

FAULT LINES IN THE FEDERATION

Kathy L. Brock



A worst-case scenario for the federation was avoided on January 23, when a Conservative minority government was elected with significant representation from Quebec, and the Bloc Québécois failed, by a significant margin, to hit the winning-condition number of 50 percent of the popular vote. But as the discussion on the fiscal imbalance ramps up, the pressure is now on both Stephen Harper and Jean Charest to deliver the goods. Failure to do so will significantly harm Charest's prospects for re-election and Harper's hopes of Quebec being the road to a majority. There are other potential fault lines in the federation, including several Aboriginal issues. Kathy Brock of Queen's University details these underlying tensions beneath the calm surface of the Canadian federation.

Du point de vue de la fédération, on a évité le pire des scénarios le 23 janvier dernier avec l'élection d'un gouvernement conservateur minoritaire jouissant d'une représentation significative au Québec, doublée de l'échec d'un Bloc québécois ayant obtenu nettement moins que la moitié des suffrages auxquels il aspirait. Mais avec l'intensification du débat sur le déséquilibre fiscal, c'est maintenant au tour de Jean Charest et de Stephen Harper de subir la pression. S'ils ne tiennent pas parole, les chances du premier d'être réélu et les espoirs du second d'obtenir une majorité grâce au Québec seront sérieusement compromis. Cela sans compter d'autres lignes de faille qui traversent la fédération, en ce qui a trait notamment aux questions autochtones. Kathy Brock analyse les tensions qui s'agitent sous la paisible surface de la fédération canadienne.

The morning after the January 23 election, many Canadians breathed easier. Quebec had not been isolated. That province's federal sovereigntist party, the Bloc Québécois, had not received the largest majority in its history or crossed the psychological threshold of 50 percent of the popular vote, a score never attained by the separatist movement in any federal or provincial election or referendum. Instead, the BQ had a disappointing finish relative to expectations, and the Conservative Party gained a surprising 25 percent of the vote and 10 seats in Quebec, winning minority government status. With five Quebecers in the cabinet, including senior posts such as Transport and Industry, Quebec is well represented in the 27-member Harper cabinet.

Still, some doomsayers have evoked images of the early 1990s when national collapse and the separation of Quebec seemed imminent: Tories in Ottawa, the Parti Québécois defeating the Liberals in Quebec, and anger mounting in the West as equality eludes them. Once the pieces were in place then past grievances buried under the constitutional carnage would resurface and the fight for national unity would begin again.

These predictions contain an element of realism but obscure a deeper, even more troubling truth. Key conditions have changed since the early 1990s, making this period even more precarious. The political landscape is more complex and fraught with underlying tensions than the period leading into the 1987-90 and 1990-92 constitutional rounds of negotiations and the 1995 Quebec referendum. Many of the conflicts and wounds of that turmoil remain unresolved: Quebec's ambivalence toward Ottawa and the federation; the quest for institutional reform; the relationship between Aboriginal peoples and the federal and provincial governments; and growing citizen activism, fuelled by political disillusionment. However, the forms of these old problems have changed significantly. And new sources of political instability have surfaced in the intervening years, including the creation of Nunavut and its aspirations, rising western affluence and the economic hollowing out of Ontario, the interprovincial dynamic borne out of the Council of the Federation (COF), and prevailing global pressures. At present these tensions are mounting but are in check. However, the calm may be misleading.

Paradoxically, the current focus on Quebec's ambivalence towards Canada lulls Canadians into complacency by underestimating both the continuing and new factors involved in the sovereignty debate in Quebec and the threats to Canada's continuance emerging from the rest of Canada, and yet it provokes anxiety by framing the old debate in the language of the early 1990s. If Canadians continue to focus on ongoing tensions without appreciating the changed nature of those tensions, political decisions will fail to address both the old problems in their new manifestations and the new sources of tension. In a surprising turn of events, Canadians may have won a temporary reprieve with their choice of the Conservative minority government — the means of staving off a destabilizing debate on the nation's existence.

At the conclusion of the constitutional battles in the early 1990s, key issues remained unresolved. These problems have simmered as attention has shifted away from the constitution, and they now assume different and more complex forms. Each merits a short account to understand the current delicate Canadian political climate.

More than any other province, Quebec was buffeted by the winds of constitutional change. The 1981-82 patriation process left Quebec feeling isolated and its government refusing to sign. The 1987-90 Meech Lake round of constitutional negotiations, initiated as a means of bringing Quebec back into the constitutional fold, ended in bitter tension between Quebec and the rest of Canada. That process spawned the federal separatist party, the Bloc Québécois, under the charismatic leadership of Lucien Bouchard. The 1990-92 process was not as divisive, since Quebec voted along with many other provinces against the constitutional accord. But a spirit of Meech payback reinforced Jacques Parizeau's determination to call another referendum on

sovereignty within a year of the PQ's return to power in 1994. In the October 30, 1995, referendum, the slim margin, (50.6 percent to 49.4 percent) against the sovereignty option startled Canadians, prompting the federal gov-

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ernment to renew its efforts to convince Quebecers of the merits of life within Canada, which in turn led to the sponsorship scandal.

Over 10 years later, Quebec's relationship with Canada remains ambivalent. Successive recent polls reveal that as many as 54 percent but more regularly 44 to 49 percent of Quebecers would support sovereignty, provided economic and political relations with Canada were retained — the same sovereignty-partnership question as the 1995 referendum. Close to half of respondents support holding another referendum. Of course, the flip side of that statistic is that more than half don't want another referendum, which reinforces the politically potent argument that the only way to avoid one is to re-elect the Quebec Liberals. Worries are slightly alleviated by the knowledge that support for a referendum would drop if a relationship with Canada was not anticipated and that support was buoyed by popular anger against the federal Liberal Party, fed by the revelations of the Gomery Commission inquiry into the misuse of public and party funds to fight separatism following the 1995 referendum. Anger as motivation in the polls meant that support for sovereignty could decline as the sponsorship scandal passed. The translation of the anger into support for the Conservatives rather than the BQ in the 2006 election also eases concern. Inured by the 1995 referendum,

political observers are further lulled into complacency by the continuing desire of Quebecers for an alliance with Canada and by the relatively flat level of support for sovereignty, despite the sponsorship scandal — although the

absence of a downward trajectory in support for sovereignty since 1995 gives pause.

Complacency is heightened by the perceived disarray of the PQ and divisions in the support for sovereignty. Following its electoral defeat in 2003, political scientist Jean-Herman Guay warned the PQ at its National Council that linguistic and class tensions had been eased by successful integration and cultural policies, leading to a loss of the rationale for independence. He advised repositioning the party as nationalist rather than *indépendantiste*. Others have cautioned against pushing sovereignty too hard without justification in an era of globalization. Even former BQ and PQ leader Lucien Bouchard and former PQ minister Joseph Facal joined with federalists in October 2005 to release a manifesto, *Pour un Québec Lucide*, focusing on the economic health and competitiveness of the province rather than a new deal with Canada — surely a blow to the sovereigntist forces, given the continuing popularity of the former leader. Although support for sovereignty was bolstered in November by the promise by the newly selected PQ leader, André Boisclair, to hold a sovereignty referendum within two years of a PQ electoral victory, hardline separatists remained skeptical, viewing him as not unsympathetic to the manifesto's view, to the extent that the sovereigntist Société St. Jean Baptiste refused to endorse him.

Providing further reassurance to the moderates and federalists that the PQ and the sovereignty debate are in disarray, was the creation of a new, social democratic, sovereignist party in Quebec, Québec Solidaire. Every vote Québec Solidaire wins will be one vote less for the PQ.

Quebec's continuing economic problems — heavy debt, expensive social programs, and the need for competitiveness in a globalized economy — also deflect attention away from the sovereignty option. However, three events could trigger a resurgence of support for Quebec sovereignty in the foreseeable future. Reopening the constitution on matters like Senate reform or equalization could awaken calls for a new deal for Quebec. The creation of an elected Senate may trigger two constitutional amendments — a "7/50" under the general amending formula requiring the approval of Parliament and seven provinces representing 50 percent of the population, and a bilateral amendment between Ottawa and Quebec to replace its appointed senators from 24 geographic districts with province-wide elections.

The election of the PQ under Boisclair could trigger a referendum fight. It is too early to say whether the Canadian brand was tarnished along with the federal Liberal one, or whether the sponsorship scandal would have a lingering effect, much like Meech retaliation. The fight could become particularly nasty with Boisclair's public disavowal of the *Clarity Act* and the Supreme Court decision on secession — two key reassurances to Canadians that unilateral secession cannot occur and any negotiations would be orderly. Finally, hostilities could be rekindled over the continuing fiscal imbalance, if it is not resolved in federal-provincial negotiations this fall before the Quebec election expected in 2007. Although

tensions have eased with the election of the Conservatives and the shift from more centralist to decentralist policies, the looming debate over the fiscal imbalance and any fallout remains potentially explosive. The pressure is on Stephen Harper and Jean Charest to deliver the goods.

Moreover, in the key discussion paper in the 2006 budget, the Harper government flagged two issues that could be flash points with the provinces. It wants a strengthening of the Common Market clause in the Constitution, which would reduce barriers to interprovincial trade, and to estab-

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lish a national securities commission, a single regulator for equities markets, essentially a non-starter in Quebec. Ottawa also signalled it wants a discussion of funding for post-secondary education (PSE), now 25 percent funded by the federal government, as a key component to Canada's world competitiveness. Though funding of PSE is historically mixed, it remains a provincial jurisdiction, and Jean Charest would have no choice but to defend Quebec's interests in this file.

Yet there have been two promising developments with the arrival of the Harper government. The first is Harper's pledge in his December 19 Quebec City speech, since repeated in

his April 20 Montreal speech, to respect the constitutional division of powers in the *Constitution Act* of 1867, and his vow not to invoke the federal spending power in areas of provincial jurisdiction without the approval of a majority of provinces.

The second is Charest's apparent revival in the polls after two years in the dumps. A Léger Marketing poll at the end June had the Quebec Liberals moving in front of the PQ by 37 to 33 percent, with the Action Démocratique du Québec at 16 percent, and Québec Solidaire at 6 percent. The PQ has dropped about 15 points since Boisclair's election as leader last November. Until the August by-election, he had no seat in the National Assembly, and has been hobbled by the continuing controversies associated with his years serving in the previous PQ cabinet.

While some factors remain the same as in the 1980 and 1995 referendum campaigns, an even deadlier scenario for a third campaign is created by the hardening of the sovereignty option, consistent levels of support and the attendant feeling of complacency with the decreased legitimacy of the federal government to speak out in a sovereignty debate after Gomery. As well, the focus on Quebec has deflected attention away from other continuing causes of instability in the federation.

Aboriginal issues constitute another unsettled area remaining from previous rounds of constitutional negotiations. The inability of successive federal governments to find better terms for Aboriginal peoples within Canada is a serious source of consternation with the potential to derail the national project. Like the Quebec debate, this debate has altered in ways that Canadians would be wise to heed.

The three rounds of constitutional negotiations from the 1970s to the 1990s had two key effects on the



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Prime Minister Stephen Harper and Quebec Premier Jean Charest share a laugh after meeting in Quebec City, but both are under pressure to deliver the goods on the fiscal imbalance, one of the potential fault lines in the federation.

Aboriginal population. First, the population became mobilized and engaged in the Canadian political and constitutional project to an unprecedented extent. National organizations like the Assembly of First Nations (AFN), the Congress of Aboriginal Peoples, the Métis National Council, the Inuit Tapirliksat Kanatami (formerly the Inuit Tapirisat of Canada) and the Native Women's Association of Canada emerged or were revitalized and have remained vital forces influencing federal policy and intergovernmental negotiations on Aboriginal affairs. In the communities and academic and legal circles, a new leader-

ship emerged with a renewed focus on Aboriginal nationalism, often challenging the national organizations. Aboriginal citizens are more aware of their rights and are more activist; witness the episodic Aboriginal demonstrations since the early 1990s. As a consequence, the need for consultation and inclusion of Aboriginal peoples in policy-making at multiple levels has increased.

Second, expectations within the Aboriginal community have risen. After Charlottetown, Aboriginal self-government was no longer a wish but an expected policy reality. The federal gov-

ernment acknowledged this in legislation in 1994. The Royal Commission on Aboriginal Peoples (RCAP), which grew out of the Oka crisis in 1990, set the bar even higher with calls for widespread federal and provincial action to redress conditions facing Aboriginal peoples and to enable the fuller economic, political and social participation of Aboriginal peoples in Canadian life through institutional reform. The uneven and inconsistent expansion of Aboriginal and treaty rights through successive court cases on the 1982 constitutional changes, and through domestic and international human rights tribunals, has fostered a greater sense of justice and fair

entitlement in Aboriginal communities. Aboriginal leaders expect to be consulted and their issues addressed directly or indirectly in major intergovernmental negotiations such as the Social Union Framework Agreement (SUFA) and the health accords. This expectation for greater cooperation among and within the federal, provincial and territorial gov-

ernments culminated in the ill-fated Kelowna Accord in 2005, which set a new standard for future negotiations. Policies must reflect this growing rights-based but community-oriented sense of entitlement and autonomy.

The Canadian public is generally supportive of Aboriginal aspirations, but questions them when they begin to resemble special rights rather than striving for equality just as they do in the case of Quebec. With the Harper government's movement away from the Kelowna Accord, a source of fundamental disgruntlement has settled into the First Nations communities that may have serious repercussions for its current leadership and their ability to work with Ottawa.

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At the same time, new expectations are being imposed on Aboriginal peoples. Increased media and policy attention uncovered examples and personal tales of mismanagement, malfeasance and corruption in both governments and organizations. The result was a new emphasis on accountability and better, more transparent governance. The AFN continues to explore means of strengthening accountability in communities, including through taxation, standardized accounting and the creation of a First Nations auditor-general. The federal government continues to press the need for greater accountability in Aboriginal governments and organizations and efficiency in negotiations.

These changes have created a more complex and potentially explosive field of Aboriginal issues. Recent governance reforms have failed in the face of the new expectations. The implementation of rights successive to Supreme Court decisions has been divisive where Aboriginal and non-Aboriginal entitlements clash, as in the case of the Marshall decisions on fishing in Nova

Scotia. The Canadian public is generally supportive of Aboriginal aspirations, but questions them when they begin to resemble special rights rather than striving for equality, just as they do in the case of Quebec. With the Harper government's movement away from the Kelowna Accord, a source of fundamental disgruntlement has settled into

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Despite some significant progress on Aboriginal issues since the early 1990s, then, expectations have been elevated and hardened: within the Aboriginal community for multi-level and multigovernmental cooperation and implementation of their rights and aspirations; within the Canadian community for resolution of Aboriginal issues and for better governance in Aboriginal communities. This has occurred when there are significant shifts within the Aboriginal population: it is growing, more highly educated, urbanized, politically savvy, beset by social and justice problems and divided among moderates and radicals. Anger and alienation continue, even as Aboriginal people become a more needed part of the diminishing Canadian labour force, particularly in western cities.

Aboriginal peoples remain in a state of unsettlement. If governments were to engage in another national unity debate or constitutional reforms, Aboriginal leaders would be vigilant, demanding recognition of their rights and status. The differences are that expectations are even higher than in

the 1990s both within the Aboriginal community and the broader Canadian community for a fair outcome, while definitions of "fair" vary greatly and tempers are even sharper, given intervening events. The result is a simmering threat to Canadian identity, peace and stability.

Leftover institutional issues from the mid-1990s are much easier to digest than the Quebec and Aboriginal issues. A revised Supreme Court appointments process has partially addressed concerns over that federal power, but the issue could erupt if a future separatist Quebec government challenged court rulings on secession on the basis of a federal bias. Concerns over the federal spending power and its reach into provincial jurisdiction, may have been alleviated by SUFA and the health accords and by the respect of the current Conservative federal government for provincial jurisdiction and decentralized responsibility. How long this entente will last is guesswork. Jurisdiction over areas like immigration, labour market policy, forestry and fisheries are gradually being clarified through intergovernmental agreements and legislative arrangements. The one outstanding teaser is Senate reform.

The Senate reform debate has long pitted the West against the rest of the country. The West "wanted in" with a triple-E Senate: elected, not appointed members, effective powers to block unpopular legislation passed by the centrally dominated House of Commons, and equal provincial seats instead of the current more or less regionally representative body. While the triple-E Senate idea receded during the Charlottetown negotiations, some desire to make this body a more powerful voice for the regions lingered. Alberta elected senators as potential federal appointees, but with one exception they are still in waiting.



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Prime Minister Harper has indicated that he would like a Senate election process in place by the next election. However, staunch resistance by the premiers, particularly Ontario and Quebec, to Senate reform means any changes will likely be achieved through legislative, not constitutional, means, if at all.

Even limited Senate reform could have three effects. It could reawaken Quebec's demand for its National Assembly to choose that province's senators, a promise made by Brian Mulroney. It might reinvigorate the Aboriginal call for designated seats. And finally, Senate elections have the potential to threaten the current balance of powers between the two houses of Parliament by giving the Senate more legitimacy to use its existing powers, thus spurring calls for constitutional reform of the body. An old can of worms is opened but with a mobilized Aboriginal community and an even more economically powerful West. Stephen Harper may be wise to tread carefully.

Public participation and citizen activism in federal-provincial relations is facilitated by new technologies, as recent experiences with international trade negotiations have demonstrated. Citizens are able to obtain more accurate information more readily and mobilize more quickly and effectively than ever before. In contrast, government use of new technologies to engage citizens remains woefully inadequate, as demonstrated by the federal government's experiences with public engagement in reforms in Foreign Affairs, Health and First Nations governance as well as provincial experiences with democratic renewal.

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scandal, persists. Trust in political officials remains low and suspicion high. With a more attentive, connected and sophisticated population than a decade ago, national unity debates will be subject to scrutiny, and any changes will require public justification or governments risk further disillusionment and political apathy — never good for national health.

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The old tensions continue in new and more potentially perilous forms, but added to this mix are new, important tensions. While all are forces in themselves, if combined spontaneous combustion on the national front could occur.

One of the most significant changes in the federation in the past 10 years is often overlooked. The new territory of Nunavut was created out of the Northwest Territories in 1999. Although a public not ethnic form of government was adopted, Nunavut is a working example of Aboriginal self-government, since 85 percent of the 28,000 residents are Inuit. In contrast, the new Northwest Territories is approximately 50 percent Aboriginal and the Yukon's population is approximately 20 percent Aboriginal. Nunavut has been struggling with many of the same problems as southern Aboriginal communities, including inadequate housing, lack of education, a poorly trained workforce and other social ills, as well as serious legislative and financial challenges. Among its most serious challenges is energizing the economy by prudently exploiting the natural resource wealth. For this,

Nunavut requires control over its natural resources and the associated revenues as recommended by the 2006 Saunier-Stein report to the COF and a federally funded and supported port for exportation purposes. Negotiations with the federal government continue.

Nunavut changes the federal-provincial dynamic in two important ways. First, it is a natural ally with

Aboriginal organizations on key social and economic issues. Aboriginal peoples now have a voice at the intergovernmental table, and one that should call for the door to be opened wider should serious constitutional or national unity discussions erupt. With the sympathy of the Northwest Territories and some western provinces where Aboriginal peoples influence political outcomes, Aboriginal people have acquired significant influence in intergovernmental negotiations.

Second, should Quebec press for a new relationship with Canada, Nunavut is likely to do the same. Nunavut officials have spoken publicly about their aspirations for provincehood, control over resources and application of the equalization formula to Nunavut. Inclusion in a variation of the equalization formula would provide Nunavut with additional resources to redress social concerns. With 82 percent of Nunavut's revenues currently flowing from the federal government through Territorial Formula financing, the federal government's imposition of a fixed limit has hampered Nunavut's efforts at responsible financial management. This type of unilateralism

rankles Nunavut as much as it does Quebec. In any national unity or fiscal discussions expect Nunavut to ally with sympathetic premiers from the western provinces and the Aboriginal organizations to press for their “fair share” in the federation. How quickly the intergovernmental game is learned: Ottawa tends to listen better when national unity is at stake and cooperation of all units is required.

The interprovincial dynamic is shifting with the rise of the West and weakening of Ontario and Quebec. These new economic realities realign the power balance in future federal-provincial negotiations on national unity.

In past constitutional negotiations, British Columbia and Alberta aspired to provincial equality represented by their demands for Senate reform, opposition to special provincial vetoes in the amending formula, rejection of the distinct society clause for Quebec, and call for a provincial role in appointments to national institutions. Senate reform remains a dream. Quebec regained its veto in the 1995 federal *Regional Veto Act* altering the Alberta sponsored 1982

size has grown equal to Quebec’s, while their combined GDP has grown to exceed Quebec’s by over 10 percent. Alberta is an increasingly generous contributor to the nation’s economic well-being through official and unofficial transfers. The western impression has deepened that federal programs and expenditures are designed for areas politically significant to the federal government, while the West remains, as W.A.C. Bennett once said, a goblet to be drained.

The 2006 election of the largely western-based Conservative Party offsets some of the querulousness over the West’s exclusion from the corridors of federal power. However, in western coffee shops the minority status of the Conservatives in the face of the Gomery revelations about the Liberal scandals translates into continuing eastern distrust of western political figures. Further, the Conservatives face the challenge of rising expectations in the West as “their own” assume office. Whether they can meet this challenge with their pledges of no special deals and decentralization of powers is open to question. But one thing is certain: the West doesn’t just

The West’s political impotence in the federation is underscored by rising affluence and numbers. Since the 1950s, BC and Alberta’s population size has grown equal to Quebec’s while their combined GDP has grown to exceed Quebec’s by over 10 percent. Alberta is an increasingly generous contributor to the nation’s economic well-being through official and unofficial transfers. The western impression has deepened that federal programs and expenditures are designed for areas politically significant to the federal government, while the West remains, as W.A.C. Bennett once said, a goblet to be drained.

amending formula. Appointments remain federal. Quebec’s distinct society status has been accepted de facto in political arrangements.

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want in any more, it expects its economic and demographic growth to be recognized with an appropriate growth in political clout.

In contrast to the West, Ontario is in a much more precarious position economically and fiscally, and its legitimacy to speak out on national issues

has diminished since the last constitutional fray. In a 2006 C.D. Howe Institute study, Yvan Guillemette and William Robson lamented the recent economic performance of Ontario and Quebec, noting that they lag well behind national growth in output and employment, their tax systems discourage work and investment, and their capital investment is well below rising living standards. Even more worrisome in light of these economic trends is the inability of Ontario to engage in fiscal discipline: it regularly exceeds budget projections for expenditures. As its manufacturing base shrinks, Ontario looks even more economically and fiscally vulnerable. Western disdain can only increase.

One of the most significant consequences of Ontario’s changing fortunes for any future national unity debates is that it has lost legitimacy to act as a nationally integrative force. Being one of the three remaining provinces to get its fiscal house in order diminishes its credibility on fiscal issues. Even in the current debate on the fiscal imbalance, Ontario’s claims that it is losing \$23 billion per year raises eyebrows and prompts

counter-estimates ranging from \$5 billion (the equalization sum) to a more realistic although still high \$18 billion. Ontario appears to be engaging in a “money grab” to cover its inability to engage in fiscal restraint. Moreover, the shift from Ontario’s traditional Robarts/Davis/Peterson stance endorsing a sharing federation to the Rae/Harris/McGuinty rhetoric on “fair share federalism” (which

translates into “beggar thy neighbour” federalism as the gap has widened between “have” and “have-less” provinces) has tarnished Ontario’s reputation as a leader among the provinces and a national broker.

Overlying these domestic trends are global pressures on the Canadian

state, economy and society. Transfers of powers from the federal government upward to global institutions for trade and economic matters have weakened federal authority over domestic economic matters and contribute to provincial demands, especially from Quebec and BC, for more room in international negotiations. Transfers downward from Ottawa to the provinces and municipal governments have led to the escalation in municipal demands for new monies, sources of revenue and political influence. Provincial governments have become both allies and rivals in negotiations with their municipalities — a strange new reality. Global pressure for Canada to participate in military engagements has highlighted the growing disparity between public opinion in Quebec and the rest of Canada, as has the dwindling federal commitment to foreign aid. As the federal government strains to adapt to the new competitive global environment, new fissures in domestic intergovernmental relations have opened up.

Is a national unity storm on the horizon? Is a majority Conservative government the answer to keeping the storm in abeyance? Or are doomsayers right to fear a resurgence of national instability?

The election of a Conservative minority government would appear to reflect the wisdom of the electorate. The Tories have knitted together a stabilizing coalition. By providing a haven for disgruntled federalists in Quebec in the 2006 election, the Conservatives have reinvigorated the support for federalism and delivered a setback to the sovereignty option. They continue to buttress the federalism option and the Quebec Liberal government by expanding Quebec's role in international affairs, respecting its mixed public/private health care model and responding to its calls for fiscal balance in the federation, all while encouraging its fiscal responsi-

bility as it confronts its economic woes. They are aided by the division in sovereigntist support.

The Conservative coalition unites Quebec nationalists with western populists and Ontario federalists — an old but gold alliance. The promise of fiscal reform appeals to Ontario, even if the prime minister doesn't meet the premier on his terms. GST reform helps small and medium businesses in Ontario and gives the province tax room. Senate elections appeal to westerners. Reduction of waiting times in the medical system appeals to all provincial governments feeling the weight of escalating health costs and public criticism of health care delivery. The crime control pledge

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appeals to large cities, especially in Ontario and Quebec, while the compromise over the registration of long firearms appeals to rural and western regions. Respect for provincial jurisdiction appeals to federalists everywhere.

This balance is reinforced by the current political winds. The moderate social democratic touch in Parliament represented by the BQ and the NDP ensures that ideological caution prevails, appealing to the East and Midwest. The divisions among national Liberals and their search for a leader, have hampered their effectiveness in opposition and in regaining the support that shifted to the Conservatives in Quebec.

Still, the Conservative minority government has two prominent Achilles' heels. Quebec is a wild card.

Whether the Conservative treatment of Quebec and shoring up of the Charest Liberal government are enough to fend off the PQ remain to be seen. If not, then it is a waiting game to see if and when the next referendum on sovereignty will occur. The situation with Aboriginal peoples is also dangerous. Initial overtures to aboriginal peoples represent a shift in support from the First Nations communities favoured by the Kelowna Accord to the urban, non-status off-reserve status population. While the Conservative logic is evident given demographic trends, this strategy leaves Canada vulnerable to criticism in international human rights forums over conditions in First Nations' communities and could trigger a power shift among First Nations from a more moderate leadership to a more radical one. Civil disobedience may result. If the Quebec question does arise, a more militant and mobilized First Nations leadership could ally with Nunavut and others to intensify the debate unless their issues are met — Meech Lake but worse.

The political environment is treacherous in two further ways. Changing the method of Senate selection could unintentionally force broader Senate reform onto the constitutional agenda, unleashing the forces of national instability. The decision to convene a First Ministers' Conference on Fiscal Matters flies in the face of past federal wisdom. Already the rhetoric is escalating as provinces position themselves publicly for divvying up the spoils of the federation. The firm hand of the prime minister may not be sufficient in calming the unruly children of the federation.

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