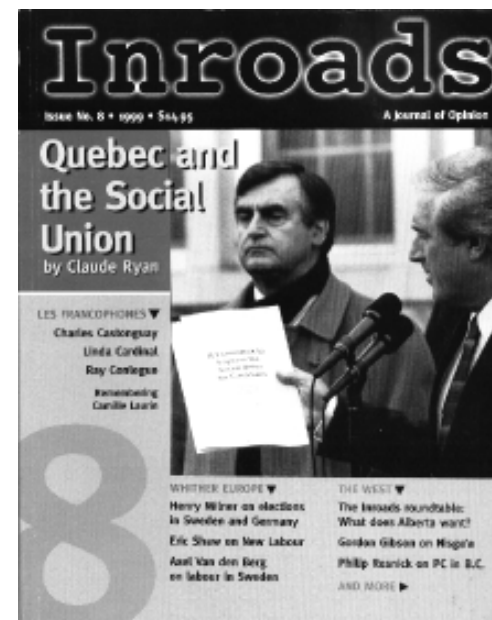


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A WORD ABOUT PRINTING THIS ARTICLE: These pages are intended to print on legal (8.5 x 14 inch) paper, two pages per sheet, in a horizontal landscape. Pages can also be printed onto letter sized paper at a reduced size.

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FRONT MATTER

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Introducing Inroads 8

LAURENT DOBUZINSKIS writes in this issue about policy institutes and how they try to explain globalization. Their rise to prominence is an interesting feature of public life in all western democracies. They are filling a void. Driven by deadlines, journalists treat policy too superficially; academics treat policy problems with jargon-filled analysis that rarely deviates from the deeply carved ruts of their respective disciplines; politicians and interest group leaders, even the most thoughtful, are tied to the leash of the “party line”; and government research agencies often suffer constipation, combining academic formalism with political constraints.

Which brings us to Inroads. This issue, we have invited academics to write beyond the constraints of their respective disciplines, journalists to write without a daily deadline, and a broad range of policy analysts to make their case.

FRONT MATTER WE START WITH HARVEY SCHACHTER'S selection from the Inroads listserv, a selection in which readers exchanged perceptions of Quebec politics in the run-up to the recent provincial election and indulged in some Proustian recollections of their youthful political attitudes in the 1960s and 1970s.

As a reader, you are invited to join the Inroads discussion group. Send an e-mail note to listserv@post.queensu.ca with your name, as in the following – subscribe inroads-I Tommy Douglas – and by all means, join the discussion.

SOCIAL UNION A MAJOR POLITICAL EVENT since Inroads last appeared is the signing of a social union agreement between Ottawa and the provinces. Claude Ryan's article is, to our knowledge, the most thorough analysis of it yet written. This issue's editorial analyses the ideological conflicts in the back rooms of the negotiation process.

LES FRANCOPHONES WE RETURN ONCE AGAIN to the controversial but crucial matter of language policy and the place of francophones in Canada. Charles Castonguay takes on Statistics Canada's unwarranted optimism over the fate of francophones outside Quebec – and draws the conclusion that greater respect for the “territorial principle” is crucial if francophones are to survive intergenerationally as a significant, culturally viable community. Linda Cardinal analyses how Ottawa's version of official bilingualism has pitted francophones inside and outside Quebec against one another. Ray Conlogue asks why francophones are absent from most English-language artistic production in Canada. One Inroads editor, John Richards, writes a eulogy for Camille Laurin, suggesting that Bill 101 has not only been good for Quebec francophones but should be welcomed by all Canadians as part of the country's constitutional foundation.

WHITHER EUROPE THE THIRD INROADS EDITOR, Henry Milner, was out of the country during much of the past year, which prompted him to solicit articles on contemporary Europe. His personal contribution is to have become a journalist, spending time on the campaign trail in Germany and Sweden during their respective general elections late last year. Axel van den Berg reports on some interesting research with which he has been involved, comparing attitudes among workers and union leaders in Sweden and Canada. Eric Shaw explains why he prefers his Labour Party to be “old” rather than “new.”

THE WEST WE HAVE TRIED NOT TO BE bogged down in central Canadian concerns. The Inroads roundtable is a regular feature, and this time Inroads editor Arthur Milner travelled to Calgary, assembled a wide range of articulate Albertans and allowed them to dissect the contemporary state of their province. Gordon Gibson tackles the Nisga'a Treaty and helps those east of the Rockies to understand why it has become a subject of heated public debate in British Columbia. Phil Resnick analyses three incidents of political correctness on the west coast, one in each of three local universities.

BOOKS IN A CHAPTER FROM his forthcoming book, Larry Pratt explores public attitudes towards mental illness, and the struggle required to sustain public attention for the needs of the mentally ill.

AND MORE BILL SCHABAS HAS WRITTEN before (Inroads 6 in 1997) on the aftermath of the Rwandan genocide. He returns to the scene in this issue. Paul Reed and Gary Caldwell explain why people in Saskatchewan are more civic minded than Quebecers. And, finally, Robert Campbell explores why “snail mail” is more sluggish in Canada than in many other countries.

May 1999
John Richards in Vancouver • Arthur Milner in Ottawa
Henry Milner in Montreal, Melbourne, Umea...

A successful counter-reformation

by John Richards

ON THE 4TH OF FEBRUARY THEY MET in Ottawa at 24 Sussex Drive. The prime minister and nine premiers signed an agreement on how to manage major social programs. Lucien Bouchard refused to sign, and Jean Charest made it clear that, given this agreement, he too would have refused to sign.

Much in the agreement has been drafted with intentional ambiguity so that divergent interests can give divergent interpretations. There is nothing inherently

EDITORIAL

wrong in using ambiguity to resolve lesser points under negotiation, provided it does not confuse the core purpose at hand. In this case, ambiguity went too far. Elsewhere in this issue, Claude Ryan describes the agreement “as a long-winded and weak text opening the door to an increased preponderance of the federal government in social policy.” I agree.

For readers wanting to analyse in detail this agreement, I recommend Claude Ryan’s article. (The text of the agreement forms an appendix to his article.) Ryan may be wrong – I hope he is. Let me explain, however, why I agree with him.

Two modest Canadian manifestos

Where to begin? A good point of departure is Paul Martin’s budget delivered in February 1995. It marked the end to Ottawa’s fiscal drift, and the beginning of a credible commitment to cut spending enough to bring the federal books into balance without further tax increases. Since transfers to the provinces are very large, it was inevitable that they be cut, along with most

other items in the federal budget. (In 1995, transfers were one quarter of all spending net of debt service costs; in 1999, they remain one fifth.)

In early 1995, most provincial governments were still in a state of denial about the urgency of ending two decades of public sector deficits. Many premiers were genuinely shocked by Ottawa’s new course and, upon realizing that Ottawa intended to cut transfers, they decried “deficit offloading.” This was an unfair indulgence in fed-bashing. Quite legitimately, Paul Martin maintained aggregate spending on Ottawa’s basic social programs – old age pensions, unemployment insurance and Aboriginal programming. If we set that portion of the budget aside, Martin’s cuts in transfers to the provinces were proportionately similar to cuts made to all other budget items.

The offloading charge was unfair. What was fair was the premiers’ insistence that Ottawa’s unconstrained use of its power to spend on any matter Parliament approved was central to understanding why Canada’s senior governments had generated a severe fiscal mess. For decades, federal politicians had used the spending power to extend their presence into any domain whenever they felt that B.C.’s dogwood, Alberta’s wild rose, Quebec’s *fleur de lis* or any other local flora were crowding out red maples. Ottawa’s use of the spending power had

It is important to understand that the “provincial consensus” was the distillation of much thinking among many pragmatic politicians and officials involved with social programming, and represented the full ideological range of Canadian governments.

become fundamentally inconsistent with preserving Canada as a federal country with a division of jurisdictions between two orders of government.

If federal politicians were eroding the federal nature of the country, provincial politicians, it must be said, had rarely resisted. When Ottawa offered cash, the provinces took it. The result of all this has been to blur the respective jurisdictions of the provinces and Ottawa, to

encourage a kind of political irresponsibility with respect to program outcomes and fiscal accountability. Politicians in Ottawa and the provincial capitals blamed one other for inadequate social programming, and denied their own share of responsibility for the country’s fiscal mess. Not surprisingly, Canadians were unable to nail this jelly to the wall.

The importance of Paul Martin’s 1995 budget is that he admitted the jelly-like nature of previous federal budgeting. In turn, his fiscal realism catalyzed the premiers to rethink, and admit the extent to which they too had been feeding their electorates artificially coloured gelatin and water.

The most significant initiative the premiers undertook in 1995 was to strike a Ministerial Council on Social Policy Reform, comprising all provinces (except Quebec, which ignored fiscal realities until Bouchard replaced Parizeau). The council’s late-1995 *Report to the Premiers* was – in an understated Canadian way – a manifesto. The report discussed the need

for rules limiting the federal exercise of its spending power. It called for greater clarification of what were exclusive federal and provincial fields of social policy jurisdiction. It recommended a smaller area of overlap between federal and provincial responsibilities.

The figure on page 8 comes from the report. Elegantly, it sums up the council's message. It wanted larger areas of provincial and federal responsibility and substitution of a smaller area of "co-operative federal/provincial involvement" for the present "ad hoc federal/provincial involvement." Over the next three years, provincial politicians and officials explored the implications of all this: the obvious tensions between have and have not provinces, between left-leaning and right-leaning governments.

By June 1998, this dynamic culminated in the so-called "provincial consensus" document, a sequel to the *Report to the Premiers*. This second manifesto described a "provincial/territorial consensus on suggested means of better managing the common interests of governments in areas where interdependencies exist." It called for each order of government to give the other written notice of major program changes. It called for joint priority setting and outcome reporting. It deplored that "the practice of Canadian federalism has, over time, confused the roles and responsibilities of the two orders of government. This confusion undermines public accountability. Greater clarification would enhance collaboration between governments and increase the public's understanding of which order of government is responsible for the delivery of social programs."

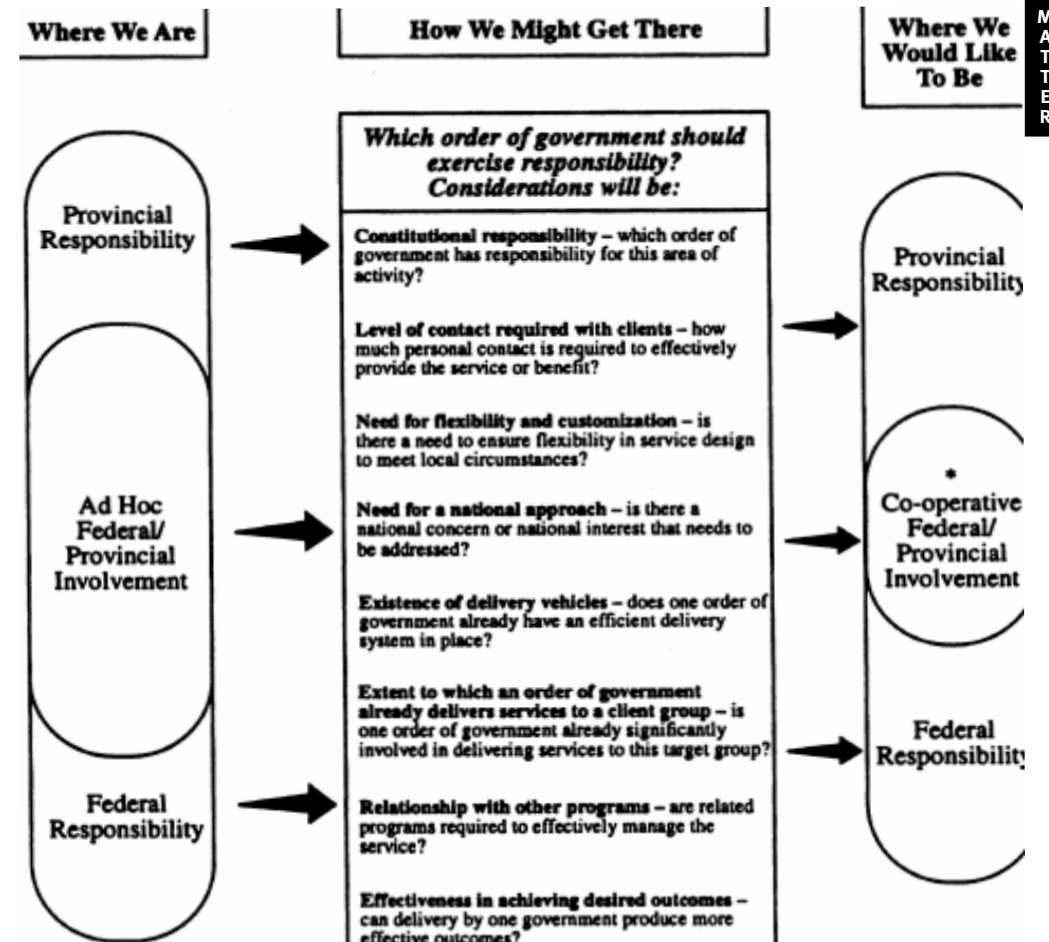
The "provincial consensus" also contained rules for the federal exercise of the spending power. Here I quote the press release issued at the Premiers' Conference in Saskatoon in August 1998:

Premiers emphasized that the flexibility afforded to provinces/territories through the ability to opt out of any new or modified Canada-wide social program in areas of provincial/territorial jurisdiction with full compensation, provided that the province/territory carries on a program or initiative that addresses the priority areas of the Canada-wide program, is an essential dimension of the provincial/territorial consensus negotiating position.

Overall, the provinces advanced some sensible reforms, the effect of which would almost certainly be better and more accountable social programming. Ottawa, for example, would no longer be able to launch ad hoc initiatives like the millennium scholarship fund. Such programs would require federal/provincial consultation and majority provincial agreement. While the degree of commitment varied across the provinces, it is important to understand that the "provincial consensus" was the distillation of much thinking among many pragmatic politicians and officials involved with social programming, and that they represented the full ideological range of Canadian governments – from Ontario Tories to B.C. New Democrats.

Without most of them consciously realizing it, the ROC premiers had come to conclusions remarkably similar to those of the Quebec Liberal Party. Not surprisingly, Quebec's francophone politicians became interested. Unfortunately for Jean Charest's electoral fate within

Clarifying federal-provincial responsibilities



*There will always be areas in which both governments should operate, and the aim should be for a process of effective and respectful cooperations in these areas. Cooperation means that major decisions on program design, financing and delivery should be made through agreement by both orders of government, with delivery of programs by one or the other.

Note: Federal-territorial cooperation should also address the need to clarify responsibilities as proposed in this chart, while reflecting the financial arrangements for the delivery of social programs to aboriginal residents of the territories.

Source: Report to the Premiers, 1995

Quebec, he made a serious tactical error, giving the “provincial consensus” only lukewarm support. He thereby allowed Bouchard to occupy the field unchallenged throughout 1998. Adroitly, Bouchard signed on to the “consensus” last August in Saskatoon, and launched what in effect was another *beau risque* on behalf of renewed federalism.

Between Saskatoon in August and Ottawa in February, a great deal happened – unfortunately, most of it behind closed doors. Again, I quote Claude Ryan:

[The “provincial consensus”] can be interpreted in various ways, as is the case with many political compromises. It is important to understand that it entailed concessions from all parties, including the Quebec government. It was notably the first time, to my knowledge, that a PQ government declared itself ready to accept the principle that the right to opt out should be accompanied by a commitment from the province involved to put into place a program or measure in the same area as the national program. Until very late in the negotiations in January 1999, the text that Quebec supported defined a common position of all the provincial and territorial governments.

The counter-reformation

Ensnared in Ottawa’s cathedrals, the Liberal cardinals saw little good in the provinces’ manifestos. They were appalled that an “unholy alliance of separatists and reactionaries, led by a naive NDPer” was challenging the manner in which they, the cardinals, were running the country. (The naive NDPer is Roy Romanow, who has chaired the premiers’ conference since late 1997, and will do so until Lucien Bouchard replaces him in the summer of 1999.) A minority in Liberal Ottawa admitted that leaders of the reformation had a few valid points; the priority among the majority, however, was to defend the status quo by mounting a counter-reformation.

The positive inducement for the heretics to repent was cash. If the provinces abandoned their attempt to delineate federal and provincial jurisdictions, if they abandoned their proposed constraint on the federal spending power, if they agreed to an ambiguous alternate text – in sum, if they abandoned the core of their proposed reforms – the Liberals proposed that their 1999 budget would place billions of additional dollars into the Canada Health and Social Transfer. This, the positive inducement, was an offer to undo much of the fiscal accountability that the 1995 budget had introduced into federal-provincial relations.

Forgiveness and alms if they returned to the fold was one option. If the provinces continued in apostasy, there was also a negative inducement to repent. Senior Liberals made clear that there could be a political inquisition: Ottawa might withdraw the alms, mount its own health programs and accuse the provinces of gutting medicare.

Accusing the provinces of gutting medicare is as unfair as the provinces’ accusation of deficit unloading in 1995. What the provinces have done is stop the unsustainable former growth in health spending: aggregate per capita health spending has been fairly constant over

this decade. While some cuts and spending reallocations have been badly executed, the provinces have collectively done good work in making controversial but necessary decisions to rationalize hospitals and reallocate funds. Examined dispassionately and stripped of partisan bias, the policies implemented by a PQ health ministry in Quebec City, Tory ministries in Queen’s Park and Edmonton, and a NDP ministry in Regina display more similarities than differences.

In the frantic negotiations leading to the February agreement, no one was examining social policy dispassionately. Partisanship permeated every move. And, however unfair, the threat of an inquisition weighed heavily on several premiers facing imminent elections.

In the final week of negotiations the “provincial consensus,” which had always been far from perfect, utterly crumbled. The Atlantic provinces had always been tentative partners, and they wanted Ottawa’s cash. More critical to Ottawa was forcing the three have provinces to back down. The Ontario Tories face a tough re-election campaign this year (indeed, the result of that election may be known by the time this issue of *Inroads* is published). They wanted the cash; equally important, they wanted to avoid a Liberal-led ideological inquisition on medicare. The Alberta Tories were not prepared to do battle in the absence of their Ontario allies. The B.C. New Democrats were desperate for cash and politically weakened; they too backed down. Saskatchewan and Manitoba acquiesced.

Once again, Quebec found itself alone, the only province still endorsing a position that, a mere eight months earlier, had been a “provincial consensus.”

C’est dommage

Had Ottawa accepted an agreement reasonably close to the “provincial consensus,” the PQ might have opted out from all federal social policy initiatives, and the conservative provinces might have stymied future worthwhile federal initiatives. Such outcomes are possible. But to insist on pessimism denies the genuine social policy thinking and search for compromise that lay behind the provincial manifestos.

Rather than risk a three-year experiment – three years is the length of the February agreement – based on the provincial manifestos, Ottawa mounted an intellectually inelegant but politically successful counter-reformation. Given the agreement signed, the Liberal cardinals can launch millennium scholarship funds whenever their focus groups suggest the time is ripe. *C’est dommage*.

The winter of 1998-1999 will be remembered – if it is remembered at all – as a season of missed opportunities. I give the final word to Gordon Gibson who sums it all up by observing that Quebec proved once again that it is not “a province like the others” and the nine others proved that they may no longer be provinces at all. ■

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