

"Negotiating With a Sovereign Quebec," continued from page 75.

Then there are the "renewalists," the second public, comprising federalists who would use the hung jury scenario to try one last go-round of negotiating with Quebec. The renewalists draw their strength from largely federal Liberals and publically minded Canadians. This strand of opinion faces an uphill battle to convince Canadians that it is worth it to reopen constitutional negotiations with the sovereigntists.


Finally, there is the "let's-talk" crowd, the largest body of Canadian opinion. It consists of "middle Canada" including popular sector groups, trade unions, ordinary Canadians, and disaffected elites who are committed to the democratic process. If there is a stalemate, English Canadians may eventually see this option as the one that makes the greatest practical sense. When the IRA and the UK are talking, and the

ANC and the Afrikaaner minority are working together inside the same government, can Canada and Quebec afford the luxury of a total rupture? Doubtful. Canada will eventually have to negotiate with a sovereign Quebec because in an era of globalization there is a growing recognition that a made-in-Canada beggar-thy-neighbour policy is not sustainable either for Ottawa or for Quebec.

The current draft bill before the Quebec National Assembly defines political sovereignty as the complete transfer of power to the Quebec national assembly, constitutional empowerment in all legislative matters, and a *Charter of Rights* with its own judiciary. Yet, a fully sovereign Quebec cannot change the reality that Quebec and Canada share a common space and remain interdependent in all areas—not only in their markets but also on questions about culture, the environment, and geopolitics. The first task of a sovereign Quebec

and a sovereign Canada will be to negotiate a new framework to manage their interdependence.

This is why the "let's-talk" option holds the greatest promise of political renewal, however daunting the negotiating process turns out to be. Business, labour, and popular sector groups in English Canada have already recognized Quebecers as separate and sovereign entities within national organizations as diverse as the Canadian Manufacturers Association, the Canadian Labour Congress, and the National Action Committee on the Status of Women. The point is that if non-governmental organizations can arrive at a new relationship with Quebecers, is it not possible for Quebecers and Canadians to do the same when the negotiations begin?

Daniel Drache is Director, Roberts Centre for Canadian Studies, and a Professor of Political Economy at York University. 

THE UNITED STATES AND AN INDEPENDENT QUEBEC

by Stephen Clarkson

One of the few aspects of Quebec's future under sovereignty that has been underdiscussed is the rather blithe péquiste view that Uncle Sam will make things all right. But the fantasy of sovereign bliss in a benign continental superstate does not hold up long when one tries to think through the short- and medium-term prospects for an independent Quebec within North America's political economy.

QUEBEC AND WASHINGTON IN THE SHORT TERM

The PQ's draft *Act Respecting the Sovereignty of Quebec* assumes that a sovereign Quebec can slip into the North American free trade

agreement (NAFTA) with no questions asked. But most knowledgeable experts believe that NAFTA's accession clause would apply if a newly minted laurentide state requested admission. This would require the approval of not only the Mexican and Canadian governments, but also that considerably more formidable body, the U.S. Congress. Here, the "United States" should be equated with self-interest: any forecast of Quebec's medium- and long-term prospects in North America must consider the United States' current strategic concerns.

With no significant military concern about its transpolar security,

Washington has been able to strike a calm but firm attitude toward the troubles on its northern border, confident that its political and economic interests there can be accommodated. Politically, Washington would prefer to deal with a united Canada but, with Premier Jacques Parizeau having turned out to be a particularly unscary neo-liberal, it would have no cause for ideological trepidation. Still, political instability would have economic implications, and the U.S. government does not need either a new currency to support or, worse, further reasons for global speculators to mount another attack on the American dollar.

Washington would proceed to recognize Quebec provided that Canada was satisfied with its separation agreement (which will turn on Quebec's shouldering 25 percent of Canada's debt) and assuming that

the Cree or other native groups did not exert their formidable capacity to mobilize opinion in the United States behind their demands. The U.S. administration might toy with the idea of offering both Quebec and the truncated Canada membership in the G7, but it would soon realize this was a non-starter: other countries—including Mexico, whose trade with the United States is twice the size of Quebec's—would clamour for admission.

Economically, Washington knows that pre-referendum Canada constitutes its largest commercial relationship. Its trade with Quebec alone is of the same order as its sales to France or Italy, which means it is nine times its exchanges with Chile. So it can afford to remain equanimous only as long as transborder flows of goods, services, and capital remain undisturbed and its transnational corporations' positions, rights, and freedoms remain unchallenged.

Concerning the more than 100 other agreements that govern the various aspects of the complex interdependency north of the Rio Grande, Washington would endorse Quebec's quick admission to such institutions as the International Joint Commission and inclusion in such bilateral agreements as the Defence Production Sharing Arrangements and the Auto Pact.

NORAD and NAFTA are something else. The Pentagon would have little reason to welcome Quebec into the command structure of NORAD as a full partner. Trade policy officials in both the administration and Congress would welcome the opportunity to pursue their long list of global trade objectives.

For a decade now, Washington has been pressuring Canada's subnational jurisdictions. In British Columbia, a series of countervailing actions has led to Washington's taking of a direct role in dictating the province's forest-maintenance

policy. In Ontario, it has used the GATT to beat back the provincial government's capacity to protect the local beer industry through its liquor monopoly.

East of the Ottawa River, the general phenomenon called Quebec, Inc. would suddenly come into focus. The whole range of Quebec City's intervention in the economy—from procurement policies to investment subsidies—that appears to U.S. officials as variations on the theme of unfair subsidy would likely become the price of admission.

"The fantasy of sovereign bliss in a benign continental superstate does not hold up long when one tries to think through the short- and medium-term prospects."

- Quebec's exploitation of its comparative advantage in cheap hydroelectric energy has already caused cries of foul play to be heard in Washington about the unfair advantage Quebec has given its magnesium smelters.
- Quebec's marshalling and deployment of the provincial residents' savings (mouvement Desjardins) and pension contributions (Caisse de dépôt) in support of the expansion of Québécois businesses defies the principle of national treatment or non-discrimination against foreign capital on which the new world capitalist order is based.
- Quebec's protection for wine and liquor through a province-wide distribution monopoly is equally unacceptable, as is support for dairy production with various subsidy programs.

Quebec has been partially shielded from all these issues thanks to its subnational status in the Canada-U.S. free trade agreement (FTA) and NAFTA. Full membership in the club would

bring Quebec under the direct discipline of the agreements.

Negotiating Quebec's terms of admission would also provide a convenient venue for raising other issues on the American agenda. For instance, the new GATT agreement accepted the American demand to extend trade-related intellectual property rights (TRIPs), though France successfully insisted on an exception for the audio-visual industry in order to protect its culture from accelerated Americanization. Seeking a precedent to be used at the next round of GATT negotiations, Washington will be particularly insistent that Quebec abandon the "unfair" protection it gives its publishers, film producers, and television sector. By the end of the day, the much vaunted cultural exemption in the FTA would be a dead letter. Like Brian Mulroney before him, Jacques Parizeau has gone out of his way to insist that free trade is the sine qua non of his country's economic survival. A leader so patently desperate to strike a deal would have next to no leverage to use against Washington, whose need for an agreement would be minimal. Quebec would have no choice but to cede national treatment in the cultural industries and trust in the protective power of la différence. Otherwise, it would be denied the NAFTA status it believes it will need if it is to restore the confidence of foreign investors.

QUEBEC'S MEDIUM-TERM POSITION IN NORTH AMERICA

Sovereigntist thinking about Quebec's future in a reconfigured North America lays great store on the assumption that it would be like belonging to the European Union where a small state like Holland or a subnational entity like Catalonia is better able to flourish than if it were still an unattached nation or an old-fashioned province.

Continued, see "The United States and Quebec" on page 78.

*"The United States and Quebec,"
continued from page 77.*

Yet the North American continental state is in many respects the antithesis of the European model:

- The European Community has been developed over the course of five decades gradually, democratically, cautiously. North America was remodeled in the space of five years as a result of hasty, almost desperate negotiations by government officials and business interests from which a generally antipathetic public was excluded.
- The EU has an elaborate array of supranational executive, administrative, legislative, judicial, and functional institutions to which the member states devolve parts of their sovereignty. The new North American state has an astonishingly weak institutional structure.
- Weighted participation in the EU gives smaller members disproportionately more power and bigger members disproportionately less. Apart from the one-country-one-vote arrangement in the

NAFTA's weak trade commission, the absence of democratic representation in supranational institutions means that the United States has increased its already vastly greater power while Canada and Mexico have lost clout.

- Free trade creates both winners and losers. The EU has defined its social values and has established policy mechanisms that can redistribute wealth across national borders from the wealthier regions to the poorer. The new North America has no such instruments for redistribution.

An independent Quebec in North America will probably be weaker. It will have lost the partial exemption from the disciplines of FTA and NAFTA that provincial status afforded it. It will have lost the capacity that "French power" in Ottawa—disproportionately greater power for Quebec in federal politics—gave it to have Canada defend its interests in Washington.

The paradox is that once Quebec achieves its long-coveted sovereignty, it will have to divest itself of the chief economic policy instruments it needs if it is to compete

successfully in the U.S. market. Like other jurisdictions that have accepted the principle of national treatment, it would be forced to concentrate its resources on developing its social assets—its transportation and education system and public health facilities—as an alternative to an activist collaboration with selected economic leaders. And these national champions—not just Consolidated Bathurst, but Power Corporation itself—would now be vulnerable to takeover by American transnationals.

In effect, once Quebec has savoured what symbolic satisfaction it can extract from its sovereignty, it faces a difficult choice. Either gain membership in NAFTA and face cultural decline or stay out of NAFTA and face economic decline. The dilemma of the péquistes is dreadful: whatever increase in sovereignty they can win with a formal declaration of independence would most likely translate into a decreased autonomy in the continental political economy.

Stephen Clarkson is a Professor of Political Science at the University of Toronto.



THE STATUS QUO: WORKABLE, BUT INTOLERABLE?

by Peter M. Leslie

In Canada today, there are potent forces for change to which collective responses must be found. No one can doubt that there will be change; what is at issue is whether change occurs through the Canadian federal state or through two or more successor states. The choice of a political framework does not automatically determine the nature or thrust of the responses in question.

Reworking the Canadian constitution does not seem to be an option;

a new set of constitutional proposals either before or after a Quebec referendum is, therefore, unlikely. Quite simply, if there is to be a "new constitution," it will emerge only as a consequence of secession by Quebec. Secession would imply that the status quo, in the sense of the formal constitutional structure within which change takes place all the time, had been judged to be intolerable by those who had succeeded in breaking it asunder.

Whether or not the existing constitutional framework is intolerable or (from a Quebec perspective) is worse than breakup, is not for me to say. Those who find it intolerable—evidently a significant minority of Quebecers—are expressing a subjective view and all a non-Quebecker can do is to take note of it and work out how to react if that opinion ever does carry the day.

THE "STATUS QUO" AND THE FORCES FOR CHANGE

In the meantime, and for the indefinite future, publicly minded or politically involved Canadians may reasonably concentrate on changing