ditionally wealthier provinces, are looking at "fiscal nightmares" and "permanent deficits." The governments of Newfoundland, Saskatchewan, and Nova Scotia no longer have a choice — they have to introduce hardline budgets or risk losing the confidence of the financial markets. Even the governments of Ontario and Alberta have seen their deficits soar and their credit ratings drop. A growing number of provincial governments are calling for a "national" effort to get at the "fiscal crisis," with some now asking for a federal-provincial meeting to discuss the issue.

There is no denying that the challenges ahead for both the federal and the provincial governments will be

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particularly difficult. There is a widely held perception that the revenue side has been pretty well tapped to the limit. Indeed, there is some evidence that a tax revolt is underway with people turning to illegal means to avoid paying taxes — especially the GST.

Shaping Canada's mutual insurance policy was relatively easy. In Ottawa's attempt to attenuate the sting of economic misfortune, however, federal and provincial spending and even revenues became entangled with each other. In time, federal transfer payments of one kind or another became known as the "glue that holds the nation together."

Managing the disentanglement and cutting back federal transfer payments will be another story and considerably more difficult. The transition to the new fiscal federalism will not only prove difficult to manage but will very likely overshadow many of the issues (such as a triple E Senate, special status, federal-provincial coordinating mechanisms) that have lately dominated the country's constitutional agenda. The likely elimination of thousands of public service jobs, the elimination of some services, and the closing down of schools, hospitals, and perhaps universities are potentially explosive issues. People would understand it in terms of their pocket books - and it could be a great deal easier to grasp than the finer points of constitutional principles.

Such developments are likely to fuel regional and provincial nationalism. People in British Columbia will be asking why they should continue to finance equalization payments to keep universities, hospitals, and schools in Newfoundland or Nova Scotia open while they have to close some of their own. Ontario has recently been asking for generous stabilization payments from Ottawa, knowing full well that the federal government can ill afford it. Indeed, Ontario may well be calling for a fundamental rethinking of Canadian fiscal federalism since both its unemployment rate and its debt as a percentage of gross provincial product are getting close to New Brunswick figures. The implications for a whole range of public policy issues are obvious. How, for example, do you redefine Canadian regional development policy when there are, at least on the fiscal side, no longer any "have" regions?

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WESTERN REPORT

KIM CAMPBELL: THE PIERRE TRUDEAU OF WESTERN CANADA

by Roger Gibbins

At a Montreal campaign meeting on March 26, Progressive Conservative leadership candidate Kim Campbell drew attention to the strong sense of western alienation she feels as a British Columbian and suggested that she could, as a consequence, understand the sovereignty aspirations of Quebeckers.

Campbell's statement is interesting in several respects. First, it implies her intent to maintain the bridge that Brian Mulroney built between Quebec nationalism and western alienation, a bridge that played an important role in his success. Forget for the moment that Quebec nationalists and alienated westerners coexist in considerable tension, that the latter draw a good deal of their anger from the former, and that the former are at best indifferent to the aspirations of the west. The fact remains that Mulroney held this unlikely coalition together through two very successful election campaigns and that Campbell stands a reasonable chance of doing so for a third.

In large part, Mulroney's success stemmed from his fidelity to nationalist aspirations in Quebec and the willingness of his western colleagues to stomach that fidelity in exchange for power. Campbell's long-term strategy, however, is likely to be more reminiscent of Pierre Trudeau than of Brian Mulroney.

AN ALIENATED WESTERNER?

This suggestion relates to the second interesting aspect of Campbell's Montreal speech and that was her attempt to paint herself as an alienated westerner. This portrait is not without some merit, for there is no doubt that British Columbians see themselves as a region, indeed, a world apart from their distant and less fortunate cousins sprawled across the interior landmass lying to the east of the Rockies. Some of the province's chronic malaise will have rubbed off on Campbell, if only as a consequence of her brief life as a Social Credit MLA.

At a deeper level, however, Campbell is likely to be to western alienation what Pierre Trudeau was to Québécois nationalism. The celloplaying, bilingual (trilingual?) Campbell has little emotional connection with the street-level concerns that drive much of western alienation. She is not an outsider. she does not feel remote from the intellectual power centres of central Canada, and she does not buy into the machismo subtext of western alienation. Moreover, as she demonstrated during the referendum debate, she has a constitutional vision that has been more forged in the nationalist cauldron of Quebec than shaped by the rainforests of the west coast.

In this context it is also important to remember that British Columbia is not western Canada. BC politicians have traditionally had a difficult time coming to grips with political life on the prairies and there is little to suggest that Campbell's west coast life style has equipped her to deal with the symbolism and reality of prairie life.

TRANSFORMATIONAL POLITICS

Once the election campaign is behind her and the short-term advantages of being a regional champion have dissipated, Campbell is likely to bring the same level of empathy to chronic western Canadian discontent that Trudeau brought to the discontent of Quebec nationalists. Of course, she will work hard

in a pragmatic way for western interests, just as Trudeau certainly looked out for Quebec in the distribution of federal largesse. However, she is also likely to have little tolerance for the whining rhetoric of western alienation and will urge her western Canadian compatriots to join her in a new style of politics.

If this scenario is accurate (and if Campbell wins both her party's leadership and the upcoming federal election), she will have the capacity to transform western Canadian poli-

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MULRONEY'S STYLE LIKELY TO BE REJECTED

Campbell may bring the west fully into the mainstream of Canadian politics just as Pierre Trudeau brought Quebec into the Canadian

mainstream in the late 1960s. Like Trudeau, she is likely to benefit immensely from a secure regional base. At the same time, and also like Trudeau, she is likely to challenge rather than accept many of the shibboleths of regional politics. Mulroney played to the spirits of Québécois nationalism, Trudeau used them as a foil - and both succeeded. Given these two models of how she might approach western alienation, Campbell is more likely to follow the lead of Trudeau, with whom she has a clear intellectual affinity, rather than Mulroney.

Ironically, it is this very transformative potential that may strengthen Campbell's electoral appeal for many western Canadians mired in the monotony of regional conflict. For those who still see the resolution of such conflict as central to their political lives, they may still support Campbell as a regional champion just as Pierre Trudeau captured the Quebec nationalist vote in federal elections.

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QUEBEC REPORT

Guy Laforest's Quebec Report will return in the next issue of Canada Watch.