.

nature.<sup>10</sup> As a result, the province has experienced boom-bust economic cycles with higher-than-average unemployment.<sup>11</sup> Provincial governments have tried a variety of strategies to develop the local economy, but not all have been successful. In fact, many strategies were ill-conceived and, as a result, demonstrated a kind of desperation for economic development. Without the fishery to fall back on and without the development of new industry, Newfoundland arguably has little reason to exist as a community.

J. D. House wrote in his 1986 royal commission report that "Newfoundland ought to be well off: it has a small population and a relative abundance of natural resources." This abundance includes hydroelectric power, forests, fish, and offshore oil and gas. However, this is not how the province developed; Newfoundland has generally been impoverished. House argued that one reason for the province's economic woes was that Newfoundland had too little control over its own resources—a validation of Peckford's political rhetoric on the subject. House added that the provincial government had historically shown little faith in the ability of Newfoundlanders to develop their own natural resources and had failed to encourage small-scale, rural development.<sup>12</sup>

In Canada, the provinces, including Newfoundland, have traditionally been heavily involved in their own economic development and have been responsible for their own large infrastructure projects. For much of the country's history, both federal and provincial governments have been required to step in and provide private enterprise with the favorable bureaucratic and environmental conditions needed for development and prosperity. Hugh Aitkin describes this as "lending the authority and financial resources of the state to certain private

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<sup>10</sup> Ibid.

<sup>11</sup> Commission, *Strengths*, 79.

<sup>12</sup> Commission, *Strengths*, 52.

business corporations.”<sup>13</sup> However, what makes Newfoundland unique and contributes to a sense of desperation, is that unlike other provinces, Newfoundland’s major exploitable resources are offshore. While other provinces are free to manage their land-based resources as they see fit, Newfoundland’s major resources are controlled by the federal government. The federal government has often been indifferent to the province’s economic and social needs. It was this unique inequity that Brian Peckford sought to correct during his premiership.

### **Five Periods of Development Policy**

In his 1995 thesis concerning Newfoundland’s industrialisation programs, Douglas Letto identifies five distinct periods of economic development policy. The first period, from 1949 to the late 1950s, is the main focus of Letto’s thesis and encompasses Smallwood’s attempt to industrialize the province. The second period, also under Smallwood, was marked by a shift to megaprojects and lasted from the late 1950s until he left office in 1972. The third period identified by Letto begins with the first PC government under Frank Moores. The fourth period, which is the subject of this thesis, occurs during the administration of Peckford’s PC government and encompasses the period from 1979 to 1989. A fifth period of industrial development was added to include the administration of Liberal Clyde Wells and subsequent governments.<sup>14</sup>

Letto describes Peckford’s development strategy as “high-risk” because “it presumed a major power shift in the Canadian state.” This power shift, continues Letto, meant changing the constitution to transfer fisheries to provincial control, “a favourable Supreme Court decision

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<sup>13</sup> Hugh A. J. Aitkin, “Government and Business in Canada: An Interpretation,” *The Business History Review* Vol. 38, No. 1 (Spring, 1964): 5.

<sup>14</sup> Douglas Letto, “Chocolate Bars and Rubber Boots: The Smallwood Industrialisation Plan” (MA thesis, Memorial University of Newfoundland, 1995), 91-96.



giving ownership of offshore oil and gas to Newfoundland, and intervention from the federal government to facilitate construction of a hydro power [sic] through Quebec.”<sup>15</sup>

However, Peckford’s policy of trying to secure an economic “fair go” for his province does not appear to have extended to the political sphere. The changes in the federal-provincial relationship he sought were solely economic in nature and aimed at increasing the province’s revenues by securing the tools necessary to manage development. Peckford, in his own words, wanted Newfoundland to be a “have” province.<sup>16</sup> He did not, it seems, want to substantially alter Canada’s overall political balance and for this reason, I do not believe it constituted “a significant power shift.”

### **The Influence of Joseph Smallwood**

Born in 1942, Peckford came of age during the premiership of Liberal leader Joseph Smallwood who influenced Peckford’s political outlook in many ways. As the province’s first premier, Smallwood governed between 1949 and 1972; and to this day, he has been one of Canada’s longest-serving first ministers. During his tenure, the elder statesman sought to industrialise Newfoundland<sup>17</sup> and move the province away from a dependence on the fishery. However, this transformation proved easier said than done. Sean T. Cadigan writes in his book *Newfoundland and Labrador: A History* that Smallwood was like Abraham, leading his people to the “New Canaan’ of Confederation.” He promised outport communities “better lives, but under his government the newest province of Canada experienced increased dependency on federal

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<sup>15</sup> Letto, “Chocolate,” 94.

<sup>16</sup> Peckford, *Sun*, 159-160.

<sup>17</sup> Letto, “Chocolate,” 1

transfer payments.” Smallwood embraced the Canadian welfare state and also courted big businesses for resource-development projects,<sup>18</sup> which set a pattern that would continue for decades.

While critiquing Smallwood in his memoirs, Peckford recalls a time while attending Memorial University in St. John’s when he was summoned for a diction test. He was to read a specified passage with a standard North American accent. This, he claims, was part of Smallwood’s modernisation program. In Peckford’s view, Smallwood’s idea of progress included stamping out Newfoundland’s rural heritage.<sup>19</sup>

Like Smallwood, Peckford continued to court big business when he became premier by offering investment incentives such as those given to a Corner Brook paper mill. Both premiers also pursued unusual development projects that failed, such as Smallwood’s idea for cattle ranching in the Burin Peninsula and Peckford’s hydroponic cucumber greenhouse in Mount Pearl in the late 1980s. However, unlike Peckford, Smallwood ultimately failed to provide the province with a lasting source of prosperity, such as was provided when the Atlantic Accord was signed by the Peckford government. Devoting more space in his book to Smallwood than to Peckford, therefore, is a failing on Cadigan’s part considering the long-term significance of Peckford’s contribution to the history of Newfoundland and Labrador.

### **Peckford’s Political Formation**

Peckford’s memoir, entitled *Some Day the Sun Will Shine and Have Not Will be No More*, is primarily an autobiography that begins with the telling of his family story and goes on

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<sup>18</sup> Cadigan, *History*, 235.

<sup>19</sup> Peckford, *Sun*, 30-31.

to describe his political formation. Peckford's involvement in politics, as he relates it, appears to have begun unexpectedly. After finishing university, he started a career teaching high school English in rural Newfoundland. Not long after, in 1968, Peckford turned up at a Liberal party meeting and put his name forward for president of the Green Bay constituency association. However, Smallwood, who was also in attendance, lent his support to another candidate who was elected to the position. Only narrowly defeated as president, Peckford was then nominated and elected to serve as the vice-president of the association.<sup>20</sup>

Although Peckford was a long time politician, he was not an ideologue. In his memoir, the former premier does not provide a detailed description of his beliefs, though he does repeat generic conservative slogans. Recounting one incident that took place while working at a supermarket in Toronto, for example, Peckford suggested that he learned the value of hard work.<sup>21</sup> In fact, Peckford gives the impression that he joined the Liberals because they were the dominant party at the time.<sup>22</sup> Referring to Newfoundland politics, J. D. House writes that "in Newfoundland, party labels can be misleading. The terms 'Liberal' or 'Progressive Conservative' refer only to a pragmatic, not an ideological or philosophical difference."<sup>23</sup> As such, it is likely that Peckford's choice of party had little to do with his actual political beliefs.

Peckford left the Liberal party following the contentious 1968 party convention in which John Crosbie challenged Smallwood for the leadership. The convention was the first really competitive leadership race in the Liberal party's history. Sean T. Cadigan writes that "Smallwood sowed the seeds of his own demise with his efforts to modernise Newfoundland."

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<sup>20</sup> Peckford, *Sun*, 92-94.

<sup>21</sup> Peckford, *Sun*, 24-25.

<sup>22</sup> Peckford, *Sun*, 92.

<sup>23</sup> J. D. House, "Premier Peckford, Petroleum Policy, and Popular Politics in Newfoundland and Labrador," *Journal of Canadian Studies* 17.2 (1982): 14.

The premier's leadership style "made him many enemies, who were waiting for an opportunity to unseat him." In the end, Smallwood eked out a win over Crosbie.<sup>24</sup> However, the PC party was "the real winner," as many politicians who wanted "greater measures of democracy, including Crosbie, defected to it."<sup>25</sup> Peckford was one of these defectors; in the aftermath of the convention, he found the Liberals unwelcoming and joined the Progressive Conservatives instead.<sup>26</sup> The convention was the beginning of the end for Smallwood, who saw his once iron-clad control over the province begin to crumble.

Smallwood was finally defeated as premier in the 1972 provincial election by Progressive Conservative Frank Moores. Peckford himself was narrowly elected in the Green Bay constituency, defeating his liberal opponent by 125 votes.<sup>27</sup> Initially, he became a back-bencher, as he learned the ropes of provincial politics; then, in 1974 he became minister of municipal affairs.<sup>28</sup> In 1976, Moores appointed Peckford energy and mines minister when he asked for the position. According to his memoir, Moores felt that Peckford had gained enough experience in the local affairs portfolio and was ready to take on a larger role. It was in this office that Peckford first began to make known some of his views on provincial development, especially with regard to offshore resources. His ministry produced a booklet called *Heritage of the Sea* that advocated for greater provincial control over oil and gas development and mailed it to every household in the province.<sup>29</sup>

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<sup>24</sup> Cadigan, *History*, 254.

<sup>25</sup> Ibid.

<sup>26</sup> Peckford, *Sun*, 97-98.

<sup>27</sup> Newfoundland and Labrador, *General Election Returns March 24, 1972*, 16.

<sup>28</sup> Peckford, *Sun*, 116.

<sup>29</sup> Peckford, *Sun*, 127.

When Frank Moores suddenly decided to retire from public life in 1979, Peckford seized upon the opportunity to run for the PC leadership, and by extension, the premiership.<sup>30</sup> After deciding to run, Peckford released a statement to the media outlining his goals, which he reproduced in his memoir. By titling it "A New Generation of Leadership,"<sup>31</sup> he placed himself firmly in the cohort that had grown up under Smallwood after Confederation. Peckford won the PC leadership on the third ballot. Peckford was nine years younger than Moores, and when he took office he was the youngest premier in the history of Newfoundland. Following the convention, *The Globe and Mail* reported that Peckford was seen as a "cocky, intelligent young man" who promised to be a more assertive leader than Moores had been. The paper also quoted Peckford summing up his development policy: "Our resources will be developed, but they'll be developed *on our terms* [emphasis mine]."<sup>32</sup>

Once in the premier's chair, Peckford proceeded with an election call to provide himself with a mandate. The PC party had an advantage at the time; the Liberals were in the process of choosing a new leader when the election was called.<sup>33</sup> During the campaign, Peckford claimed the election was about his resource policies and trumpeted the positive promises new Prime Minister Joe Clark had made to Newfoundland on this issue. When the election was held on June 18, 1979, Peckford's Progressive Conservatives won a majority of the popular vote with just over fifty percent.<sup>34</sup>

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<sup>30</sup> Peckford, *Sun*, 129-130.

<sup>31</sup> Peckford, *Sun*, 131-132.

<sup>32</sup> "Energy Minister in Newfoundland Picked to Replace Moores as Premier," *The Globe and Mail*, March 19, 1979.

<sup>33</sup> "PC Victory Prompts Newfoundland Vote," *The Globe and Mail*, May 26, 1979.

<sup>34</sup> "Newfoundland Returns Tories by Big Margin," *The Globe and Mail*, June 19, 1979.

### The Churchill Falls Problem

Although Newfoundland has had a contentious relationship with Quebec since Confederation due to disputes over the provincial boundary,<sup>35</sup> the two provinces embarked on a joint hydroelectric scheme in the late 1960s. The project involved the diversion of Churchill River into an underground power house built and controlled by the Churchill Falls (Labrador) Corporation (CFLCo). A key feature of the project was an agreement made by Hydro-Quebec to purchase power in exchange for shares in CFLCo. Although the agreement came only after many years of tough negotiations between the two companies,<sup>36</sup> it was necessary to guarantee a market for the power.<sup>37</sup>

Writing in *Policy Options*, James P. Feehan and Melvin Baker argued that the 1969 power contract was “a matter of enduring resentment in Newfoundland.”<sup>38</sup> The resulting agreement was notoriously lopsided in favour of Hydro-Quebec, which was able to purchase Churchill Falls power at rates far below market prices over the duration of the contract.<sup>39</sup> Newfoundland was thus severely shortchanged.<sup>40</sup> As a result, Peckford attempted to have Newfoundland released from the contract, either by fiat or by negotiating better terms. However, further negotiations with Quebec failed.<sup>41</sup>

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<sup>35</sup> James P. Feehan and Melvin Baker, “The Churchill Falls Contract and Why Newfoundlanders Can’t Get Over It,” *Policy Options*, September 2010: 66.

<sup>36</sup> Feehan, “Contract,” 65-70.

<sup>37</sup> Cadigan, *History*, 254.

<sup>38</sup> Feehan, “Contract,” 65.

<sup>39</sup> Feehan, “Contract,” 65.

<sup>40</sup> Peckford, *Sun*, 198.

<sup>41</sup> Peckford, *Sun*, 197-210.

In his memoirs, Peckford claims the Parti Quebecois government was "set against" Newfoundland.<sup>42</sup> However, a reading of the Feehan and Baker article suggests that Quebec was playing hardball on the Churchill Falls issue long before the arrival of Rene Levesque and his separatist government in 1976. Feeling antagonised, Peckford proceeded with a radical measure to try and abrogate the power contract.

On November 21, 1980, Peckford formally introduced the *Upper Churchill Falls Water Rights Reversion Act*, which was intended to release Newfoundland from the contract by revoking CFLCo's water rights and by expropriating the dam. In his speech to the provincial legislature, Peckford stated that he was "firmly convinced that the economic well-being of the Province of Newfoundland, *indeed its very survival as a coherent political unit*, depends upon the proper management and control of our natural resources [emphasis mine]."<sup>43</sup> In justifying the bill, Peckford claimed that the management of the power plant was replaceable, but that the water making it run was not.<sup>44</sup> If the bill passed and withstood the inevitable court challenge, "CFLCo will still be a legal entity, but as a company will no longer be in a position to operate [Churchill Falls];" Peckford promised to operate the plant with the "same competent staff, possibly regrouped in some other form of corporate entity."<sup>45</sup>

Peckford referred the act to the provincial courts. The Newfoundland Court of Appeal, responding to the government's reference case, ruled that the act was *intra vires* the Newfoundland legislature on March 5, 1982. The government was pleased with this result and used it in the throne speech delivered the next week.<sup>46</sup>

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<sup>42</sup> Peckford, *Sun*, 206.

<sup>43</sup> Newfoundland and Labrador, *House of Assembly Debates*, November 21, 1980, 6104.

<sup>44</sup> Newfoundland, *Debates*, November 21, 1980, 6107-6108.

<sup>45</sup> Newfoundland, *Debates*, November 21, 1980, 6121.

<sup>46</sup> Newfoundland, *Debates*, March 11, 1982, 4.

The Liberal opposition leader blamed the power issue on the government of Quebec, arguing that the province had reneged on the spirit of the original agreement.<sup>47</sup> Peckford and the Progressive Conservatives, on the other hand, blamed both the Quebec government and the former premier Joseph Smallwood.<sup>48</sup>

The provincial court victory, however, was short-lived, as Quebec appealed to the Supreme Court of Canada and won. In May 1984, the Supreme Court determined that Peckford's plan to have Newfoundland released from the Churchill Falls contract was unconstitutional and actually *ultra vires* the provincial legislature. The court also found that the act was deceptive (colourable) in that it purported to be about water, but was actually about the power contract.<sup>49</sup>

The Churchill Falls agreement, however, was bleeding Newfoundland's fragile economy, and the province could not afford the drain on its limited resources. The government had to act. As Peckford himself had said in 1980, the province's future survival depended on it. Since coming to office, therefore, Peckford tried to negotiate with Quebec to secure a more favorable deal.

Although his efforts failed, his radical attempts to free the province from the inequitable agreement were in keeping with his beliefs and his overall economic policies. In this case, however, the target was a province with provocative, separatist policies rather than Ottawa. The rhetoric involved, though, was distinctly similar.

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<sup>47</sup> Newfoundland, *Debates*, November 21, 1980, 6127.

<sup>48</sup> Newfoundland, *Debates*, November 21, 1980, 6127-6128.

<sup>49</sup> "Reference re Upper Churchill Falls Water Rights Reversion Act," last modified January 21, 2015, <https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/2417/index.do>



## The Fishery

In his memoirs, Peckford writes that Newfoundland had never had control over its own fisheries, save a brief period when Newfoundland was a dominion of the British Empire. He cites French fishing rights along much of the island's northern coast as a major problem in this regard. The Treaty of Utrecht, according to Peckford, allowed a foreign power to ignore local laws.<sup>50</sup> However, the question of whether or not these claims are true is beyond the scope of this thesis.

This rhetoric is entirely consistent with Peckford's positions on offshore oil and gas. Peckford, as with those other resources, fought with Ottawa over the fishery and attempted to secure greater provincial control over it. This was an area in which, as with trying to get Newfoundland out of the Churchill Falls hydroelectric contract, he was ultimately unsuccessful, though not for lack of trying. Both Trudeau and Mulroney were unwilling to give Newfoundland greater control of the fishery.

In his memoirs, Peckford speaks about his government's efforts to gain control over the fishery.<sup>51</sup> What he does not mention is the prospects for the fishing sector, which were not good. Cadigan writes that the Peckford government largely continued the policies of the Smallwood and Moores governments by licensing processing plants, which were then able to obtain federal aid. He also adds that the fishery was heavily oversubscribed, a situation that had persisted for many years prior to Peckford: there were too many fishers, too many boats, and too many processing plants; fish stocks were dwindling as a result, and the fish that were caught were being sold too cheaply. Cadigan concludes: "the province had no greater vision for the fishery

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<sup>50</sup> Peckford, *Sun*, 179-183.

<sup>51</sup> Peckford, *Sun*, 178-197..

than did federal authorities.”<sup>52</sup> This did not stop Peckford from championing what he thought were his province’s interests anyway.

In 1988, Peckford complained to then foreign affairs minister Joe Clark that the federal government was not doing enough to pressure France into settling its ongoing maritime boundary dispute with Canada and Newfoundland. Earlier in the week, Clark had rejected Peckford’s call for trade sanctions against France. In his letter, Peckford wrote that Clark’s handling of the file suggested “the maintenance of jobs outside Newfoundland is of greater importance than the maintenance of jobs in Newfoundland.” The premier promised that his cabinet would consider taking action against France on its own.<sup>53</sup> Such unilateral action would have been similar to the government’s actions with the Churchill Falls water act.

Overall, while Peckford blustered about the fishery in much the same way he did about offshore oil, it was probably not as important to his overall policy as the Atlantic Accord was. By the 1980s, the fishery would have been in visible decline, federal mismanagement or not. Moving away from the fishery was probably more important than gaining control of it.

### **The Atlantic Accord**

The Atlantic Accord, signed in 1985 between the government of Newfoundland and the federal government of Brian Mulroney, was the high point of Peckford’s premiership, and the vindication of his vocal advocacy for Newfoundland. The Accord provides for joint management of Newfoundland’s offshore oil and gas resources, while making the province the main

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<sup>52</sup> Cadigan, *History*, 270-271.

<sup>53</sup> “Peckford raps federal handling of fish war,” *Toronto Star*, May 11, 1988.

beneficiary of the resources.<sup>54</sup> Peckford, however, claimed that the Accord gave Newfoundland outright control over the industry and downplayed the agreement for joint management.<sup>55</sup> Although Peckford may have slightly exaggerated the facts of the agreement, there is no doubt that the Accord has provided a tremendous benefit to Newfoundland over the years.

The most important part of the Accord is the revenue sharing agreement, which states that arrangements for it "shall be the same as those which exist between the Government of Canada and other hydrocarbon producing provinces with respect to revenues from petroleum-related activities on land." The resulting proceeds would then be collected by a joint federal-provincial board.<sup>56</sup> In principle, this was a rectification of the historic inequity Newfoundland had had to contend with.

Although the provision was a huge victory for Peckford, oil production was slower to start than expected. In addition, the agreement did not initially give Newfoundland all the revenue it wanted due to clawing-back of equalisation payments. Until 2003, the province only received twelve percent of oil revenues, with the remainder going to Ottawa.<sup>57</sup> When the Accord was amended in 2005 to give Newfoundland a larger share of the revenue, the province eventually stopped receiving equalisation payments.<sup>58</sup>

The purpose of Peckford's five-year fight for the Accord was to provide greater stability for the new oil and gas industry and a firmer economic foundation for the province. Rhetorically,

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<sup>54</sup> Government of Canada, Government of Newfoundland and Labrador. "The Atlantic Accord: Memorandum of Agreement Between the Government of Canada and the Government of Newfoundland and Labrador on Offshore Oil and Gas Resource Management and Revenue Sharing" (Ottawa: Government of Canada, 1985), 1.

<sup>55</sup> Peckford, *Sun*, 238-239.

<sup>56</sup> Canada, "Accord," 8-9.

<sup>57</sup> Jenny Higgins, "The 1985 Canada-Newfoundland Atlantic Accord,"

[http://www.heritage.nf.ca/law/atlantic\\_accord.html](http://www.heritage.nf.ca/law/atlantic_accord.html)

<sup>58</sup> *Ibid.*

however, the government claimed a right to the province's offshore resources. Ottawa had asserted federal jurisdiction over offshore resources since 1967. The Newfoundland government argued that the Dominion of Newfoundland had not transferred offshore rights to Canada in 1949 and used the Terms of Union as evidence for its position. However, the Terms of Union does not mention offshore resources. Instead, the agreement refers to land-based resources that include Crown lands, mines, and minerals, as the Supreme Court of Canada confirmed in 1984.<sup>59</sup>

Peckford's version of the events leading up to the signing of the Atlantic Accord casts outgoing Liberal Prime Minister Pierre Trudeau as the villain and the new federal leader Brian Mulroney as the hero. He also praises Joe Clark, although Clark was not in office long enough to bring an agreement to fruition.<sup>60</sup> At every turn during the first half of the 1980s, Peckford writes, Newfoundland's well-meaning efforts were stymied by the Liberals in Ottawa until Mulroney rode in like a dashing white knight and came to Newfoundland's rescue.<sup>61</sup> Although Peckford's version of the events leading up to the signing of the Accord may be exaggerated, it is true that Trudeau's government advocated for more centralist policies during the early 1980s.

Trudeau's approach to federalism upon his return to power in 1980 was different from what it had been during his previous tenure as prime minister, 1968-1979. Bruce G. Pollard writes that Trudeau's new policy "was rooted in the belief that decentralising tendencies had become too strong during the 1960s and 1970s."<sup>62</sup> Thus, Trudeau sought to reaffirm Ottawa's authority. This, according to Pollard, poisoned federal-provincial relations and created an

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<sup>59</sup> Ibid.

<sup>60</sup> Peckford, *Sun*, 212-213.

<sup>61</sup> Peckford, *Sun*, 235.

<sup>62</sup> Bruce G. Pollard, "Canadian Energy Policy in 1985: Toward a Renewed Federalism," *Publius*, Vol. 16.3 (Summer, 1986): 164.

atmosphere of "suspicion and mistrust."<sup>63</sup> Indeed, no first ministers' conferences were held between February 1982 and the election of the Mulroney government in 1984.<sup>64</sup> While Peckford may have been cavalier in his attitude towards Ottawa, Trudeau's attitude likely contributed to a breakdown in negotiations with Newfoundland as well.

By contrast, Mulroney spoke of "a new spirit of federalism" and "replacing 'the bias of confrontation' with 'the bias of agreement.'" Contrasting himself with Trudeau, he pledged to respect "provincial authority and jurisdiction."<sup>65</sup> Initially, the Mulroney government consulted with the provinces extensively; there was "a flurry of meetings of officials and ministers in virtually every policy sector." In Mulroney's first year, "there were 438 federal-provincial meetings of first ministers, ministers and deputy ministers."<sup>66</sup> This flood of inter-governmental activity included discussions about energy policy and eventually resulted in the ratification of the Atlantic Accord.

While this process unfolded, Peckford was eager to utilise his ongoing fight with the Trudeau government for his own political gain. In 1982, he called a snap election, claiming he needed a mandate to force Ottawa back to talks on offshore resources. He called it a "one-issue election," but the sudden decision was not without controversy. Michael Harris, writing for *The Globe and Mail*, reported that there was a "sense that this is not a particularly welcome election" in Newfoundland at the time.<sup>67</sup> Peckford's Liberal and New Democratic opponents both offered voters a more conciliatory attitude towards Ottawa. Despite the controversy, Peckford and his PC party won 45 of 52 seats in the House of Assembly based on their Ottawa policy. According to

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<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> Pollard, "Federalism," 167.

<sup>66</sup> Pollard, "Federalism," 168.

<sup>67</sup> Michael Harris, "Pressure Mounts on Peckford to Justify his Snap Election Call," *The Globe and Mail*, February 11, 1982.

Harris, the results represented "the biggest sweep since Joseph Smallwood's Liberals took 39 seats to the Tories' three" in 1966.<sup>68</sup> While the election win may have stymied opposition to his plan, it likely did not improve negotiations with Ottawa.

Those negotiations were long, hard, and complicated by partisan politics. J. D. House writes that when negotiations on the Atlantic Accord opened in 1981, the two sides were "leagues" apart on many issues. He also noted that there were four factors that could push the two sides towards an agreement: the desire of Mobil to move ahead on developing the Hibernia field, the provincial government's desperation to improve a slumping economy, federal desire to move forward on its oil policy, "fiscal difficulties in Ottawa," and a desire on both sides to avoid a drawn-out court battle in which there could only be one winner.<sup>69</sup>

Writing again two years later, House indicated that his predictions had not come to fruition. Peckford's government, in his view, faced a situation that had steadily worsened since 1979. At the time, Peckford was starting to look increasingly Quixotic in his dogged, vocal pursuit of provincial control of offshore resources.<sup>70</sup> Fortunately, House was wrong. His first article actually turned out to be more prophetic than he realised; Peckford ultimately came out on top and his more assertive attitude towards Ottawa paid off.

In 1985, Newfoundland signed the Atlantic Accord with the Mulroney government; and with that, the seeds of Newfoundland's future prosperity were sown. The province now had a way to move forward with economic development, as the status of its offshore resources would no longer be an impediment to development. The Atlantic Accord is Peckford's greatest achievement as premier of Newfoundland and Labrador.

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<sup>68</sup> Michael Harris, "Peckford Gets Strong Hand from Voters," *The Globe and Mail*, April 7, 1982.

<sup>69</sup> House, "Policy," 12.

<sup>70</sup> House, "Quixote," 171.

### The 1985 Election

Peckford opted to call an election in April 1985, not long after the signing of the Atlantic Accord. The electorate and the opposition asked him to defend his record of accomplishments while in office. During one of the televised debates Liberal leader Leo Barry claimed that although Peckford had promised 40,000 new jobs in the 1979 campaign, the province ended up with 12,000 fewer people working after five years with Peckford at the helm. He called the premier "a wet blanket on the economy of this province" and promised to simulate the economy by lowering taxes, borrowing, and spending.<sup>71</sup>

Over the course of the campaign, wrote Michael Harris for *The Globe and Mail*, "the wheels fell off" the PC machine. At the outset, the PCs held a twenty point lead over the Liberals. However, a Liberal poll taken around the time of the debate found ninety percent of Newfoundlanders dissatisfied with the PC government, though Peckford himself enjoyed personal popularity.<sup>72</sup> Furthermore, with the Atlantic Accord signed, Peckford could no longer use the federal government as a bogeyman while campaigning.<sup>73</sup>

In the end, Peckford won the election, albeit with a reduced majority.<sup>74</sup> The PC party lost eight of its seats in the House of Assembly. The campaign, however, had shown that Peckford had lost the wind from his sails. Without being able to bash Ottawa for votes and with the offshore oil reserves under the Atlantic Accord yet to really start bringing in more revenue,

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<sup>71</sup> Michael Harris, "Peckford on Defensive in TV Debate," *The Globe and Mail*, March 28, 1985.

<sup>72</sup> Ibid.

<sup>73</sup> Michael Harris, "Fed Bashing out, Peckford Needs New Tactics," *The Globe and Mail*, March 30, 1985.

<sup>74</sup> Linda Diebel, "Peckford's Majority Drops in Newfoundland," *The Gazette*, April 3, 1985.

other issues came to the fore, Popular desire for change in Newfoundland, compounded by missteps on Peckford's part, would grow through the remainder of the decade.

### **The Come by Chance Refinery**

The oil refinery at Come by Chance was the brainchild of American industrialist John Shaheen.<sup>75</sup> He proposed that Middle Eastern oil would be brought in, refined, and then shipped out for sale elsewhere on the continent.<sup>76</sup> Shaheen managed to convince the Smallwood government that the project was a good investment, and the provincial government wound up financing almost the whole cost of building it between 1971-1973.<sup>77</sup> When the refinery opened in 1973, after Smallwood left office, it quickly ran into financial trouble and eventually went bankrupt in 1976. Shaheen's company accumulated \$600 million in debt while the refinery was operating, and more than the \$200 million of the debt was due to the cost of building the refinery in the first place.<sup>78</sup> Dealing with the fallout fell to the PC government.

After taking office, Peckford decided to see if the business could be resuscitated and, therefore, began to seek potential buyers.<sup>79</sup> Petro-Canada ultimately purchased the refinery in 1980. However, the operation was not reopened by the then-Crown corporation. The provincial government then began to look for another investor to buy the plant from Petro-Canada and wound up brokering a deal that would see the refinery reopened.<sup>80</sup> Petro-Canada sold the refinery

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<sup>75</sup> "John Shaheen, 70, Built Come by Chance Refinery," *Toronto Star*, November 2, 1985.

<sup>76</sup> The Canadian Press, "Harvest Operations Says It Has Deal to Sell Oil Refinery in Come by Chance, NL," September 5, 2014.

<sup>77</sup> Cadigan, *History*, 254.

<sup>78</sup> "Shaheen."

<sup>79</sup> Peckford, *Sun*, 167-170.

<sup>80</sup> *Ibid.*



to a company called Newfoundland Energy Limited in October 1986 for one dollar. Peckford later claimed in the legislature that the only way to get it operating again was to give it away.<sup>81</sup>

On March 2, 1987, the first question period of the next legislative session, the issue of the sale was raised by the Liberal opposition. In particular, the Liberals questioned why the company wanted to operate without union labour when there were many unemployed union members in the province.<sup>82</sup> This line of questioning put the labour minister, Ted Blanchard, on the defensive. The minister responded by claiming that he had no authority to force the new owners to enter into a collective agreement. Blanchard added that there were clauses in the refinery sale agreement that required the new owners to give preference to local suppliers of goods and services if they were available at competitive prices.<sup>83</sup> This government, it would seem, gave preference to generating income for local businesses over ensuring local workers were able to negotiate a living wage with adequate benefits—a very conservative position.

However, further opposition questions raised another issue. The owners of Newfoundland Energy, a company opposition critic Tom Lush called a “phantom Bermuda corporation,” were unknown. Mr. Lush then asked Blanchard whether there were any “high-profile Conservative Party connections” to Newfoundland Energy. Premier Peckford intervened, denied any unseemly links, and claimed that the owners were American.<sup>84</sup> This issue is interesting given that Peckford would, not long afterwards, have his government invest in a greenhouse company that had an equally questionable pedigree. It would seem that in

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<sup>81</sup> Newfoundland and Labrador, *House of Assembly Debates*, March 2, 1987, 78.

<sup>82</sup> Newfoundland, *Debates*, March 2, 1987, 70.

<sup>83</sup> Newfoundland, *Debates*, March 2, 1987, 72.

<sup>84</sup> Newfoundland, *Debates*, March 2, 1987, 76-77.

Newfoundland, there is a willingness to make deals with just about anyone in order to bring in job-creating investment.

Peckford was generally successful in his attempt to save the refinery. It has continued to operate up until the present day. However, the company has also been plagued by financial problems. In September of 2014, the Canadian Press reported that Calgary-based Harvest Operations, the then-owner, was in talks to sell the refinery to an American company; and the American company indicated a desire to continue operations of the refinery at Come by Chance.<sup>85</sup>

### **Corner Brook Pulp and Paper**

Like the Come by Chance Refinery, “the Corner Brook pulp and paper mill has a storied history,” writes Peckford in his memoir. The paper mill was built by the Reid Newfoundland Company on the western coast of Newfoundland during the 1920’s when Newfoundland was still a British dominion. It was originally developed as a way of bringing economic development to what was then the country’s hinterland.<sup>86</sup> To this day, the mill continues to be a major employer in the local community of Corner Brook.

In 1982, Bowater Corporation, which acquired the Corner Brook mill in 1938,<sup>87</sup> suddenly announced that it would lay off about 700 workers from the mill and significantly downsize its operations. The company cited falling demand for newsprint in Britain and the United States. The decision to lay off workers was made despite a plan proposed by the federal

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<sup>85</sup> “Harvest Operations.”

<sup>86</sup> Peckford, *Sun*, 170.

<sup>87</sup> *Ibid.*

government to subsidize the operation to the tune of \$14 million.<sup>88</sup> This plan, however, never got off the ground; and, two years later, Bowater decided to sell the mill and get out of Newfoundland entirely. To avoid losing the remaining jobs, the provincial government promised to help the company find a buyer.<sup>89</sup> A provincial government takeover of the mill was considered, but Peckford writes that he did not believe the province was capable of running a paper mill.<sup>90</sup>

In September, 1984, Bowater agreed to sell the plant to Kruger, Inc. The sale was conditioned on Kruger being able to obtain funds from Ottawa and the province. To keep the plant running, extensive rehabilitation was required, which was estimated to cost about \$400 million.<sup>91</sup> It was also necessary to reach an agreement with the mill's unionised workers, as Bowater wanted to bring in some non-union labour.<sup>92</sup>

At the next sitting of the legislature, after the deal was signed on November 8, 1984, the Bowater agreement was raised. In particular, the consequences for workers were at issue. The leader of the opposition, Leo Barry, asked Peckford why the premier would "omit to make any reference to the 300 to 500 men and women who will see jobs lost" as a result of the changes at the mill. Peckford responded by saying that Bowater had been selling paper from the mill at a \$200 per ton loss, and that it was a waste to have 2,000 people producing paper at that price. It was, Peckford argued, preferable to have 1,000 to 1,200 people working at a smaller, profit-making company instead. "Surely," Peckford continued, "the Leader of the Opposition is not asking for us to have every industry in this Province go in the hole by keeping everybody on

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<sup>88</sup> "Bowater Layoff Stuns Ottawa After Aid Plan," *The Globe and Mail*, December 3, 1982.

<sup>89</sup> Robert Gibbens, "Bowater Seeking Buyer for NFLD Mill," *The Globe and Mail*, November 1, 1983.

<sup>90</sup> Peckford, *Sun*, 171.

<sup>91</sup> Harvey Enchin, "Bowater Mill Saved by Kruger," *The Globe and Mail*, September 19, 1984.

<sup>92</sup> Peckford, *Sun*, 171.

when [...] we have to compete in world markets and therefore we have to produce a quality product."<sup>93</sup>

The issues and concerns surrounding the Bowater agreement provide another example of Peckford's attitude towards foreign investment and economic development. Like Smallwood, Peckford tried to attract and keep investment at almost any cost. Newfoundland's situation was such that *any* investment was badly needed. In addition, government involvement in the form of financing and facilitation was acceptable to him, but direct operational involvement was not. Peckford, it seems, believed in the ability of private enterprise to develop his province. If this meant losing jobs and downsizing, so be it. Peckford was also not a firm believer in unions, being willing to sacrifice union jobs and benefits for the greater good. Newfoundland could not afford any inefficiency. The province had to live within its means, and this included having realistic expectations of its economic prospects.

### **The House Commission on Employment and Unemployment**

In early 1985, the Peckford government asked prominent local sociologist J. D. House to investigate the province's persistent economic problems and recommend changes. The commission was given a broad mandate to investigate the province's economic problems and recommend new policies to change its future.<sup>94</sup>

House's report, reflecting the commission's broad mandate, is wide-ranging and encompasses material on all of Newfoundland society, not just economic development. It

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<sup>93</sup> Newfoundland and Labrador, *House of Assembly Debates*, November 8, 1984, 4611, 4618.

<sup>94</sup> Royal Commission on Employment and Unemployment, *Building on our Strengths: Report of the Royal Commission on Employment and Unemployment* (St. John's: The Commission, 1986), 13.

discusses the situation of indigenous people in Labrador as well as women and youth. Not all the material in the report is relevant to my thesis, but a large portion of it does deal with development policy issues.

In his report, House concluded that if nothing was done to solve the province's persistent problems and Newfoundland continued as it had thus far, the province would "continue to be plagued by unacceptably high rates of unemployment."<sup>95</sup> Despite the bleak picture, he was nevertheless optimistic that if the right policies were adopted, it could eventually enjoy a higher level of well-being. He proposed a twenty-point programme involving all segments of society to try and make this happen.

The recommendations were, like the commission's mandate, quite broadly phrased. Generally, however, they involved a renewed focus on education, and development of small-scale enterprises in rural areas.<sup>96</sup> The commission emphasised that "we need to bring our development strategies into line with what kind of society we are."<sup>97</sup> Perhaps making reference to Smallwood's industrialisation program and other ill-fated, poorly-suited attempts to develop the province, the commission added:

We have viewed our rural economy as a weakness, as a barrier to development, even as an embarrassment for those who espouse an urban-industrial vision of Newfoundland.<sup>98</sup>

The report adds that Newfoundland's politicians were primarily urban dwellers, which created a gap between them and rural residents. Even if they came from rural backgrounds, they

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<sup>95</sup> Commission, *Strengths*, 446.

<sup>96</sup> Commission, *Strengths*, 446-457.

<sup>97</sup> Commission, *Strengths*, 307.

<sup>98</sup> *Ibid.*

tended to see things from an urban perspective and had difficulty making the right decisions for the province as a whole.<sup>99</sup> Peckford, the bayman-turned-premier, might fit this description.

At any rate, government action on the report's recommendations was far from immediate or decisive. In reflecting sixteen years later on his work with the commission, House writes that of the 242 recommendations made in his report, about half were ultimately implemented. The province did not adopt the report wholesale, but rather implemented it piecemeal over time. "It is as though," he writes, "many ideas have had to filter their way into the system, be taken up by others."<sup>100</sup>

In fact, Peckford's successor Clyde Wells probably implemented more of the report than Peckford did. This is most likely because the report was delivered fairly late in Peckford's tenure. After the 1989 election, Wells invited House to head an agency called the Economic Recovery Commission. When Brian Tobin, a PC, was elected in 1996, he closed the commission down.<sup>101</sup> The House report did not have a major impact on government policy, at least not when Peckford was premier.

### **The Sprung Greenhouse**

In the late 1980s, the provincial government invested in a scheme to build a hydroponic cucumber greenhouse in Mount Pearl outside St. John's. The project was the brainchild of Philip

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<sup>99</sup> Ibid.

<sup>100</sup> J. D. House, "Change from Within the Corridors of Power: A Reflective Essay of a Sociologist in Government," *The Canadian Journal of Sociology*, Vol. 30, No. 4 (Autumn, 2005): 484.

<sup>101</sup> House, "Change," 472.

Sprung, an entrepreneur from Calgary.<sup>102</sup> In his proposal to the provincial government, Sprung claimed that his company had invested \$35 million in “extensive research and development activities over a ten-year period to perfect the technology.” As with oil and gas, Peckford hoped that the greenhouse would jump start a new, high technology sector of the provincial economy with the help of outside investment. However, the project wound up being a notorious failure. After the Liberal party defeated the Peckford government in 1989, the new government appointed a Newfoundland judge, Seamus O’Regan, to head up a royal commission on the debacle.<sup>103</sup>

In 1992, two years after O’Regan was appointed to head up the royal commission, he wrote that “it was reported that the facility [in Calgary] could produce [...] nine million pounds [of vegetables] by the end of [its] fifth year.”<sup>104</sup> The government sent a team to Calgary to inspect Sprung’s facility prior to committing to the project.<sup>105</sup> One member of the team was the Supervisor of Crop Production for the Department of Rural, Agricultural, and Northern Development (RAND). He, according to O’Regan’s report, was deeply sceptical of what he saw on his visit to Sprung’s Calgary facility. The supervisor noted that during his visit the light levels in Newfoundland were lower than in Calgary, and that any facility in Newfoundland would require a special lighting system. Sprung offered to provide such a system and assume financial responsibility for it.<sup>106</sup> As a result of this offer and other assurances provided by Sprung, the

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<sup>102</sup> Royal Commission of Enquiry into the Involvement of the Government of Newfoundland and Labrador and any of its Agencies or Corporations with Sprung Sales Limited, Sprung Environmental Space Enclosures Limited or Newfoundland Enviroponics Limited, *Report, Findings and Recommendations*, St. John's: The Commission, 1992), 1.

<sup>103</sup> Commission, *Findings*, i.

<sup>104</sup> Commission, *Findings*, 1

<sup>105</sup> Commission, *Findings*, 2.

<sup>106</sup> Commission, *Findings*, 2-3.

government opted to proceed with the project and provide financial backing for it even though they had not consulted the legislature about the expenditure.<sup>107</sup>

Peckford announced the greenhouse project on May 8, 1987. During the very next sitting of the legislature, on May 11th, the Liberal opposition questioned the wisdom of the venture. Future premier Beaton Tulk directed a question to the agriculture minister who was not present. The Liberals then accused Peckford of "gagging" the minister.<sup>108</sup> Tulk asked why the provincial government had committed to providing 75 percent of the total cost of the project when a similar greenhouse in Quebec had only received a thirty percent government investment.<sup>109</sup> Peckford, who answered for his minister, said he wanted Newfoundland to be on the forefront of new technologies. To him, Sprung's hydroponics were a cutting-edge technology, which Newfoundland wanted to be a part of. Peckford also claimed that the greenhouse project was an implementation of one of the recommendations put forward by J.D. House. Tulk replied by accusing the premier of cherry-picking the parts of the report that suited his purpose.<sup>110</sup>

Peckford was clearly well prepared to face opposition questioning following his announcement of the project. In reply to Tulk's questions, Peckford cites specific pages from the House report in his answers. In particular, he quotes a paragraph on page 447 in which House states that Newfoundland should "extract more control over our resource industries, including taking an equity position." This approach, House wrote, would "mean that more profits would be reinvested in Newfoundland, more senior-level personnel trained and hired in Newfoundland, more research and development." Referring to the House report, Peckford added that this "is

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<sup>107</sup> Commission, *Findings*, 74, 131.

<sup>108</sup> Newfoundland and Labrador, *House of Assembly Debates*, May 11, 1987, 2051.

<sup>109</sup> Newfoundland, *Debates*, May 11, 1987, 2051-2052.

<sup>110</sup> Newfoundland, *Debates*, May 11, 1987, 2052.



what this project is all about.”<sup>111</sup> Peckford also went on to say his government’s policy was to “marry with the private sector [...] in research and development areas.”<sup>112</sup> One key point of contention between Peckford and Tulk, however, was the definition of a “megaproject.” Peckford claimed that the Sprung project represented “a very medium industry,” while Tulk argued that the greenhouse was a megaproject and exactly what House wanted the government to move away from.<sup>113</sup>

Another problem with Peckford’s line of argument was that the former premier assumed that Sprung’s technology was both viable in and potentially profitable for Newfoundland. His assumptions, however, were not accurate. A key part of Sprung’s system was a special fabric that was used to cover his greenhouses. Use of this material in Newfoundland, where light levels are lower than in Alberta, contributed to the greenhouse’s poor crop performance.<sup>114</sup> In addition, the lower light levels also necessitated the use of artificial lighting in the greenhouse. Sprung’s Calgary greenhouse did not require such a system. Sprung estimated that “the lights in the [Newfoundland] facility would increase production levels [of vegetables] by 40-50 percent.” However, because his existing greenhouse did not use lighting, Sprung had no empirical basis for his claim of increased production using lighting.<sup>115</sup>

The greenhouse was also plagued with other problems. Production yields never reached Sprung’s highly optimistic predicted levels. While the greenhouse did produce some cucumbers, it did so at a loss due to high production costs. Furthermore, the cost of transporting the produce made exporting it unfeasible. As a result, Newfoundland was hit with a flood of cucumbers, a

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<sup>111</sup> Newfoundland, *Debates*, May 11, 1987, 2052.

<sup>112</sup> Newfoundland, *Debates*, May 11, 1987, 2055.

<sup>113</sup> Newfoundland, *Debates*, May 11, 1987, 2052, 2055.

<sup>114</sup> Commission, *Findings*, 16-18.

<sup>115</sup> Commission, *Findings*, 18-19.

portion of which ended up as livestock feed.<sup>116</sup> In December, 1988, during the darkest months of the year, the entire cucumber crop died on the vine. Sprung claimed sabotage and offered a \$10,000 reward if the perpetrator was caught. However, no evidence ever surfaced that any sabotage took place.<sup>117</sup>

The province injected more cash into the business to try and save it. However, the added funding did not ameliorate the situation and the greenhouse went into receivership in March, 1989.<sup>118</sup> Although the government spent \$22 million on the greenhouse<sup>119</sup> and Sprung contributed \$4 million,<sup>120</sup> Newfoundland did not benefit from the investment in technology, as Peckford had hoped. The research and development he thought the project would bring never materialised. O'Regan concluded that the government should not have gotten involved in private enterprise. In particular, he objected to the government investing in a private company and participating on its board of directors.<sup>121</sup> However, these comments directly contradicted the recommendations in the House report, which suggest that the government should "take an equity position" in joint-venture enterprises.<sup>122</sup>

The downfall of the project, however, was not due to the government's involvement in private enterprise. The project failed because Peckford did not learn from the mistakes of his predecessor, Joey Smallwood, nor did he learn from his previous experiences. Peckford plunged into the greenhouse project as eagerly as he had pursued the Come by Chance refinery and the Corner Brook mill. In those two instances, his government was not directly involved in the

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<sup>116</sup> Ibid.

<sup>117</sup> Jenny Higgins, "The Sprung Greenhouse," accessed September 9, 2014, [http://www.heritage.nf.ca/law/sprung\\_greenhouse.html](http://www.heritage.nf.ca/law/sprung_greenhouse.html)

<sup>118</sup> Commission, *Findings*, 12-13.

<sup>119</sup> Commission, *Findings*, 47.

<sup>120</sup> Commission, *Findings*, 47.

<sup>121</sup> Commission, *Findings*, 136.

<sup>122</sup> Commission, *Strengths*, 447.

operation of the private ventures, although financial support was provided. Peckford also pursued a project that was ill-suited to the Newfoundland environment, beyond the experience of the local labour force, and of dubious provenance. In addition, the provincial government did not have the expertise at hand to adequately assess Sprung's proposal before committing to it, as O'Regan suggested.<sup>123</sup>

In his memoir, Peckford does not mention Sprung or the greenhouse debacle. However, it is a key event in Peckford's premiership and one of the biggest reasons for his resignation. The project is also a primary example of the government's relationship with private enterprise and the province's desperation to attract investment at almost any cost. While the greenhouse has coloured perceptions of Peckford because of its connection with his resignation, I believe that compared to the lasting achievement of the Atlantic Accord, it was ultimately a relatively small and temporary error.

### **A New Era Begins**

After the 1985 election, Peckford's popularity began to sag.<sup>124</sup> By January of 1989 amid the ongoing greenhouse scandal, questions began to swirl regarding Peckford's future and the possibility of an election call. On January 20<sup>th</sup>, Liberal leader Clyde Wells was reported to have said, "Up until yesterday, there was a new rumour every hour. As of today, there's a new rumour every fifteen minutes." The owner of a helicopter company claimed that Peckford had actually been on the cusp of quitting as early as 1987.<sup>125</sup> On January 21<sup>st</sup>, Peckford resigned.<sup>126</sup>

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<sup>123</sup> Commission, *Findings*,

<sup>124</sup> John Demont, "Tories in Search of Peckford Successor," *Financial Post*, March 7, 1988.

<sup>125</sup> "Peckford Hints at Election Call Amid Speculation About His Future," *The Gazette*, January 20, 1989.

In March, the Progressive Conservatives organised a leadership convention to choose a new premier; Peckford stayed on until the process ran its course.

Tom Rideout, the fisheries minister, was chosen as the new PC leader. However, his margin of victory was slim. The election required three ballots and Rideout won the last ballot by a "slim" 26 votes. "Welcome to the next ten years," he told the delegates after winning.<sup>127</sup> However, tenure was cut short by an election loss to the Liberal party in April 1989; he served for only forty-four days. The Progressive Conservative and Liberal popular vote totals were almost even,<sup>128</sup> perhaps reflecting a public divide over Peckford's legacy. The Atlantic Accord was something to be proud of, but the greenhouse debacle was fresh in voters' minds. The new Liberal premier, Clyde Wells, went on to implement more recommendations from the House report than Peckford ever had the chance to.

### Conclusion

Brian Peckford has not received nearly the same amount of attention from scholars as his predecessor Joseph Smallwood. Perhaps this is because his legacy was tainted by his error with the Sprung greenhouse, and perhaps it is because of his fruitless battles over the fishery and the Churchill Falls power plant. I feel this perception is undeserved.

Peckford fit the historical pattern as much as he defied it. He continued Newfoundland's tradition of seeking investment from outside but combined it with an assertive attitude towards the federal government and Quebec. He combined Newfoundland's historic desperation with a

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<sup>126</sup> "Peckford Resigns, Cites Hard Decisions," *Winnipeg Free Press*, January 22, 1989.

<sup>127</sup> Julian Beltrame, "Rideout Next NFLD Premier," *The Ottawa Citizen*, March 12, 1989.

<sup>128</sup> Newfoundland and Labrador, *Election Statistics 1989*, 11.

new kind of provincial rights rhetoric. Newfoundland needed investment, but unless the inequity of offshore versus land-based resources was addressed, it was all for naught. He continued in Joseph Smallwood's tradition of sponsoring unsuitable projects with the Sprung greenhouse, but this mistake was the exception rather than the rule.

What is most important about Brian Peckford is the Atlantic Accord, the one thing that gave Newfoundland a way forward to a better life. It easily stands above Peckford's other achievements. No other premier managed this feat until he did it: giving the province a reason to exist after the fishery. In truth, it can be hard to see the rhetoric for the results. This is because the Accord was a long term project, not something that would produce instantaneous benefits. It took until 2008—long after Peckford had resigned during the greenhouse scandal—for Newfoundland to become a “have” province. For many Canadians, the idea that Newfoundland would not have to take equalisation payments was laughable, almost unthinkable—but Peckford put the province on the path towards this momentous change. This change may not have been a political power shift in the Canadian state, as Letto argues, but it was a very important and significant economic change for the province.

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