

backed up by a legislated deficit-elimination requirement, will ensure that these targets are met." Citizens ordinarily assume that a political promise that is enacted in law must be kept. However, as U.S. federal experience has shown, balanced budget legislation may placate a public that has grown increasingly concerned about the national debt, without achieving any progress toward its reduction.

Should failed promises in this regard be left to the process of democratic accountability, or should balanced budget legislation be enforceable? More on that question in the next issue of *Canada Watch*.

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Canada Watch welcomes submissions on issues of current national interest. Submissions should be a maximum of 1,000 words. The deadline for consideration in our July/August issue is Monday, June 28. Write or fax us at: **Canada Watch**, Osgoode Hall Law School, Room 454, 4700 Keele Street, North York, ON M3J 1P3. Tel: (416) 736-5515, Fax: (416) 736-5546.

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CW UPDATE

THE MONTH IN REVIEW

by *Jonathan Batty*

B.C. CLAYOQUOT SOUND DECISION

Premier Harcourt announced on April 13 permission for logging in Vancouver Island's Clayoquot Sound forest. The 350,000 hectare forest is one the few remaining stretches of old growth temperate rain forest in the world. The B.C. government's compromise allows for logging in 4 areas, leaving 14 areas protected. Environmental groups in Canada and the United States remained critical, while union and industry spokesmen predicted that 400 forest industry jobs would still be eliminated. On April 29, the B.C. government appointed **Justice Peter Seaton** of the B.C. Court of Appeal to examine whether there had been a conflict of interest in the decision because the province owns 2.1 million shares in **MacMillan Bloedel Ltd.**, the company that holds the majority of the logging licences in the region.

NEWFOUNDLAND ELECTION

Premier Clyde Wells and his Liberal government won its second majority in the election held on May 3. The Liberals won 35 seats, the Conservatives led by **Len Simms** won 16, and the NDP won 1. Mr. Wells called the election to secure a mandate for deficit reduction, based on tax increases, public sector expenditure restraint, and civil service layoffs and wage rollbacks.

QUEBEC LANGUAGE LAW

Quebec Liberal Cabinet minister **Claude Ryan** introduced a new language law, Bill 86, in the National Assembly on May 6. (See *Quebec Report* on page 120.) The legislation would relax certain provisions of the five-year-old law that restricts the use of English. Bilingual signs would be legal, French schools would be allowed to offer English immersion courses, and the Commission de protection de langue française would be disbanded. Significantly, Cabinet would have greater regulatory control over language services, meaning that section 33 of the Constitution Act, the notwithstanding clause, would not have to be resorted to restrict the use of English in advertising. The Supreme Court, and most recently the United Nations Human Rights Commission, have found Quebec's current law to violate the freedom of expression. The legislation is similar in content to the compromise worked out within the Quebec Liberal party's general council on April 25.

Premier Bourassa announced on May 5 that his cancer treatment had been successful, postponing the need for him to decide immediately whether to continue in office. The government's mandate does not expire until September 1994. Bourassa's news bolstered the Liberals because of his ability to unite the party over its language policy, and because of his popularity among the provincial electorate. A SOM-Le Soleil poll, of 1,020 voters from April 13 to 19, found the Liberals to have 51 percent support of decided voters, and the PQ 41 percent.

NAFTA

The NAFTA implementing legislation has cleared its final hurdles in the House of Commons. Parliamentary committee hearings on NAFTA

began in Ottawa on April 27, the same day that **Leon Panetta**, the Clinton administration's budget director, was quoted as saying that the trade agreement would be "dead" if the U.S. Congress were to vote on it now. Committee hearings in Canada on the legislation were completed by May 13. The House of Commons gave final approval to the legislation on May 27. Meanwhile, negotiations on the "side deals" involving the environment and labour standards appear to have run into some difficulty. The Americans are reportedly insisting on the creation of tripartite commissions that would have authority to trigger the use of trade sanctions against countries that failed to meet certain standards. The Canadians and Mexicans have rejected this approach.

CANADIAN FORCES SPECIAL INQUIRY

Defence Minister **Kim Campbell** announced on April 26 that a board of inquiry would be convened to examine systemic problems in the Canadian Forces' Somalian relief mission and the Canadian Airborne Regiment. The inquiry was convened following deaths of four Somalis in February and March and opposition criticism of Defence Minister Kim Campbell's handling of the issue. The inquiry will report by July 30.

FEDERAL BUDGET

Finance Minister **Don Mazankowski** delivered the federal budget on April 26, the ninth budget of the Conservative government. (See *Budget Analysis '93*, page 113.) It did not introduce any tax changes, and introduced few new expenditure reductions. Although 1993-94 government spending will be cut by \$1 billion, \$675 million of this reduction will be accomplished by delaying GST credit payments scheduled for January 1994, until April 1994.

About \$300 million will be trimmed from the operating budgets of the government, and roughly \$100 million from regional development spending. New reductions to statutory spending programs, like federal benefits and transfer payments, were not possible given that Parliament is expected to be dissolved shortly for a general election. No additional public sector wage cuts were introduced, but the Treasury Board has predicted that 16,500 public service jobs will be eliminated as a result of the reductions. Federal expenditures for 1993-94 will be \$159.5 billion, an increase of 0.7 percent from last year. A deficit of \$32.6 billion is forecast, which would bring the federal debt to \$491.2 billion.

Following the budget, the **Canadian Bond Rating Service**, based in Montreal, downgraded the federal government's credit rating from triple A, to double A plus on April 27. An initial dramatic fall in the dollar of 0.86 cents (U.S.) to 78.65 cents was checked when New York-based bond-rating agencies, **Moody's** and **Standard & Poor**, indicated they would not lower their credit ratings of the federal government.

ONTARIO AND QUEBEC BUDGETS

On May 19 and 20 Ontario and Quebec, respectively, handed down budgets providing for huge tax increases. In Ontario, taxes are being

increased by over \$2 billion while in Quebec the increase is over \$1 billion. Despite these massive tax increases, Ontario's deficit for 1993-94 is forecast at \$9.2 billion, while Quebec's is forecast at \$4.1 billion.

The income tax increases in Ontario bring the top marginal rate in the province to 52.345 percent, the highest of any province. It will increase to 53.19 percent in 1994, second only to British Columbia. (See table below.)

ONTARIO'S SOCIAL CONTRACT

On April 23, provincial government negotiator **Michael Decter** launched the "social contract" process by which the Ontario government hopes to negotiate \$2 billion in wage savings from the \$43 billion public sector payroll. (See "The Ontario Social Contract" on page 117.) The government hopes that it will be able to negotiate a settlement with employers and unions in the broader public sector. Otherwise, an estimated 40,000 jobs could be eliminated as a result of unilateral action.

NOVA SCOTIA ELECTION

The Nova Scotia Liberal party, led by **Dr. John Savage**, won 40 of the 52 seats in the legislature in the May 25 provincial election. Premier **Donald Cameron's** Conservative party, which had 25 seats going into the election, won only 9 ridings. Cameron, after the returns were announced, resigned as leader and from his seat. The Conservatives had gov-

New Ontario Income Tax Rates

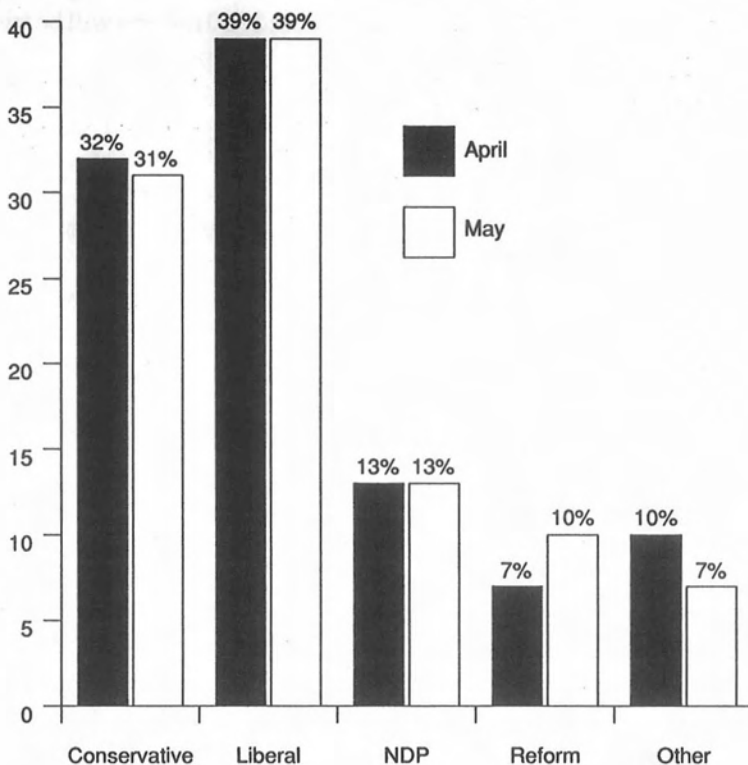
	1992	1993	1994
Top federal/Ontario combined marginal tax rate	49.8%	52.4%	53.2%
Income level where "low" Ontario surtax starts	\$54,500	\$52,200	\$52,200
Income level where "high" Ontario surtax starts and top marginal tax rate is reached	\$83,400	\$67,800	\$67,800

erned since 1978. The NDP won 3 seats, and placed second in many ridings.

NATIONAL POLL RESULTS

Gallup Canada released a poll on May 20 that indicated that a recent surge in support for the Conservatives has levelled off. According to Gallup, the Liberals enjoy the support of 39 percent of decided voters, while the Tories stand at 31 percent, down one percentage point from last month. The NDP remains at 13 percent, with Reform at 10 percent, up 3 points from April.

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Source: Gallup Canada, May 12-17, telephone poll of 1,040 adults.

CANADA WATCH CALENDAR

April 23	Ontario's social contract talks begin.	May 19	Ontario budget.
April 26	Federal budget.	May 20	Quebec budget.
April 27	Parliamentary hearings on NAFTA begin.	May 25	Liberal leader John Savage elected as Premier of Nova Scotia, winning 40 of 52 seats in the provincial legislature.
April 30	Third Conservative leadership debate, Calgary.	May 27	Third reading approval of NAFTA implementing legislation by House of Commons.
May 3	Newfoundland Liberal Premier Clyde Wells re-elected with majority government.	June 4	Deadline for social contract negotiations set by Ontario government.
May 6	Alberta budget.	June 9-13	Conservative leadership convention, Ottawa.
May 6	Bill 86 (amending Quebec's language law) introduced in Quebec's National Assembly.	June 15	Alberta provincial election.
May 10	NAFTA negotiations on "side agreements" moved to Ottawa.	June 23	House of Commons recesses for summer.
May 13	Parliamentary hearings on NAFTA end.	July 7-9	G-7 meeting, Tokyo
May 13	Fourth Conservative leadership debate, Vancouver.	Late July	Federal-provincial trade ministers meet in Vancouver.
May 18	Final Conservative leadership debate, Halifax.	July 30	Report of Canadian Forces Board of Inquiry into Somalia incidents.