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THE ASSOCIATION DIMENSION OF SOVEREIGNTY-ASSOCIATION:
A RESPONSE TO THE QUEBEC WHITE PAPER

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Preface

In the fall of 1979, the Institute published Peter Leslie's Equal to Equal, a careful analysis of the proposal for sovereignty-association and its implications for the wider Canadian political economy. In this Paper, Donald V. Smiley continues that discussion with a critical analysis of the Quebec government's recent White Paper on sovereignty-association, which suggests that sovereignty with association would be less satisfactory than sovereignty itself. Moreover, he isolates a difficult dilemma: If Quebecers reject the Quebec referendum proposal, many other Canadians will be little disposed to respond to Quebec interests; but if Quebecers vote Yes, the sovereignty-association model is still likely to be unacceptable. Hence, whatever the outcome, the referendum result is likely to increase tension. His conclusion underlines the necessity of carefully thinking through the possibilities for debate given various possible referendum outcomes, and of judging pre-referendum activities in that light.

The Institute hopes to continue the debate in future publications. The Discussion Paper series is designed to provide a forum for a variety of views on important issues concerning federalism and intergovernmental relations. Opinions expressed are those of the individual authors.

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Richard Simeon.

THE ASSOCIATION DIMENSION OF SOVEREIGNTY-ASSOCIATION: A RESPONSE
TO THE QUEBEC WHITE PAPER

This analysis is a response to the Quebec White Paper on Sovereignty-Association published in November 1979. My emphasis is on the economic association element of sovereignty-association. To avoid misunderstanding, I would emphasize that neither this paper nor the Quebec document it analyzes is focussed on the right of Quebec to national self-determination and the White Paper itself is entitled Québec-Canada: A New Deal - The Québec government proposal for a New Partnership between Equals: Sovereignty-Association. Thus the concern is a proposed new relationship between Canada and Quebec rather than the right of one of those communities to determine its own political and economic future by unilateral decision and the response of the other community to the assertion of the right.¹

The White Paper's Case for Economic Association

The White Paper's case for economic association between Canada and a politically sovereign Quebec can be summarized in two Propositions:

Proposition 1: The existing Canadian economic community in so far as it is a customs and monetary union confers important benefits on Quebecers and other Canadians and can and should be preserved after Quebec attains political sovereignty.

Proposition 2: The failure of Canada and Quebec to agree on economic association subsequent to Quebec attaining sovereignty would be economically damaging to both nations.

The White Paper enunciates Proposition 1 this way, "The financial networks, resources and production of Québec and the rest of Canada are to a large extent complementary. The Canadian economy has progressed by means of a common market, domestic regulations and common tariffs." (p. 74). This is a benign view of Canadian economic development and a resident of the western or Atlantic regions might well respond by

asserting that the complementarity to which the White Paper refers is akin to that between a horse and its rider. To put it another way, it can plausibly if not conclusively be argued that Canadian development has persistently subordinated the interests of the eastern and western hinterlands to those of the central heartland according to the classic principles of mercantilism.² The authors of the White Paper fail to explain how the federal system which on their argument has been so disadvantageous to Quebec could bring about an economic regime which in general is judged advantageous to Quebec interests.

The view that the economic dimension of Canadian community is nothing more and nothing other than an exploitive relationship between Ontario-Quebec (or the Golden Horseshoe or the Montreal-Toronto industrial-commercial complex) and the regions to the east and the west of this heartland is somewhat extreme. The peripheral regions have had the capacity to view economic concessions as compensation for their disadvantaged positions - the Crow's Nest Pass differential and arrangements related to maritime freight rates, interprovincial revenue equalization, various programs to narrow interregional economic disparities, the activities of the Prairie Farm Rehabilitation Administration, the National Oil Policy of the 1960s and so on. However, the underlying structures and processes of domestic Canadian mercantilism itself and the compensatory policies in aid of peripheral regions have had as their underpinnings a central government with a broad range of economic powers.

Because the Canadian economy has been so decisively shaped by the central government this regime can be rendered minimally tolerable to all of the provinces and regions only if Ottawa possesses, and is willing to exercise, a wide range of compensatory policy instruments.³ The sovereignty-association option would destroy this capacity. This is the general argument against sovereignty-association advanced by

Premier Allan Blakeney.⁴ Residents of Saskatchewan pay a heavy price for membership in Confederation, particularly by way of the tariff and freight rate structures. On the other hand, Saskatchewan has the most volatile of the financial economies and the compensation for the material burdens of Confederation is a central government which sustains private incomes and public revenues when these are from time to time depressed by climatic, world market or other conditions. So far as Quebec as a net contributor is concerned, this compensatory and redistributive capacity of the central government would not exist under sovereignty-association and thus Saskatchewan, in Premier Blakeney's view, would find this alternative unacceptable. To repeat, economic association would deny the Canada-Quebec authorities compensatory powers in respect to policies undertaken by the new economic community.

In general terms, sovereignty-association is directed towards shoring up the economy created and sustained by the Macdonald-Laurier national policy after the governmental underpinnings of this regime have been destroyed. Those structures are already under sustained and effective attack from the growing economic power and vitality of the three westernmost provinces.⁵ This attack challenges not only the relative economic power of Quebec but also that of Ontario, the province with which Quebec is most closely integrated and has the most incentives for sustaining the integration of Quebec in the Canadian economy. But even in the case of Ontario, that province in terms of 1974 statistics on manufacturing shipments is more dependent on the markets of the western and Atlantic regions than on Quebec - \$5,133 millions as against \$4,872⁶ - and it can reasonably assert that with the growth of the west this relative Ontario dependence on Quebec has decreased and will continue to do so. J. M. Freddenick has put the matter succinctly:

Of all the provinces, Quebec has perhaps the greatest interest in terms of the direction of its trading relationship in preserving a national economy. Unlike the western provinces, its desire for political autonomy is based not on economic considerations but largely on cultural and linguistic concerns. To resolve this apparent contradiction between political autonomy and economic

integration, the Parti québécois has taken the position, which is in reality a commercial policy position, that a politically independent Quebec would preserve its economic integration in the Canadian economy by entering into a customs union with the remainder of Canada.⁷

The resolution of the "contradiction between political autonomy and economic integration" is achieved under the plans for sovereignty-association by a radical dissociation between the political and the economic which is highly implausible.

Proposition 2 as I have designated it asserts that it would be very materially costly to both Quebec and Canada if economic association did not accompany the attainment of political sovereignty by Quebec. Speaking of the existing Canadian economic union the White Paper says, "Any refusal to maintain those gains, any attempt to break up that economic entity and that common market would go against common sense as well as the interests of the parties." The document then goes on to quote 1974 figures referred to by Abraham Rotstein about jobs in manufacturing in the rest of Canada dependent on the Quebec market and Quebec jobs on the Canadian market. The White Paper elsewhere asserts in respect to statements of federal and provincial politicians that they will refuse to negotiate economic association "...stating that there will be no economic association is tantamount to stating that English Canada is ready to get along without the Quebec market."

But why should the failure to effect the kind of economic association proposed by the White Paper lead to the cessation of all economic intercourse between Canada and a sovereign Quebec? It is possible of course to conjure up a situation in which the level of political conflict between the two nations was so intense that a circumstance akin to that now existing between Syria and Israel or Cuba and the United States would prevail. But it seems unreasonable to accept such a despairing prediction. The figures bandied about are 1974 statistics related to manufacturing alone and exclude other

activities in such fields as tourism, agriculture, transportation, finance and so on where a significant amount of employment in the other provinces might be attributed to Quebec and vice versa. Quite obviously, any abrupt termination of economic intercourse between Canada and Quebec would have very serious material consequences for both nations and those consequences would be more adverse for Ontario and Quebec than for the western and Atlantic provinces.⁸ But under all but the most calamitous circumstances, one would expect significant amounts of mutually beneficial integration between the Canadian and Quebec economies to persist even in the absence of the kind of economic association proposed in the White Paper. After all, Canada and the United States do not sustain such arrangements and this has not prevented levels of integration at higher levels than many informed Canadians, including very prominently Professor Rotstein, believe desirable.

The White Paper is regrettably deficient in its failure to assess in any realistic way the benefits and costs of economic association for Canada. I have argued both that the material benefits of the existing economic community for Canadians are much more ambiguous than the PQ supposes and the material costs of failure to agree on economic association with a sovereign Quebec less burdensome. The costs in such arrangements adhere to the circumstance that each of the partners gives up its freedom of action in respect to some of the most crucial of its economic policies. The White Paper puts forward as one of the urgencies behind its proposals the secular decline in Quebec's proportion of the Canadian population - from 36 per cent in 1851 to 28 per cent in 1971 to a projected 23 per cent in 2001. But from the point of view of non-Quebecers this demographic circumstance could be used as an argument against the surrender of Canadian autonomy to a foreign nation whose population and gross national product are in secular decline relative to those of Canada.

The Institutional Arrangements of Economic Association

There are to be four Canada-Quebec agencies of economic association - a Community Council of ministers from both nations, a secretariat designated the Commission of Experts, a Monetary Authority and a Court of Justice.

It should be emphasized that the proposed arrangements are of an international rather than supranational nature i.e. the common Canada-Quebec authorities have no significant range of discretion independent of the two governments. The chief executive agency, the Community Council, is composed of delegations of ministers appointed by and taking instructions from their respective governments and all important decisions of the Council require the assent of both Canada and Quebec. The Commission of Experts consists of specialists appointed by their governments "for a limited period of time," the latter proviso presumably designed to forestall the creation of a Canada-Quebec version of the Eurocrats whose first loyalty is to the economic community as such and/or to prevent the secretariat from harbouring persons who retain a belated commitment to the former Canadian Confederation.

Although the Community Council and the secretariat working under its direction are to operate according to international rather than supranational principles, it might be argued that the proposed Court of Justice is a supranational institution. This Court "will have exclusive jurisdiction over the interpretation and implementation of the treaty of association; its decisions will be final and binding to (sic) both parties." The White Paper does not specify whether private parties have the standing to bring actions in the Court, or, alternatively, whether standing will be limited to the two governments. Nor is it specified whether a suit can be brought against a government without that government's consent. Despite the lack of explicitness, it would seem not be in harmony with the spirit of the White Paper to allow private parties to have standing, certainly not for private justices in one nation to bring suits against the government of the other. If this supposition is accurate, all the disputes brought before the Court would involve conflicts between the

governments of Canada and Quebec. In such circumstances there would probably be some considerable disposition for members of the Court to favour the governments which appointed them,⁹ even though the judges were distinguished jurists and had the normal safeguards of judicial independence which prevailed in senior courts of domestic jurisdiction. Under conditions where the Court was split on Canada-Quebec lines, the vote of the chairmen appointed by the two governments in alternation would be decisive. The position of such an official appears to me to be quite impossible.

The provisions related to the Monetary Authority appear at first glance to breach what Peter Leslie has called the "parity principle" of Quebec-Canada equality in all the affairs of the association.¹⁰ So far as this authority is concerned, "the number of seats allocated to each party (government) will be proportional to the relative size of each economy." Yet the governor of the institution, presumably more influential in respect to most matters than the board of directors, is to be named by each government in alternation. Further "In case of conflict between the two governments on the orientation to be given monetary policy or foreign exchange policy, the community council would be called upon to examine the dispute and find a way to resolve it, since it would have power to give guidelines to the monetary authority." (p. 64). This recommendation is puzzling. If there occurred a conflict between the two governments on matters within the purview of the Monetary Authority or other matters it is not very clear how such conflicts could be resolved by a council consisting of delegations taking instructions from these governments. More generally, however, the provisions for the Monetary Authority despite some slight concession to the larger resources of Canada on the board of directors preserves the parity principle in the most important of its features.

So far as the common market dimension of association is concerned, it is almost trite to point out that in the era of the interventionist state the material benefits of such unions cannot be

realized only by governments refraining from such barriers to the mobility of the factors of production as tariffs, exchange controls and the requirements of work permits or visas for persons moving from one jurisdiction to another. In a host of ways, what economists call non-tariff barriers can operate to restrict the free movement of goods through taxes, subsidies, preferential policies in public purchasing and so on. Barriers to the free movement of capital can be erected by policies limiting or prohibiting investment from outside the jurisdictions and by conferring various kinds of preferences on domestic investors. Various provisions for occupational licencing may have the same effect as requiring work permits or visas. It is well known that Canada is not now a common market in any perfect sense and there is an increasing disposition of the provinces to erect barriers to the mobility of the factors of production.¹¹ One would expect such protectionism to continue under the regime of economic association and the White Paper asserts that "Quebec will insist that the protection and development of its agricultural production be the object of special agreements." There will of course be a built-in disposition that does not now exist for the federal government to take discriminatory actions respecting the flow of the factors of production between Canada and Quebec. Ottawa will be least as powerless as now to frustrate barriers erected by the provinces and it is by no means clear how the Canadian government could be the effective guarantor to Quebec against these provincial barriers even when these were contrary to the terms of economic association.

In designing new institutions two questions might be regarded as relevant. First, how profound are the differences in attitudes and interests with which the proposed institutions deal?

Second, what are the expected capacities of the institutions to give authoritative resolution to conflicts without undue delay? Let us look at the economic association alternatives in these two dimensions.

We can reasonably anticipate relatively severe conflicts of interest between Canada and Quebec in respect to the major activities of the common economic community. These conflicts can be expected to arise because of the differential incidences of tariff and monetary policies on the economies of the two nations. In terms of tariffs, the 1975 Report of the Economic Council of Canada confirms the conventional wisdom that "... the Canadian tariff of itself re-distributed income from other parts of the country to Ontario and Quebec. This has contributed to a greater concentration of employment in the central provinces."¹² The attainment of sovereignty by Quebec and the secular shift of the economic balance westward means of course that the regions with interests in lower tariffs would be relatively more powerful in Canada than under the existing federal system. Shorn of its alliance with Quebec, Ontario's weight would be reduced. The regional incidence of monetary policies appears not to have been as carefully investigated as have been tariff and fiscal policies, but there is ample evidence of the differential regional impact of federal actions related to the management of aggregate demand.¹³ The White Paper makes a very curious argument about Canada-Quebec agreement in the control of the money supply. The document argues, no doubt accurately, that if the two nations had a common currency it would be impossible for them to engage in different monetary policies because the effects of these would be counter-balanced by adjustments in the flows of funds and in interest rates. Similarly, Canada and Quebec could not engage in different exchange rate policies. Yet despite the necessity for the two nations to have common policies carried out by the Central Monetary Authority, it is reasonable to suppose that as in the case of tariffs there would be important conflicts of interest between Canada and Quebec as to what such policies would be.

If we assume important conflicts of interest between Canada and Quebec related to matters within the purview of the economic association, how adequate are the institutions proposed by the White Paper for giving authoritative resolution to such conflicts? The

answer is straightforward - these institutions are a design for deadlock. The parity principle as embodied in the double-veto on all significant aspects of the association's activities - apart from provisions related to the Court of Justice - makes such deadlocks almost inevitable. And as anyone who has been married well understands, deadlock in a dualistic union of equals favours the party who wishes to retain some existing state of affairs as against the one who wishes change. But there is another and less obvious point. The small number of issues for which the two sides would be associated could inhibit the development of complex trade-off solutions to which both parties could agree. Let us consider for example the response to some kind of international arrangement lowering tariffs in respect to a kind of activity concentrated mainly in one of the two nations. The burden of compensation to the affected industry would have to be borne entirely or almost entirely by the government of the nation in which such industry was concentrated. Under the existing federal system the central government has a very broad range of compensatory instruments and the skillful use of those can facilitate mixes of policy at least minimally tolerable to the various provinces and regions. The White Paper does suggest, it is true, the extension of the association beyond the common market and monetary dimensions to include, in René Lévesque's terms, "the Post Office? Railways? International air links? Reciprocity for minorities? Anything that does not affect each party's fundamental freedom to adopt its own laws, use its own resources as it chooses and remain in charge of its home." A broader association might be expected to facilitate agreement more than a narrower one. Yet because of the larger population and resources of Canada it might be expected that that nation would have hesitations about surrendering its freedom of action to a smaller country with less resources and would need a very positive demonstration in the case of each individual activity why it was necessary to do so.

Something needs to be said about economic association and federal-provincial relations in Canada-without-Quebec. The underlying assumption of the White Paper is that Canada will remain a single political and economic community after Quebec has attained sovereignty, at least to the extent that there would be a single national government of Canada with the power to deal with Quebec on an égal à égal basis in respect to matters within the terms of the treaty of association. Peter Leslie has challenged this assumption "... if there are even negotiations on economic association, the talks will have a multilateral character. Whatever joint institutions might emerge from such bargaining also would have to include representatives from more than two entities ... in my opinion, Quebec will eventually have to choose between full independence, without association, and some kind of linkages with other regions in a multi-member grouping."¹⁴ Interestingly, Premier Peter Lougheed of Alberta has recently asserted on the basis of the compact theory of Confederation that Ottawa could legitimately negotiate economic association with Quebec only with the involvement of all the provinces.¹⁵

I am somewhat less categorical than is Leslie about the ability of the government of Canada to overcome provincial pressures in negotiating and implementing an economic association with Quebec. The matters within the purview of the proposed association are within federal jurisdiction and although the provinces could be expected to make successful demands that they have some influence in such negotiations it is by no means certain that these would have a multilateral rather than a bilateral character. Let us grant, at least for the sake of argument, that after Quebec had attained sovereignty the Canadian government retained the powers it now has over tariff, money supply and exchange rate policies. Under such circumstances it is almost inevitable that the provinces would be as assertive as they now are on demanding they be consulted about such policies. And if the provinces had any considerable success here the government of Quebec working under

no such domestic restraints might well find the Canadians difficult partners in the affairs of the association. Further, if present experience is any guide, the government of Canada would have few effective powers to prevent the provinces from erecting barriers to the free movement of the factors of production within Canada-Quebec even in the circumstances where such barriers were contrary to the spirit and terms of economic association.

Economic association as proposed by the White Paper would appear to make the Canada-Quebec union an ineffectual and perhaps unreliable participant in international economic affairs. The document suggests a very unusual procedure for carrying on international economic relations. The White Paper recommends that the Commission of Experts - composed of specialists appointed "for a limited period of time" - will have the responsibility for "establishing technical liaison with with international bodies concerned in matters of custom and trade, and for negotiating the international agreements that will bind the community on those subjects. These agreements will then be approved and signed by the council of the community." Read literally, this would turn over the role of negotiating international economic agreements to the secretariat with the two governments through the Community Council having only the alternatives accepting or rejecting the results. This is perhaps not what is meant and the negotiators might realistically be expected to be in close and continuing communication with the governments of Canada and Quebec. Yet would not the position of these officials in defending community interests be almost impossible in circumstances under which the two governments were in disagreement? Put boldly, both nations would be very much disadvantaged in dealing with other jurisdictions which had more effective means of giving resolution to internal conflicts.

Foreign Experience and Economic Association - What are the Relevant Models?

In designing institutional arrangements it is perverse and parochial not to take into account experience elsewhere in situations deemed to be similar. The White Paper lists 16 contemporary economic associations of sovereign nations to this effect:

The recent history of international relations shows that federalism can no longer be regarded as the only formula capable of reconciling the objectives of autonomy and independence. Although it was fashionable in the past century, the federal formula must now give way to associations between sovereign countries. While no new federations are being created, economic associations are on the increase on every continent. (p.48)

There's an inevitable arbitrariness in any comparative examination in deciding what examples of foreign experience are most relevant to the situation with which one is concerned. In the case of Canada and a sovereign Quebec it would seem to me useful to examine the relations between pairs of nations which are somewhat different in size and whose economies are relatively highly integrated - for example, the United Kingdom - Eire, Mexico - United States, Australia - New Zealand, Germany - Austria, Japan - South Korea. Such an examination might well demonstrate choices for dealing with interdependence and autonomy other than federalism or economic association.

The experience most relevant to the relations between Canada and a sovereign Quebec would appear to be the patterns which have developed between Canada and the United States. There are three dominant and related features of Canadian-American economic relations which emerge from the economic association proposals of the White Paper.

First, these relations are not for the most part carried out in terms of treaty-like arrangements. Neither government is bound to seek explicit prior conditions on its dealings with the

other.

Second, there is the relative lack of development of permanent bilateral institutions. After examining 18 permanent Canada-U.S. committees which had been established between 1909 and 1967, Kal J. Holst and the late Thomas Levy concluded, "It is clear that these eighteen institutions, some of which remain in a state of suspended animation, do not handle the bulk of Canadian-American relations. Indeed, most transactions between Ottawa and Washington are dealt with through direct informal contacts between subunits of the bureaucracies." 16

Third, both nations desire to retain their freedom of action in their relations with one another. From the American point of view, bilateralism would unduly enhance Canadian influence over that nation's policies and restrain the United States in defending its interests in other international contexts. So far as the Canadians are concerned, there is a persistent impulse to retain and defend the nation's inevitably limited scope of freedom of action from American power, often manifested in the Canadian disposition to diversify the nation's international dependencies and to interact with the Americans through multi-national institutions rather than within a bilateral framework.¹⁷

My conjecture would be that Canada would chose to interact with a sovereign Quebec in terms of patterns which now prevail in Canadian-American relations rather than through the devices of economic association as proposed by the White Paper. Throughout their history the Canadians have manifested a certain touchiness about the symbols if not the substance of sovereignty. And as their record of relations with the British Empire/Commonwealth shows, Canadians have had little disposition to allow a prior pattern of political and economic integration to be used as a rationale to restrict their subsequent freedom of action. It is plausible to expect these dispositions would come into play in Canadian interactions with a sovereign Quebec.

The Politics of the White Paper and the Probable Political
Consequences of the Referendum

The White Paper is preeminently a political document addressed to the people of Quebec in an attempt to raise their level of national consciousness and to persuade them to vote "Yes" in the 1980 referendum. There is an intricate admixture of appeals to national pride, national grievances and stability. The elements of reassurance have no doubt been deemed to be politically necessary because the polling of public opinion in Quebec over a relatively long period of time indicates that no more than a small proportion of the electorate has ever supported independence in any unconditional sense while support for sovereignty increases dramatically when "softer" attitudes are presented, like conferring on the government the "mandate to negotiate" sovereignty-association. Some of the reassurances offered by the White Paper are very specific and if honoured would limit the freedom of action of future Quebec governments in respect to the privileges that individuals and groups had acquired under the previous federal system. -

"The government pledges that Québec's Anglophone minority will continue to enjoy the rights now accorded to it by law." (p. 56).

"The Government of Québec, not wanting any individual to be deprived of his or her rights as a result of the constitutional change, pledges to maintain acquired rights - allowances, pensions, services or jobs - notably.

- (a) family allowances.
- (b) Old age pensions and supplements.
- (c) veterans' pensions.
- (d) direct subsidies to farmers.
- (e) job security for Quebecers in the federal civil service and federal crown corporations.
- (f) all other rights resulting from circumstances that are recognized at present." (p. 81)¹⁸

There is the assurance that federal civil servants resident in Quebec will be given the option of being integrated into the

Quebec civil service without financial loss. Federal officials now working in the Hull Region will continue working there but for the Quebec government and Quebec members of the Armed Forces will be integrated into Quebec units. (p. 81).

Apart from these specific assurances, the general thrust of the White Paper is to suggest that the attainment of Quebec's new status will be an orderly and risk-free process which, in the preservation of the Canada-Quebec economic community, will not impose material dislocations or deprivations.

Despite the assurances of the White Paper, there are, I would argue, very considerable risks in the process the PQ government has put underway.

In René Lévesque's "Call to the Quebec People" with which the White Paper concludes there is a quotation from the late Robert Cliche, "I think that one of the biggest dangers now would be a NO in the referendum. English Canada would then think the crisis had been averted and would go back to sleep." (p. 101). This is a perceptive judgement which seems to me essentially accurate. From early 1960's onward there has been a series of positive responses by the federal government and to a lesser extent the governments of the provinces with English-speaking majorities to the resurgent power and purpose of the new Quebec - the New Brunswick and federal Official Languages Acts, "French power" in the federal cabinet and bureaucracy, grants-in-aid to the provinces for instruction in their minority official languages, enhanced opportunities in education for the Francophone minorities, abortive attempts at constitutional reform, the enhanced recognition of Francophone Africa in Canadian diplomatic and foreign aid policies, the various devices of opting out and so on.¹⁹ In part these responses were manifestations of a new and more generous view of Canada and the Canadian experience which more than before emphasized the French-English dimension. But in large part such changes were defensive reactions of those who had become convinced that adjustments were necessary to contain Quebec nationalism

and to retain Quebec in Confederation. If the Parti Québécois after an all-out effort failed - even by a small margin - to get an affirmative verdict in the referendum it seems likely that for several years there would be a profound unresponsiveness on the part of English-speaking Canadians for the particular interests both of the Quebec community and of the Francophone minorities outside its borders. The editorial bylines in the English-language dailies the morning after the referendum are predictable: "The separatist gun was not (after all) loaded." On this basis, Claude Ryan would be well advised to obtain very explicit and specific assurances from federal and provincial political leaders in respect to the proposals for constitutional reform he will soon announce. In the period before the referendum these leaders have very great incentives to proclaim their general support for the reforms accepted as desirable and necessary by the federalist forces in Quebec. On the other hand, the federal and provincial governments might be expected to attempt to back away from at least some of such reforms in the event of a NO vote in the referendum succeeded by the defeat of the PQ administration in the Quebec general election of 1980 or 1981.

But there are also risks in a YES verdict. There is some confusion about the implications of the statements of prominent federal and provincial politicians that they will under any circumstances refuse to negotiate economic association with Quebec. This is the response of the White Paper to such statements:

Many English-Canadian personalities, politicians and others, tell anyone who will listen that they will categorically refuse to negotiate. This is quite fair, though rather crude. We must not be taken in by it but must, on the contrary, convince ourselves that if the majority of Quebecers say YES in the Referendum, Ottawa and the rest of Canada, though they will be disappointed, will have no choice: They will negotiate." (pp. 70-71).

As we saw earlier, the major incentive for these leaders to negotiate would be that to do otherwise "would be tantamount to stating that English Canada is ready to get along without the Quebec

market." The White Paper is undoubtedly quite accurate in asserting that the statements about refusing to negotiate are motivated by the desire to secure a NO vote in the referendum. On the other hand, this cannot be taken to mean that those who made such statements will do an abrupt about-face in response to a YES verdict. Economic association has not been widely discussed outside Quebec, even among the informed publics and within governmental circles. But the White Paper has now made the PQ option explicit, and in the period immediately ahead it is inevitable that this option will receive detailed and critical scrutiny. For the reasons suggested in this paper and for other reasons I suggest that Canadians outside Quebec will not find economic association attractive.

It needs to be emphasized that a YES verdict will give the government of Quebec a mandate to negotiate economic association and no other alternative in Canada-Quebec relations. What would appear impossible, or about so, is for the PQ government to secure concessions short of the solution proposed by the White Paper. In some of its details the document manifests a degree of flexibility - about the financing of the community, about whether there should be a parliamentary consultative assembly, about the range of activities jointly undertaken by Canada and Quebec other than those related to the common market and monetary policy. However, on the essentials of sovereignty-association the White Paper is unequivocal. The PQ from its beginnings has never deviated from its unconditional commitment to political sovereignty which the White Paper crisply and accurately defines as "the power to make decisions autonomously, without being subject in law to any superior or exterior power." (p. 50). On the association side there is, as we have seen, an equally unequivocal commitment to the parity principle. Because of the explicitness of its preferred option, the PQ has denied itself much scope for "fudging" the meaning of a YES verdict in trying to effect changes favourable to Quebec within the existing federal

system. (In particular, Quebec cannot attain political sovereignty except by a radical break with the existing legal order by way of some actions determining that at a precise time Quebec ceases to be bound by the Canadian constitution). It is even possible to imagine a hard-nosed position by Ottawa that Quebec has even less of a mandate to negotiate a better deal within the federal system either in respect to constitutional changes or to energy, fiscal matters etc. Although successive Quebec governments between 1960 and 1976 had a decisive impact on the shape of Canadian federalism, the PQ government has had little such influence and I believe that a YES verdict would not alter this situation of relative powerlessness. William Johnson's judgement thus seems to me perceptive "... a 'yes' vote in the referendum and a vote for the PQ in the next elections is a vote for the constitutional status quo, not for change."²⁰

The PQ is the instrument of the national pride and the national grievances of Québécois and there is no doubt that the referendum campaign will intensify this pride and these grievances. It is as yet (late November 1979) too early to judge the extent to which the campaign will raise the level of conflict between Quebecers and other Canadians. The current stance of Prime Minister Clark in not participating directly in the contest has the effect of dampening the intensity of Ottawa-Quebec conflict and his position may well be adapted by the political leaders of the other provinces. On the other hand, the clear implication of the Prime Minister's position is that the campaign and the popular verdict issuing from the campaign are less decisive in relations between Quebec and Canada than the PQ proclaim them to be.

The failure of the PQ authorities to negotiate a regime of economic association after a YES verdict would inevitably intensify the level of conflict between the Quebec and federal governments. Barring a decision to back away from political sovereignty fairly explicitly,

the Quebec government would then be faced with the task of convincing a majority of the Quebec electorate that sovereignty sans association was necessary - an alternative that has never received widespread public support in Quebec and which the PQ is already in record as asserting to be economically damaging.²¹

In terms of my tentative assessment, the course of action on which the PQ has embarked is rational only under the assumption that the failure of the PQ government to negotiate economic association subsequent to a YES verdict will result in such a raising of the national consciousness that a majority of the Quebec community will be disposed to accept, or demand, sovereignty in its unqualified form. Whether the PQ leadership contemplates this as the "normal and natural" fulfillment of étapisme, I have no way of knowing. For if this is not the end result of the strategy, the result is likely to be a reinforcement of the elements of the existing federal system most prejudicial to Quebec aspirations and interests.

Conclusion

The general conclusion of my analysis is that it would not be in the interests of Canada to enter into an economic association of the kind proposed in the White Paper. If the Quebec community comes to insist that its objectives can be pursued only through the status of political sovereignty it is on the whole better that the two nations be unfettered by a regime of mutual veto on the most crucial of their respective economic policies. In the absence of severe political conflict, sovereignty sans association need not bring about the economic isolation of the two nations from one another or the destruction of relatively high levels of mutually beneficial economic intercourse and integration.

So long as the PQ is in power with a commitment to the sovereignty-association alternative, constitutional changes within the existing federal system are precluded. There are no possible grounds for compromise between federalism and sovereignty-association. Thus

a NO verdict in the referendum - even by only a small margin - is likely to contribute to an unresponsiveness among other Canadians to interests and attitudes specific to Quebec. A YES result will be the choice by Quebecers of an alternative which Canadians will in all likelihood make unavailable to that community. Thus the probable result of the referendum is an increasingly intense level of conflict between Quebec and the other Canadian communities without any decisive resolution of the relations between the two groups.

Notes

1. My own views on the self-determination question have been very much influenced by David R. Cameron, Nationalism, Self-Determination and the Quebec Question, Macmillan of Canada, Toronto, 1974, particularly Chapter 10 "Love of One's Own and Love of the Good."

2. See Donald V. Smiley, Canada in Question: Federalism in the Seventies, Second Edition, McGraw-Hill Ryerson, Toronto, 1976, pp. 192-194. For the economic and political position of the provinces in succeeding periods see Vernon Fowke, The National Policy and the Wheat Economy, University of Toronto Press, 1957 and John Richards and Larry Pratt, Prairie Capitalism: Power and Influence in the New West, McClelland and Stewart, Toronto, 1979. In Herbert Thomas, The Struggle for Responsible Government in the North-West Territories 1870-97, Second Edition, University of Toronto Press, 1978, there is a valuable account of how Ottawa operated British imperial devices in ruling the western hinterland.

3. The 20th Conference of Premiers held in 1979 issued a highly provincialist communique. However, in respect to the results of the Tokyo round of multilateral trade negotiations this was recommended "The Premiers urge the federal government to earmark sufficient resources in order to set up, together with the provinces and private groups, appropriate adjustment programs aimed at assisting the companies and workers affected by the agreements." In theoretical terms, the common Canada-Quebec authorities might have some such fund at its disposal under economic association and from time to time the idea crops up that the provinces might together work out and effect a scheme of interprovincial resource equalization. However it is reasonable to suppose that compensatory programs under the existing system take place as they do because national politicians come from and solicit votes from throughout Canada. As the chronic provincial position of the UN and its agencies demonstrates, not too much can be expected from disinterested generosity.

4. Interview with Le Devoir, March 17, 1977.

5. Richards and Pratt, op. cit.

6. Trade Realities in Canada and the Issue of Sovereignty-Association, Government of Canada, 1978, p. 10.

7. "Commercial Policy" in Canada Challenged: The Viability of Confederation, R.B. Byers and Robert W. Reford, Editors, Canadian Institute of International Affairs, Toronto, 1979, pp. 234-235.

8. I do not here examine the alleged economic benefits of national economic integration, a matter on which competent economists disagree. Clarence Barber asserts "... the customs union implicit in confederation may have added 1.5 per cent or more to the income of Quebec and a half per cent or more to the income of Canada." At the same conference

Notes (2)

Barber's estimate of the relatively minor economic costs of Quebec separation based on "static assumptions" were challenged by Richard Lipsey. See Options, Proceedings of the Conference on the Future of Confederation, University of Toronto, 1977, pp. 214-232 and pp. 244-251.

9. In his 1969 study Peter Russell says of Quebec criticisms of the Supreme Court of Canada "... this viewpoint has been sustained, not by any tangible evidence that members of the Supreme court are biased in favour of the level of government which appointed them, but by an objection in principle to the constitutional arbitration by a tribunal which is organizationally part of the federal level of government." The Supreme Court of Canada as a Bilingual and Bicultural Institution, Documents of the Royal Commission on Bilingualism and Biculturalism, Queen's Printer, Ottawa, p. 37. See also Jacques Brossard, La Cour Suprême et la Constitution, Les Presses de l'Université de Montréal, 1968.

10. Equal to Equal: Economic Association and the Canadian Common Market, Institute Discussion Paper, Institute of Intergovernmental Relations, Queen's University, 1979, pp. 26-27.

11. See A. E. Safarian Canadian Federalism and Economic Integration, Privy Council Office Study, Information Canada, 1974 and articles by Carl S. Shoup and M.J. Trebilcock et al in Intergovernmental Relations, Ontario Economic Council, Toronto, 1977, pp. 81-100 and pp. 101-122.

12. Looking Outward, Information Canada, p. 43.

13. For regional incidence of fiscal policies see Living Together: A Study of Regional Disparities, Economic Council of Canada, 1977, Chapter 6.

14. op. cit. p. 29.

15. The Edmonton Journal, October 17, 1979.

16. "Bilateral Institutions and Transgovernmental Relations between Canada and the United States," 28 International Organization, Autumn 1974, p. 881. See also Maureen Appel Molot "The Role of Institutions in Canada - United States Relations: The Case of North American Financial Ties" in Andrew Axline et al, Editors, Continental Community? Independence and Integration in North America, McClelland and Stewart, Toronto, 1974, pp. 164-193.

17. Molot points out that Canadian rejection of the Merchant-Heeneey proposal for a permanent Joint Committee on Trade and Economic Affairs at the deputy level "exemplifies both this Canadian reluctance to participate in a highly institutionalized relationship and the precise but limited role Canadian actors expect formal bodies to play." (p. 183).

Notes (3)

18. It is not altogether clear how Quebec could assure "job security for Quebecers on the federal civil service and crown corporations." It seems unlikely that Ottawa would discriminate against Quebecers, however defined, after independence but also unlikely that Ottawa would agree to any higher degree of job security than that possessed by other employees.

19. I am not here asserting that there were appropriate responses. I find Hubert Guindon's root-and-branch attack on federal bilingual programs compelling, "The Modernization of Quebec and the Legitimacy of the Quebec State" in Daniel Glenday, Hubert Guindon and Allen Turowetz, Editors, Modernization and the Canadian State, Macmillan of Canada, Toronto, 1978, pp. 212-246.

20. The Globe and Mail, November 19, 1979.

21. There are other alternatives. The PQ might maintain its commitment to sovereignty-association and pledge itself to seek another mandate for this alternative in its next term of office. This would of course perpetuate Quebec's relative powerlessness on constitutional matters while there was an incumbent PQ government. Another possibility, whose implications I am too unimaginative to foresee, is a YES verdict in the referendum succeeded by the electoral defeat of the PQ.