Sun Journal

Now, that's a government

By J. Dwight , *Populist Economics*
Sunday, September 14, 2008

thumbnails | gallery

"We have lived for 400 years with the problems of poverty, and I wouldn't mind looking forward to a couple hundred years of prosperity ..."

"The government announced that it finished the fiscal year with a surplus of $1.4 billion, which was $1.1 billion more than it projected in last year's budget … and it expected a surplus of $544 million for the coming fiscal year..."

"Unprecedented ... an outstanding turnaround in four short years. Economic prospects have never looked better. This turn of fortune has not happened by accident. It has happened by design ..."

These above lines are from news articles this spring, about a government that cut taxes by $180 million, invested $673 million to improve programs and infrastructure and $75 million in new economic and health initiatives.

Now that's a sustainable economy.

Too bad this story was reported in Newfoundland, not Maine.

Newfoundland's extraordinary economic story stems from its drilling for oil and natural gas on the Grand Banks during the last 40 years.

There's more. Newfoundland expects to receive $1.7 billion from its oil royalties in 2008. Over the last 10 years, the province has extracted more 700 million barrels of oil and estimates another 2.7 billion remain in the Hibernia Field, not to mention an additional 10 trillion cubic feet (tcf) of natural gas.

And on Aug. 20, Newfoundland announced a contract to tap the Hebron field, which

is estimated to contain 400-700 million barrels of oil. This contract is expected to provide 3,500 new jobs, $20 billion of oil royalties and an 4.9 percent equity interest in the deal.

Now that's creative.

Five days earlier, Gov. Baldacci's Pre-emergency Energy Task Force announced $12.5 million to forestall the freezing of Mainers this winter, which said, in effect, "There's nothing we can do."

This summer, Maine has lost more than 500 jobs from paper and manufacturing. If voters had demanded different policies over the last 40 years, it is probable we'd be enjoying a better state of economic affairs too.

Nova Scotia, our mutual neighbor, expects to receive more than $514 million from natural gas royalties from wells off Sable Island, where they have discovered over 50 trillion-cubic-feet of natural gas and 4.5 billion barrels of oil.

Economic benefits studies by Nova Scotia Department of Finance have concluded: "The actual impacts of Nova Scotia offshore activities and related activities...exceeded the expected impacts in all cases."

Nova Scotia is using its royalties to locate wind turbines, cover the province with broadband internet, improve schools, hospitals and roads, reduce taxes and increase higher education spending.

They are also exploring putting turbines in the Bay of Fundy to harness the tidal flow to produce electricity. They are testing the geologic formations in the Bay of Fundy for oil and gas as well.

Now that's progressive.

Nova Scotia has allowed 200 wells to be drilled over the last 40 years without environmental damage. The same can be said of Newfoundland and the Grand Banks - the largest fishery in the western Atlantic.

Studies by the International Ocean Institute and others at Sable Island offshore rigs concluded, in July 2005:

- No oiled seabird carcasses found on Sable Island have contained hydrocarbons traceable to the operations.

- Whales, dolphins and seals observed from the platforms showed no obvious avoidance of the operations.

- Tests on fish local to the operations showed no adverse health effects.

Now, that's green.

The same geologic formations off Newfoundland and Nova Scotia are off Maine and the entire eastern seaboard to Florida. Nova Scotia estimates on their side of

Georges Bank, some 5.3 trillion-cubic-feet of natural gas and more than one billion barrels of oil wait to be found.

Democrats and environmental lobbyists are so busy bashing "big oil" and speculators and "minimizing unnecessary energy production, distribution, and use," they refuse see the reality of the economic prosperity and the environmental truth just across our border with Canada.

You can drill your way out of the problem. Our neighbors Nova Scotia and Newfoundland are proving it. And, it can be done without environmental harm. To drill or not to drill, that is the question.

I think the answer is clear.

J. Dwight is a SEC registered investment advisor and an advisory board member of the Maine Heritage Policy Center. He is a former board member of Maine Audubon, president of the Friends of Rachel Carson National Wildlife Refuge and president of the Kennebunk Land Trust. He lives in Wilton. E-mail jdwight@gwi.net.