

those (49 percent) having no confidence whatsoever in his capacities. Even in the West Island, only one-third (35 percent) have confidence in the Prime Minister of Canada. The Liberal Party of Canada as a whole seems to have lost touch with the realities of the province, if the uproar over defining Quebec as the

“principal foyer” of the French language is any indication. Recall that it resulted in the provincial Liberals voting with the PQ to make unanimous the resolution of the National Assembly rejecting this replacement for “distinct society.”

In a situation of such limited political resources,

those deploying Plan B might calculate more carefully what they gain by a strategy that results in silencing their own supporters, those who will have to conduct the next referendum on the ground. Who will be left to transmit Plan A’s message about the achievements of a decentralized federalism and

the advantages of being Canadian?

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## MAKING CANADA WORK BETTER

BY JOHN McCALLUM

As far as national unity is concerned, Canada today is in a state of remission. Immediate pre-referendum patriotism was followed by the shock of the referendum vote and then by a few days of conciliatory thinking in English-speaking Canada. Quickly, however, these positive sentiments gave way to hard-edged talk about terms of secession, frustration with the apparent lack of any solution, and denial that there was any problem at all.

Kierans, Thomas E. Kierans, John McCallum, Peter Meekison, David Milne, Desmond Morton, Sylvia Ostry, Gilles Paquet, John Richards, Peter Russell, Daniel Schwanen, Richard Simeon, Charles Taylor, and Robert Young. Copies are available from the C. D. Howe Institute, the Canada West Foundation, the John Deutsch Institute, and the McGill Institute for the Study of Canada, as well as from the

both to governments and the thousands of Canadians who are now engaged in rethinking the country. While our plan was presented in a spirit of modesty, it is also quite specific. Better, we thought, to stick our necks out a bit than resort to generalities that would do little to advance the debate.

This article outlines the substance and process of our plan, as well as specific recommendations. The concluding section comments on progress and setbacks in adopting such a plan.

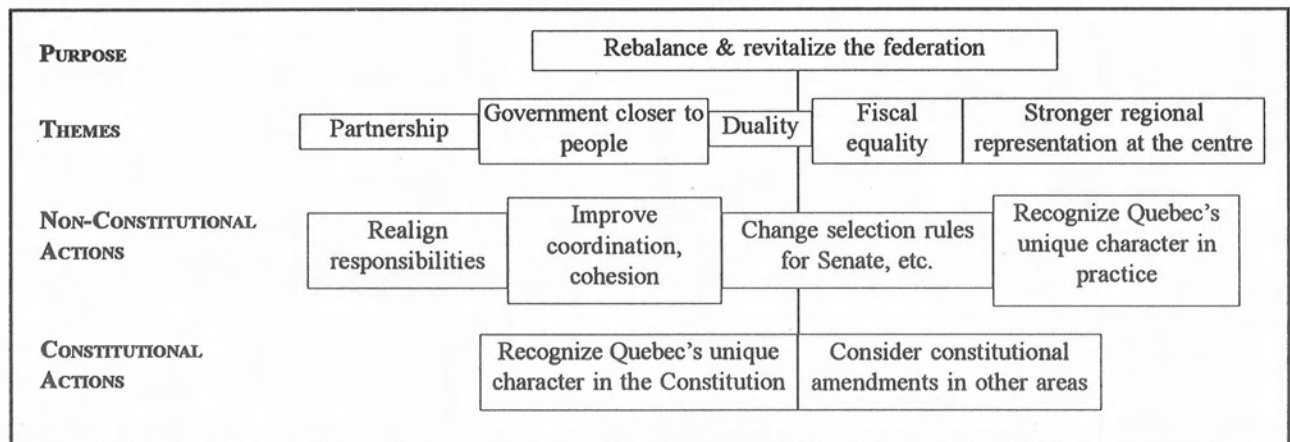
### SUBSTANCE OF THE PLAN

Our plan is illustrated in the

To achieve these purposes, actions should be governed by five principles, or themes:

**PARTNERSHIP** means an end to unilateral behaviour by federal and provincial governments. It means a concerted and co-ordinated effort by all levels of government to preserve and promote our social and economic union and to manage interdependence.

**GOVERNMENT CLOSER TO PEOPLE**, or “subsidiarity,” imparts a bias to decentralization, but it is also consistent with moving responsibilities “upwards” when there is good reason to do so. The principle may also be applied asymmetrically



It was against this backdrop that a group of 22 individuals, mainly academics, released a study in early May. [Group of 22, “Making Canada Work Better,” May 1, 1996. The authors are Alan Cairns, David Cameron, Gretta Chambers, Thomas J. Courchene, Wendy Dobson, David Elton, Angela Ferrante, John F. Helliwell, Kenneth

author of this paper.] It was our belief that substantial majorities of Canadians want to rethink the country and make it work better. Canadians from all parts of the country are looking for a vision of Canada that will carry them into the next century. We sought to contribute to this vision by proposing an action plan that might prove useful

accompanying chart. The purpose is to rebalance and revitalize the federation. Rebalancing speaks to realigning powers and enhancing overall cohesion and co-ordination. Revitalizing speaks to citizen commitment by creating a system that reflects the values, aspirations, and self-images of Canadians in all parts of the country.

since different provinces are likely to have different tastes, resources, and needs.

**DUALITY** means that actions should be informed by a recognition and celebration of Canada’s duality. Quebec, as the centre of the French language and culture on a continent that is overwhelmingly

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English-speaking, has responsibilities and challenges unlike those of other provinces.

FISCAL EQUALITY speaks of fairness to provinces and individuals. With the exception of the formal equalization program, federal transfers to provincial governments should be governed by the principle of equal treatment of provinces. Federal spending directed to individuals should not depend on the province of residence.

STRONGER REGIONAL REPRESENTATION AT THE CENTRE means that the federal government should respond to the many Canadians who feel their regions are inadequately represented in central institutions.

Governed by these five principles, we should take non-constitutional action in four areas: reconfiguring responsibilities; improving coordination and cohesion; changing the selection process for the Senate, the Supreme Court, and the Bank of Canada; and recognizing Quebec's unique character in practice.

Eventually, possibly by the end of 1997, we feel that limited changes to the Constitution will also be necessary. In particular, the Constitution must recognize Canada's fundamental duality through a distinct society clause or through other means.

#### PROCESS

We envisaged a process in which the federal government began by embracing true partnership with the provinces, whereby control over the agenda, priorities, and process is shared. This would be followed by six months of politically energized administrative activity resulting in action and agreements in key areas.

That activity would draw on work already under way and on certain key commitments made by the federal government in the Speech from the Throne. Depending on the political climate at the time, the partners might launch a formal process three to nine months down the road. That process should be inter-governmental, but informed by other sources, and it should make recommendations on a small number of key issues. One possibility would be to have the various jurisdictions represented by legislative delegations that would include members of opposition parties at the federal and provincial levels.

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*Reasonably stable funding by the federal government is a sine qua non of an effective partnership.*

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Informally, the parties might aim to sign an administrative Pact on the Social and Economic Union by the end of 1997. A formal commitment could be made when success seemed likely. The Pact would consolidate much of the "energized administrative activity," with input from citizens and the formal process. Ideally, constitutional change, including the recognition of duality, could occur at the same time as the signing of the Pact, i.e., by the end of 1997.

#### TEN RECOMMENDATIONS

1. Building on work already done in the *Report to Premiers*, the provinces, in consultation with the federal government, should refine

their social policy goals. Education, skills, knowledge, and training are critical to prosperity in the next century. More than anything else, our collective success or failure in this area will determine Canada's prosperity in the world economy, as well as our capacity to create the jobs that many Canadians so badly need.

2. The federal government should immediately offer the entire field of labour market training to all interested provinces. This offer should be contingent on implementation of the labour mobility provisions of the Agreement on Internal Trade, and it should include an equitable share of the training component of unemployment insurance revenues.

3. A good number of other sectoral agreements should be negotiated over the next six months (e.g., environment). These should be governed by the priorities of the partners and by the principles of subsidiarity, duality, and fiscal equality.

4. The prime minister should agree to appoint senators, Supreme Court judges and directors of the Bank of Canada from lists submitted by provincial governments. This would permit elections to the Senate in provinces whose governments chose to go that route.

5. Agreement on pan-Canadian social norms and their enforcement should be a matter for all of the partners, rather than the federal government alone. Pending such agreement, the *Canada Health Act* should be preserved.

6. In order to preserve and promote the economic union, provisions of the Agreement on Internal Trade relating,

among other aspects, to harmonization, or mutual recognition, of labour and training standards, should be implemented.

7. With respect to new shared-cost programs, the federal programs in areas of exclusive provincial jurisdiction should be exercised only with the agreement of seven provinces representing 50 percent of the population. Moreover, provinces should be able to opt out of such programs with fair compensation.

8. Reasonably stable funding by the federal government is a *sine qua non* of an effective partnership. The administrative discipline imposed by the renegotiation of equalization payments on a regular five-year cycle should be generalized to other areas.

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*The key, in our view, is an eventual constitutional recognition of Quebec's unique position in Canada, but this must be preceded by non-constitutional actions that speak to the aspirations of Canadians in all parts of the country.*

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9. Subject to mutually agreed upon constraints, the spirit of the agreement should be such as to maximize flexibility, experimentation, and initiative on the part of all governments.

10. In terms of the consti-

tutional recognition of duality, informal efforts to find a mutually acceptable formulation should continue.

#### PROGRESS AND SETBACKS

There has certainly been some progress. The federal government's Speech from the Throne contained positive recommendations in the areas of labour market training, the federal spending power, and rebalancing the federation. Our own recommendations built on these proposals. In a June 14 speech, Ontario's Minister of Intergovernmental Affairs expressed support

for recognizing Quebec's uniqueness in the Constitution. She added that we must create a climate where Canadians can support this recognition, and that we must start with administrative renewal of the federation that would provide real evidence that the federation is flexible enough to support Quebec's distinctiveness. These sentiments are on the same wavelength as our own document.

Notwithstanding these and other signs of progress, a comprehensive action plan has not yet emerged. The key, in our view, is an eventual constitu-

tional recognition of Quebec's unique position in Canada, but this must be preceded by non-constitutional actions that speak to the aspirations of Canadians in all parts of the country. Important ingredients include measures to rebalance the federation and provide a greater role for provincial governments in appointments to central institutions. The principle of fiscal equality could help persuade Canadians that "distinct society" for Quebec is a matter of respect and principle, not a smokescreen for special privilege and fiscal advantage.

At the moment, however, the political will to run with these issues does not exist. While we hope that our proposals might still prove useful at the appropriate moment, the timing of any action rests with our political leaders as influenced by public opinion. Meanwhile, the country remains in a state of remission, and the risk of inaction increases with the passage of time.

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## PLAN C: FINDING COMMON GROUND

BY JUDY REBICK

In the debate about Plan A and Plan B, I would like to introduce the need for Plan C—finding common ground. The problem with Plan A and Plan B is that they assume winners and losers in the sovereignty debate. Plan A supposedly defeats the sovereigntists, which should by now be clear is sheer fantasy. Whether or not there is another referendum in the near future, and whether or not the "Yes" side is victorious in that referendum, it seems very clear that sovereignty will remain the option for a growing sector of the Quebec population. Plan B prepares for the worst, a "Yes" vote in a future referendum. No one can dispute the importance of Canada being prepared for such an eventuality. To do otherwise is to hide our heads in the sand, but to develop Plan B is to assume that "separation" is inevitable after a "Yes" vote. Since the closest possible relationship between Quebec and the rest of Canada is desirable for everyone who currently lives

within the Canadian state, why not try and find a solution that maintains a close relationship rather than assuming deep division?

Plan C attempts to find common ground. Is there a solution to the relationship between Quebec and the rest of Canada that can satisfy the majority of people on both sides of the sovereignty-federalism debate? While such a solution is difficult to envision in the current state of polarization on one side and denial on the other, I believe it is politically possible.

The basis of Plan C must be the right of self-determination for all three national communities within the Canadian state. The issue of aboriginal self-government is not a Quebec problem, it is a problem for all of Canada and it should be negotiated at a pan-Canadian level. The people of Quebec have the right to decide if they wish to remain part of Canada and that means by simple majority rule. Clearly, a tiny majority will

put the Quebec government in a very difficult negotiating position, especially given the current polarization inside Quebec, but a majority vote in the referendum must be accepted in the rest of Canada as a mandate. Finally, the people in the rest of Canada have the right to approve any new arrangements negotiated between Canada and Quebec.

*[P]oliticians with a not-so-hidden agenda of reducing the size of government are pushing for all power to the provinces. This is really the recipe for a break-up of the country.*

Before we can talk about solutions to the crisis, we have to look more closely at its cause. Why do we face a constitutional blockade? Why is it that ideas like asymmetrical federalism cannot get heard? Why is Canada losing its appeal to more and more people in Quebec?

#### THE 1982 CONSTITUTION

One source of the problem is the 1982 Constitution, which made provincial rights the keystone of Canadian federalism. Whether or not Quebec is upset about not signing the 1982 Constitution, do the rest of us really want a country in which provincial premiers, never elected on constitutional issues, are the principal gatekeepers of the Constitution? By adding a regional veto to the amending formula in the Constitution, Prime Minister Chrétien has made an almost impossible situation totally impossible.

While the constitutional conferences leading up to the Charlottetown Accord came up with the solution of asymmetrical federalism as a way of maintaining a strong federal government for the rest of Canada, and Quebec got the powers they desired, politicians dropped it like a hot potato, saying it could not be sold. I suspect the reason was much more that they did not want to sell it. Much of the anti-Quebec sentiment in the country is not chauvinism, but rather a real resentment that Quebec has so much power in

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