

**THE FIRST THREE MONTHS OF THE CHRÉTIEN
GOVERNMENT: GOVERNING IN THE WAKE OF THE
CHARTER OF RIGHTS AND NAFTA**

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Most elections are a simple matter of winners and losers. The Canadian election of 25 October, 1993 was different. Winners there were: the Liberals jumped to 177 seats in the House of Commons, Canada's lower house. This gave them a majority in the House and it gave their leader, Jean Chrétien, the keys to 24 Sussex Drive, official residence of the prime minister. Losers there were as well: the Conservative party's spectacular fall from electoral grace was unprecedented in Canadian electoral history. The Conservatives went from a majority government to a mere 2 seats in Canada's 295 seat House, and their leader, Kim Campbell, lost her own seat. Canada's social democrats, the New Democratic party, also fell from electoral favour, retaining just 9 seats from their previous total of 44 in the last parliament. Besides these winners and losers, however, there were also two new arrivals on the federal scene: the Reform party and the Bloc Québécois. Both parties have a regional base, Reform in the west, the Bloc in Québec, and both share one overall imperative: to challenge the status quo.

The circumstances which gave rise to the two new parties in Ottawa date back to 1982. In that year the government of Pierre Trudeau proclaimed its Constitution Act. The act contained two major provisions. The first was to allow amendments to the Canadian constitution within Canada, thus patriating - or re-patriating - the constitution from the guardianship of the British at Westminster. The second provision followed from the first. No longer were Canadians to be subjects of the Crown, with the passive relationship to authority that the term implied. They were, instead, to be citizens. Power was to move from the bottom up, rather than the top down. The vehicle of this empowerment was a Bill of Rights, the Charter of Rights and Freedoms. All the premiers, save one, were signatories to the Act.

That one, however, was highly significant. The premier in question was René Lévesque, head of Québec's first sovereigntist government. For its part, the Québec National Assembly unanimously endorsed the Lévesque position. Positions polarized around the two chief protagonists, Trudeau and Lévesque. Both were conviction politicians, each represented a diametrically opposed view of the federal system and, by extension, a diametrically opposed

vision of Québec's place in Canada. The Trudeau vision was predicated upon the small liberal belief that just as all individuals should be equal before the law, all provinces should be equal before the Constitution. And in this federal scheme, the rights of people came before the rights of governments. The Charter of Rights and Freedoms represented the institutional expression of this philosophy. As a matter of first principle, Trudeau insisted upon the federal government's right to deal with francophones on an individual basis. Québec premiers, by contrast, insisted upon another principle, upon the right of the Québec government to represent the collective interests of Quebeckers. Trudeau countered with the argument that to associate the institutions of governance with the claims of any one ethnic group is to invite despotism. Inevitably, power struggles between Ottawa and Québec City ensued.

In 1984 the Liberals were defeated, and Brian Mulroney came to power in Ottawa as head of a Progressive Conservative government. Mulroney promised "national reconciliation". In practice this meant that Mulroney took a more conciliatory approach to the provincial premiers in general and to the premier of Québec in particular. Mulroney had taken over the traditional base of the Conservative party in western Canada and added Québec. But the Québec he added was a network of personal friends, most of whom were nationalistic by instinct, if not always by public pronouncement (Feaver 1993). Into this latter category fell Robert Bourassa, head of the provincial Liberal party and Québec premier. Bourassa had to balance an unwieldy and shifting combination of federalists and nationalists in his own party, his own caucus, his own cabinet. He took a cold, instrumental view of the federal system, arguing that it was of use to Quebeckers as long as Québec profited from it in dollar terms, in terms of what he called "profitable federalism". Mulroney asked him how Québec could be brought into the constitutional family of Canada. The gesture had a calculated symbolic effect. Bourassa said he would come in, but at a price. The price? That Québec be recognized as a "distinct society". The problem was put to a first ministers' conference (an invention unique to Canada - and likely to remain so. Intergovernmental conferences has, at certain points in Canada's history, supplanted Parliament as the court of last resort). The procedure of referring national matters to federal/provincial decision-making that Smiley labelled executive federalism (Smiley 1987). The pinnacle of this process was the meeting of the Prime Minister and the premiers, or the first ministers as they preferred to style themselves, at Meech Lake, near Ottawa. There Québec's request for distinct society status was successfully promoted to the other premiers, and the result was the Meech Lake Accord. A self-imposed three-

year deadline for ratification by all eleven legislatures was placed upon the deal.

The longer the process took, the more opposition to it grew. The participants were not representative of the country at large. "Eleven white men in suits" was how the members of native groups described them - to telling effect. Then Trudeau weighed in, arguing that "distinct society" status for Québec would weaken the Charter of Rights and Freedoms. Opposition continued to grow. As the deadline neared, a member of the aboriginal community, Elijah Harper, rose, eagle feather in hand, to vote "No" in the Manitoba legislature. As this ruled out Manitoba's ratification within the agreed time-period, the Meech Lake Accord was effectively dead.

It would have remained so had Brian Mulroney and his constitutional affairs minister and former prime minister, Joe Clark, not tried to revive the project one last time. Meech Lake II, commonly known as the Charlottetown Accord after its place of birth, was to be made more attractive to a wider group of people. Aboriginal self-government was to be constitutionally entrenched and added to the package, as was an elected Senate. The latter option was designed to appeal to western Canada. Central Canada has a majority of the population and a majority of the seats in the lower house. To redress the balance, it was proposed that Canada's unelected upper house, the Senate, should be elected. There would be a fixed number of senators from each province or region. In this way the structural imbalance in Canadian political institutions could be redressed. This cause proved popular in the west and was taken up by the Reform party. They fitted it to a broader populist philosophy of holding representatives to public account. The Mulroney government put the Charlottetown Accord to the Canadian public in a referendum, held in October 1992.

Despite the promise of a reformed Senate, the Reform part orchestrated opposition to the Accord in the west, while the Bloc Québécois and the Parti Québécois worked opposition in Quebec. In the west, the Accord was faulted for giving Québec too much; in Québec it was faulted for giving Québec too little, for not meeting the province's minimum demands. Throughout the country, "Charter Canadians" gathered in opposition. This was a disparate collection of trade union activists, women's groups, people with disabilities and certain members of the aboriginal community - all of whom had seen their rights made law in 1982 and who in 1992 worked to ensure that these rights were safeguarded in the new constitution. In the end, this wide-ranging group, together with western and Québec opponents, carried the day and the referendum was defeated. The proponents of the Accord had

the backing of corporate Canada and the leaders of the three traditional national parties -the Liberals, the Conservatives and the New Democratic party. Proponents worked the television sets, while their opponents worked the neighbourhoods, the family farms, the factory floors. The one side had the financial resources and endless statistical projections to provide their point while the other side had the fervour of their convictions. The one side spoke to reason; the other to emotion.

The same process was played out in the debate over free trade in Canada. In 1983 when Brian Mulroney was running for the leadership of his party he reminded his fellow Tories that theirs was the party of Canada Firsters. They had fought, and won, an election half a century before on this very issue. Of free trade he had this to say:

Free trade was decided on in an election in 1911. It affects Canadian sovereignty and we'll have none of it.

Free trade did not figure into the 1984 election, an election which the Mulroney Conservatives won handily. The next year, in 1985, a Royal Commission on economic options for the country, appointed by the Trudeau government, made its report. That report recommended that Canada modernize its economic system by negotiating free trade with the United States, that it modernize its political institutions starting with an elected Senate, and that it modernize its hodge-podge of social programs by putting a guaranteed annual income scheme in place.

Mulroney came upon free trade with the zeal of a convert. The idea had found its political moment, and its sponsor. It fitted with Mulroney's free market ideology and it allowed him to network with President Reagan. Viewers of the Shamrock Summit were sound-bit with a clip of the erstwhile Irishmen crooning "When Irish Eyes Are Smiling". The smile carried into the 1988 Canadian election. Free trade was the all-consuming central issue. Before it, all else was insignificant. The Liberal leader, John Turner, found it was not politic to oppose the Meech Lake Accord. His predecessor, Pierre Trudeau, did so - and to strategic effect. But personal relations between Trudeau and Turner were strained at best. Turner knew that to turn against the Meech Lake Accord would be to risk Liberal seats in Québec; therefore he turned against free trade. His was an emotional tirade against the whole concept, and it was made more emotional by the white-hot atmospherics of the 1988 campaign. In attacking free trade he reversed Liberal party history. In the 1911 election the Liberals were the free traders and continentalists. Four

decades later, under C.D. Howe, the so called "Minister of Everything", they aggressively pursued a similar strategy.

The Liberal party lost the 1988 election, and soon after, they lost their leader. Turner was replaced by his main rival in the 1984 Liberal leadership contest, Jean Chrétien. Once more, the personal chemistry between the two men could not be described as happy. For personal and political reasons Chrétien wanted to mark his distance from his predecessor. Therefore he did not try to make the North American Free Trade Agreement, NAFTA, the as yet unratified successor to the Canada-US Free Trade Agreement of 1989, an issue in the October 1993 Canadian election. The same could be said of Kim Campbell, Mulroney's successor as Conservative leader. Since, it seems, she wanted to expunge from the public memory any thought of the Mulroney government, there was little incentive for her to make NAFTA an election issue. It was left to the New Democratic Party to do so, but as the party's poll numbers fell so NAFTA fell from public view, and by the end of the campaign it was all but forgotten.

Chrétien promised to "renegotiate" the NAFTA, but the closer he came to office the more he sent out coded messages that he would "renegotiate" the "renegotiations". Throughout the campaign, Chrétien promised to abide by the Liberal Red Book, a statement of policy objectives. The book stated:

In 1988, Liberals opposed the Canada-United States Free Trade Agreement (FTA) because it was flawed; Canada did not get secure access to the United States market. These flaws have been confirmed by the ongoing disputes and harassment over trade in steel, pork, softwood lumber, and other products since the FTA went into effect (Liberal Party 1993).

It went on to say that Canada insisted upon a subsidies code, an anti-dumping code, a more effective dispute resolution mechanism and, more controversially, the same protection of its energy resources as Mexico, enjoyed. So far, so belligerent. But politicians must be judged by their actions rather than their public postures. Soon after taking office, top Chrétien advisors telephoned Washington to announce that Canada had reservations about NAFTA, but was "on side" (Interview 1993). Then the cabinet ministers took over. This accorded with Chrétien's desire to give the cabinet as much independent authority as possible while reserving the prime minister's prerogative on critical issues (Chrétien 1985). Within the Ottawa Establishment, that most established of interests, the Foreign Affairs

department, was pro-free trade, pro-NAFTA. Chrétien made his professional instincts known by his choice of cabinet ministers. Paul Martin went to the Finance Ministry, Roy MacLaren to International Trade, and John Manley to Industry. Free traders all, their appointments were meant to be a signal to the international money markets that this would be an administration which placed business correctness before political correctness; where representation by gender, race and class took second place to experience, either business experience or experience in previous Liberal cabinets.

Since NAFTA had received already parliamentary assent in Canada, the new government had merely to proclaim it as an executive decision. Technically the Chrétien cabinet could delay proclamation but it chose not to do so. Canada's parliamentary system works to a tight schedule on account of party discipline, while in the US Congressional system the opposite holds. The difference was nothing less than critical. It meant that Clinton's arm-twisting efforts had to be directed toward Congress while Chrétien did not have to worry about opposition in Parliament because it had yet to be recalled.

The prime minister was however under pressure from NAFTA-opponents to hold a referendum on the issue. This was a reflection of the important change in Canada's political culture which has occurred in recent years, and which finds expression in a distrust of top-down decision-making and the traditional constellations of power. The success of the "Charter Canadians" in the 1992 constitutional debate and of the Reform and Bloc in the 1993 federal election both attest to that distrust. Consequently there is a growing tendency in Canada, as elsewhere, to resort to referenda: to circumvent tired political mechanisms and consult the people directly. The whole concept of representative democracy is being challenged by new "electronic town halls".

There was also a domestic political purpose which could be served by a referendum. At present, Chrétien must manage a delicate political balance. Opinion leaders in Québec continue to be NAFTA-enthusiasts. In part this is due to the fact that the second stage of Québec's "Quiet Revolution" has yet fully to play itself out. This second stage is a business revolution and its heroes are the captains of Québec industry. They have worked closely with Québec government officials to identify and support those high-tech industries which will emerge as "winners" in the global economy. Some of these business leaders fell from their elevated status as demi-gods after the heady days of the late 1980s, when the economic boom of that period ended. But they were still free traders. Since Québec's cultural autonomy was already assured, they argued, Québec had nothing to fear by

way of cultural imperialism from the United States. There was also a nationalistic sub-text to this position. Québec sovereigntists could be pro-NAFTA because they say this as a way of weakening the federal government, and any diminution of national authority meant a weakening of Ottawa's hold over Quebec City.

The contrast with Ontario could not be greater. In this part of the country the effects of the recession were dramatically visible. After 1988 plant closings became a routine affair in the "Golden Horseshoe" area around Toronto and, rightly or wrongly, free trade was blamed for this. In the 1993 federal election the Liberal party took 98 out of the 99 seats in the province. The Liberal support came principally from Southern Ontario and from Atlantic Canada - areas of dislocation and economic uncertainty both. Not unrelated to this was the fact that these parts of the country held with traditional politics and the traditional party system. With the Conservative vote split by the Reform party the Liberals took nearly all the seats in both areas. In terms of political perceptions, Ontario was seen as being anti-NAFTA, Québec, pro. The contradiction between these two impulses framed Chrétien's low-key approach to the subject during the election campaign, just as it continued to condition his response to the continuing controversy about Canada's place in a continental future.

In western Canada a different political dynamic was at work. This was the territory of the Reform party, headed by what outsiders viewed as an H. Ross Perot-style populist who promised to make his party the fiscal conscience of the nation and who promised a bottom-up approach to party politics. A different political economy was also at work. Southern British Columbia had benefitted from the depreciation of the Canadian dollar against the US dollar and from an economy relatively more buoyant than that of the other Canadian provinces. British Columbia has increasingly looked at the Pacific Rim for future markets. This gave it an independence that was displayed in the 1992 referendum and in the 1993 election.

Alberta and the prairie provinces were - and are - closely integrated into the American economy. In 1948 Canada's pre-eminent economic historian, Harold Innis, wrote that constitutional stress in Canada can be explained in terms of differing regional levels of integration into the continental economy (Innis 1956). This insight is as pertinent now as when it was first penned. At first, people in the prairie provinces were sympathetic to the free trade argument because they felt that protectionism had been maintained at their expense. From the tariff walls of the National Policy in the late nineteenth century to the National Energy Program of the 1980s Critics

from the West complained that Central Canada had treated their region as a colony. That sympathy for free trade is now waning but a powerful historical mythology about the exploitation of the west by Central Canadians remains firmly entrenched. But the West was not the only place where mythology became a potent political force: there was also Québec.

Canadian politics revolves around a Central Canadian axis. The West needed Québec to balance the power of Ontario. Brian Mulroney worked this axis to political success and the fundamentals are still there. The rise of the Reform party paralleled the rise of the Bloc Québécois. The two parties who are the antithesis of each other, yet for practical reasons they need each other. It is a symbiotic relationship, founded upon a paradox, but it is a paradox which underlines Canada's precarious existence as a nation.

Jean Chrétien's first concern was not the NAFTA debate in Washington but how it would rebound back at different angles in different provinces. Québec was to be his first priority. The battle for that province's independence is part of an on-going process, and the Québec provincial election required by November 1994 and the referendum on Québec sovereignty that is scheduled to follow have inevitably come to be seen as critical junctures in this battle.

Canadians were fascinated with the theatrics of the US Congressional debate over NAFTA. They watched as political forces coalesced in an all-too-familiar way. As in Canada the so-called elites lined up on one side, on the other, a populist alliance from the left and right took shape. The transnational corporate interest and the Administration worked from the top down while a broad coalition of anti-NAFTA forces worked the grass roots. As in Canada, there was extensive telemarketing. One side talked global while the other side acted local. But Canada-US comparisons ended on a single point of difference: the anti-NAFTA, anti-Establishment side did not win the US Congressional vote. President Clinton's use of the White House "bully pulpit" was the controlling factor. During the campaign for the presidency he waffled over NAFTA, but once he settled into office he made the issue his own. Still it was a victory bought at enormous cost: individual members of Congress were "porked" and "arm twisted" in a tough-minded way. Clinton conceded that NAFTA had become the symbol "for the emotional frustrations, anxieties and disappointments of the American people", but he succeeded in equating NAFTA with the future. He used the enormous power of the presidency to set the agenda of the debate and to frame the discussion in his own terms. In a final onslaught, the Administration put on a television blitz. The vice president, Al Gore, managed to outperform

Ross Perot, a leading opponent of NAFTA, on the popular CNN programme, Larry King Live. Perot became, in a Canadian phrase, "yesterday's man", and NAFTA yesterday's cause. The US Administration was determined to enact the agreement, which it regarded as a vital stepping stone for GATT and Asia-Pacific agreements on liberalising trade. But in Canada the issue has refused to go away.

Environmental lobbies have recently added a highly emotive issue: water. They argue that, in future, the United States will be forced to seek the redirection of Canadian water to make up for the growing man-made water shortages south of the border, and will claim access to these resources under NAFTA. More thoughtful Canadians are coming to the conclusion that Canada will have to make a sovereign decision on the type of society it wants for itself. At present, Canada has a more interventionist government and a tradition of collective enterprise that distinguishes it from its neighbour south of the border. Canada has a level of state involvement in the economy that approximates the European model.

US proposals to equalize the economic restructuring brought about by NAFTA by means of external transaction taxes, windfall profit taxes, a development bank, and regional funding - appear to be patterned on the European example. Is there a growing convergence between Europe and America on these matters? Conventional wisdom asserts that political and economic change is coming from the outside in, that nations are being reordered as the result of external or international pressures. But a closer look suggests a rather different parallel between North America and Europe. The 1992 Maastricht Treaty creating the European Union, seeks to promote the "deepening" of European institutions. However, there may also be another unacknowledged aim. With the ending of the cold war, the fear is that there will be a mass movement of peoples. By bringing down the barriers within the European Union, its leaders will be able to draw up the ramparts around them. German decision-makers, in particular, seem to harbour this "Fortress Europe" mentality. In the former GDR a "fortress Germany" mentality prevails. A similar "Fortress North (and potentially South) America" mindset is evident across the Atlantic. One of the original arguments in favour of NAFTA was that it would offset American dependency on the Middle East by ensuring access to regional supplies. For US policy-makers, NAFTA had more to do with foreign policy than with domestic economic concerns (Krugman 1993). For Canadian policy-makers the opposite was true.

In the United States, as in Europe, there is an attempt to come to terms with what the American political scientist, Samuel Huntington, has

termed "the clash of civilizations". Huntington describes how in 1991 a senior advisor to Mexico's President, Carlos Salinas de Gortari, explained his own country's attempt to confront this challenge by adopting NAFTA. Huntington remarked, "It seems to me that basically you want to change Mexico from a Latin American country to a North American country". The Mexican exclaimed: "Exactly! That's precisely what we are trying to do, but of course we could never say so publicly". Huntington then proceeded to invoke the comparison between Mexico and Turkey. In each case significant elements of the population are resisting the redefinition of their country's identity (Huntington 1993). The uprising of the Chiapas insurgents in southern Mexico can be seen as a classic "clash of civilizations". The insurgents, of Mayan ancestry, made the anti-NAFTA cause their own. They argued that NAFTA would accentuate the north/south divide in their country and worsened their own poverty. This aspect of NAFTA never pressed upon the public consciousness of the United States and Canada.

NAFTA seemed to be outward looking, but on closer inspection, it is clear that it was premised on the notion of keeping the Mexicans in Mexico: jobs would stay in Mexico, as presumably would Mexican workers. This has not taken place. As many economists predicted, in the short to the medium term direct competition with more efficient US and Canadian agriculture would drive Mexican agricultural producers off the land and across the US border. This was the contradiction that supporters of NAFTA had to come to terms with, just as supporters of Maastricht may have to come to terms with a similar contradiction about migration into Europe.

The whole debate has to be placed in historical context. After the second world war, the United States sustained Europe's faltering economic recovery with Marshall Aid funds. Company presidents, trade unionists, consumer activists and investment bankers in the United States were united in championing free trade: export growth meant prosperity for all. America's Democratic Party wholeheartedly embraced the project. An emphasis on growth meant that everyone could have a larger slice of the pie, without having to alter the relative proportions. But the pie could only be made bigger with the cooperation of foreign leaders who were prepared to promote trade liberalisation in their own countries. The cold war created a fearful symmetry, which has now disappeared. As economies regroup, the old coalition of free trade interests in the United States and elsewhere has come unstuck. That geopolitical fact goes a considerable distance towards explaining the dilemma now faced by the Democrats in the United States.

As for Canada, the reasons may be largely different, but it too is now

experiencing a serious weakening of the broad coalitions that were traditionally represented by the two main parties in federal politics. This became strikingly evident in the 1993 federal election, when one of the older parties collapsed altogether and two new parties emerged. It is possible that sustained economic recovery will result in these new regionally based parties fading away, as similar protest parties have faded away on earlier occasions. But it is also quite possible that the situation will remain precarious, despite economic recovery and the comfortable parliamentary majority enjoyed by Chrétien's Liberal government. If so, it can be said that *inter alia* two strangely paradoxical causes have played a fundamental part. One is the influence of the Charter of Rights and Freedoms, introduced by Trudeau, whose purpose was of course not to divide the country but to unite it by emphasising common individual rights. The other is the impact of NAFTA, introduced by Trudeau's successor Mulroney, which has played into the hands of the neo-protectionists in Canada's huge neighbour south of the border. It was doubtless intended to safeguard the future of the Canadian economy. But clearly it is drawing Canada, reluctantly and painfully, into closer alignment with the American economic and social model.

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