

## The Labrador Truce

J.W.J. BOWDEN *describes how Canada's most  
nationalistic provinces made a deal*

Four years ago, I wrote here about “The Fight for Labrador” and Quebec’s irredentist designs on a southern portion of this territory and the headwaters of several great rivers which begin there. Quebec questions the legitimacy of the ruling in 1927 by the Judicial Committee of the Privy Council which fixed the southern boundary between Labrador and Quebec at the 52nd parallel and lists on its official provincial governmental maps this area as “in dispute.” In reality, Newfoundland’s *Terms of Union* of 1949 define Labrador’s boundaries as those adjudicated by the Privy Council in 1927, and all the statutes which define the boundaries between the various provinces form part of the Constitution of Canada. Consequently, only a constitutional amendment under the Section 43 Procedure can alter the borders between provinces. In this case, only concurring resolutions adopted by the House of Assembly of Newfoundland and Labrador, the National Assembly of Quebec, and the House of Commons and Senate of Canada could transfer to Quebec the part of Labrador that it craves.

Quebec’s spurious designs on Labrador even prompted Newfoundland to change its official name to “Newfoundland and Labrador” in 2001 using the same constitutional amending procedure, though in that case only involving the House of Assembly, House of Commons, and Senate. Furthermore, Quebec’s covetous claim on Labrador rubbed salt in Newfoundland’s wounds over the Churchill Falls Contract, where Hydro-Quebec assumed the risk to build hydroelectric dams at Churchill Falls and pays St. John’s a pittance for the electricity which it buys at a colossal discount and, in turn, sells to New

England and New York at an immense profit. Newfoundlanders and Labradoreans have understandably resented Quebec for decades and felt aggrieved by the bad deal that Joey Smallwood struck toward the end of his tenure in 1969. But in late 2024, the two most nationalistic provinces in Canada finally resolved their long-standing and most bitter bilateral irritant on the lopsided Churchill Falls Contract. I used that phrase “bilateral irritant” from international relations deliberately in deference to Richard Simeon’s thesis,<sup>\*</sup> because not only do federal-provincial relations mimic those between sovereign states at the international level but so, too, do those between Canadian provinces.

On Dec. 12 last year François Legault, Premier of Quebec, and Andrew Furey, Premier of Newfoundland and Labrador, showed that the two parties can reach a mutually beneficial deal. Legault, a former businessman who founded Air Transat in 1986, deserves commendation for showing magnanimity and good faith; he also understands that non-zero sums exist, and not every negotiation need produce a winner versus a loser. That said, self-interest undoubtedly played a role as well: Legault initiated these negotiations early and well in advance of when the current contract expires in 2041 because he wanted to secure goodwill from Furey in the 2020s instead of forcing his successors in Quebec City to wait until the deadline loomed in the 2030s and give St. John’s all the leverage in the negotiations. Quebec has agreed to pay New-

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\* Federal-Provincial Diplomacy: The Making of Recent Policy in Canada (U. of T., 2006)

foundland and Labrador a fair and floating rate for the electricity generated at Churchill Falls instead of adhering to a fixed rate for decades. Quebec will therefore in the near-term fill Newfoundland and Labrador's coffers by about \$1 billion a year from 2024 (retroactive) to 2041.

Legault also understood that Quebec needs to secure access to more clean hydro-electricity immediately to meet its provincial policy of decarbonating its electrical grid entirely achieving net-zero carbon emissions by mid-century, given that bringing new dams online takes at least 15 years. The deal also includes an option where the two provinces can join forces to build yet more hydroelectric dams on the Churchill River and share in those profits as well. Legault and Furey signed the Dec. 12 deal with only the flags of the two provinces in the background — sans Maple Leaf, probably at the request of Quebec and the eager agreement of Newfoundland and Labrador. Predictably, nationalists on both sides denounced the deal. Danny Williams, the Premier of Newfoundland and Labrador from 2003 to 2010 who once ordered that all government buildings take down the Canadian flag in protest against the Martin government, denounced it, as did Paul St. Pierre Plamondon, the equally vociferous leader of

the secessionist Parti quebecois.

Furey, his re-election all but assured, decided on Feb. 25 not to run and announced that he would retire from politics and resign as premier later this year once the Liberal Party has elected his successor. Andrew Furey here learned the one good lesson from Danny Williams, who also surprised everyone by announcing his resignation and return to private life in late 2010 while riding high in the polls. Rarely does a politician find the right time to leave before the public tires of him. Achieving this historic victory and finally annulling the worst interprovincial contract in Canadian history should leave Furey in good stead within living memory. And the new interprovincial agreement on the Churchill Falls even presaged by a few weeks the renewed push to dismantle non-tariff barriers to inter-provincial trade throughout Canada, as well as the legislation tabled in Nova Scotia and Ontario that the provinces will simply recognise each other's regulations as equivalent. All of that should secure Furey's place in history.