

WESTERN REPORT

THE EMERGING NATIONAL UNITY DEBATE IN WESTERN CANADA

by Roger Gibbins

At the end of May, Prime Minister Chrétien visited western Canada and, in an oft-repeated refrain, urged audiences to keep their cool on national unity. In a plaintive tone, he said that "if everyone were to shut up on [the constitution], I would be very happy." If silence is a necessary condition for the prime minister's happiness, the odds of a happy summer are increasingly remote.

More important, I would suggest that Prime Minister Chrétien's comments do not capture the dynamics of a new and rapidly emerging national unity debate. Admittedly, western Canadians are not talking about the constitution itself or about past favourites such as the Triple E Senate. However, they are talking about the future of Canada, and they are doing so in very different ways than in the past.

THE IMPACT OF LUCIEN BOUCHARD

The start of the new debate came with Lucien Bouchard's recent visit to western Canada. Mr. Bouchard's dispassionate discussion of the dismemberment of Canada was designed to goad western Canadians into reacting in a way that would serve the nationalists' cause in Quebec. Westerners were set up as straight men for the nationalists. If they failed to respond, they would

be portrayed as accepting his line that Canada's fate was sealed. If they reacted with anger, then they would be portrayed as "hating Quebec" and "revealing their true colours."

Given this unpalatable choice, western Canadians reacted appropriately, and with anger. What was perhaps more surprising than this choice was that the reaction came first from the western premiers. One might have thought that Preston Manning and Reform would fire the opening shots, but to this point they have been outflanked by the unexpectedly aggressive posture of the premiers. However, one should not expect Manning to be on the sidelines for long. After all, the new

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national unity game — mobilizing English Canada against the threat of the nationalist movement in Quebec — is the game that Manning was destined to play.

The early interjections by the Premiers and, indeed, by the federal minister of Indian affairs, were surprising in another way. In the past, elected politicians outside Quebec have seldom articulated post-Quebec scenarios. It was always assumed, at least publicly, that Canada would stay united; the only question was how that goal might be achieved. Now, however, elected politicians are openly speculating about what the country might look like in the event of Quebec's departure. Post-separation scenarios are no longer the exclusive domain of Quebec nationalists.

THE NEW TERMS OF DEBATE

The new national unity debate will not be a very nuanced debate, in part because it will not be anchored by the more esoteric details of Senate reform and the division of powers. Rather, it will be a simpler, more basic debate about the survival of Canada. Thus, we can also expect a more abrasive, emotional, and uncompromising debate than the one that surrounded the Meech Lake or Charlottetown Accords.

The past debate was dominated by detail, and it is not surprising that the public was not gripped by often pedantic discussions of spending power or the number of elected Senators who could stand on the head of a hypothetical pin. It is probably this form of debate that the prime minister has in mind when he says that Canadians are tired of the constitution. However, a more bare-knuckled debate about the survival of Canada is something else again. Canadians may not want such a debate, but there is no reason to expect that they will back away when it breaks out.


We can also expect a more impatient debate. There is no question that western Canadians are frustrated with the unrelenting pressure of the nationalist movement in Quebec. Hence, the uppermost question is no longer what it will take to keep Quebec in and the country together. Rather, the question is much simpler: is Quebec in or out of the confederation as it now stands?

Coupled with this frustration is a growing resistance to the call to soft-pedal western concerns and discontent for fear that their expression might play into the hands of the nationalist cause in Quebec. While editorial writers are urging people to hold their emotions in check until the Quebec provincial election, there

is little evidence that restraint will be the order of the day.

Nor will the new debate be one in which constitutional experts, including the ready corps of academic advisers, will play much of a role. Those whose skills are devoted to incremental institutional modification or the fine points of constitutional law will be in little demand in a debate that will be much fundamental, and more essentially political, in character.

I would suggest, therefore, that the prime minister is only partially right when he states that Canadians are tired of the constitutional debate. They are tired of the constitution, to be sure, but they are also tired of the unrelenting threat to Canada's survival. To expect that they will stay out of a debate on the latter issue in order to make Chrétien happy is to expect too much. Like it or not, the national unity debate has begun again. However, it will be a very different debate this time around.

Roger Gibbins is Professor and Head of the Department of Political Science, University of Calgary. Western Report is a regular feature of Canada Watch. 

ECONOMIC REPORT

REPLACING THE GST

by Fred Lazar

THE POLITICAL DILEMMAS FACING THE FINANCE COMMITTEE

In June, the House of Commons Finance Committee, chaired by Jim Peterson, will table its report outlining recommendations for replacing the GST (goods and services tax). The committee has held hearings across the country and has been offered much advice. Many have argued that there is no need to replace the GST since the transition costs have already been absorbed by the economy and any alternative will create new costs. Moreover, these same people have suggested that there is no alternative that would be easier to administer and simpler to operate.

Of course, the GST itself could be improved (simplifying reporting requirements, harmonization with provincial sales tax regimes). But there is no consensus that preserving the GST in some modified form is the preferred route and, indeed, if the Liberals are to abide by their Red Book, then this option is a non-starter for the committee.

In other words, even if the GST is the best alternative for the GST, the Liberal government is committed to finding another alternative. In addition to being guided by the Red Book promise, the committee has found a significant level of agreement that any new tax should be harmonized with provincial tax systems and should be hidden. Obvi-

ously, the Committee faces a very difficult task and regardless of what it proposes, there will be many critics and undoubtedly many flaws as well. Despite the continuing resentment to the GST, no one will be pleased with a new tax, and since inevitably there will be many individuals who will pay a disproportionate share of the new tax, relative to the burden under the GST, there will be many complaints. Furthermore, can the Committee and the government afford to entertain an alternative that may impose a heavier burden on taxpayers in Quebec at this critical juncture in our history?

Consequently, will the government eventually decide that the easiest route to follow is to keep the GST and declare that it has fulfilled its election promise by proposing to modify, simplify, and harmonize the GST?

THE GST OPTION

In deciding whether the GST should be retained, the committee and the government should consider the original rationale for this tax. The federal sales tax (FST), which was a hidden tax, had a narrow base and placed Canadian exporters at a competitive disadvantage. Both flaws could have been corrected. Instead, Michael Wilson, the finance minister of the day, and his bureaucrats, set out to find a new tax.

At that time, economists were arguing that tax reform should provide incentives for work, savings, and investment. A consumption tax would achieve these goals since it would not be a tax on income, savings, or investment by business. Moreover, Canadian exporters would be exempt from the tax and so one of the problems with the FST would be corrected.

However, a consumption tax can

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