

The Economic Club of New York

The Honorable Rene Levesque
Premier of Quebec

January 25, 1977

New York Hilton
New York City

Quebec: A Good Neighbour in Transition

The Honorable Rene Levesque

Exactly two months ago, a new government assumed power in Quebec. This government was born of a young political party which had gained strength during the two previous elections, with political sovereignty for Quebec as its prime objective. Although we at home could see such a result shaping up over the last few years, it naturally aroused interest and curiosity beyond our borders, not unmixed with some anxiety and even some hostility in certain quarters.

Just what is this Quebec, so close geographically, and yet so remote for many, on account of “la difference,” and also because proximity often breeds more ignorance than knowledge? French Quebec was born at the same time as the first American colonies. Its history is intimately linked with that of the thirteen states which, after a hundred and fifty years of imperial rule, decided to form the United States of America.

Our ancestors, among the greatest of discoverers, missionaries and...fur-traders were the first white men to explore North America as far as the Rocky Mountains and Louisiana. Detroit, New Orleans and Milwaukee were founded by Quebecers. About 1830, Missouri was still French-speaking. It was the son of a Montrealer, John Charles Fremont, who commanded the troops that conquered California in 1846, and then became governor of that state. Later, owing to difficult economic conditions in the North, several thousand “Quebecois” settled in your vast country,

mainly in New England. So, from the beginning, we have always shared with you a taste for new frontiers, a thirst for open spaces, and a drive to overcome obstacles, even to meet sometimes quasi-impossible challenges, and thus to create our own new way of life.

In fact, similarities must have been pretty obvious, since Quebec was invited to join the American Union two centuries ago, and consequently, we also could very well have taken part in the Bicentennial last year as one of the founding states! And I know for a fact that while you were celebrating, quite a few Quebecers were feeling nostalgic; for, like you, we believe we are a nation. With all the essential requirements: a clearly defined territory, our own history, a common language and culture, a collective will to live together and maintain a national identity.

Now, almost exactly two hundred years after its neighbour to the south, Quebec too is making up its mind about how to set in motion the process leading to independence.

And I can find nothing more striking, by the way, than the many analogies between the psychological climate felt in Quebec today, and that portrayed in many publications describing the American atmosphere of two hundred years ago. At that time, many people in the thirteen colonies were far from convinced of the merits of independence. In 1775, the delegates to the Continental Congress in Philadelphia were greatly reluctant to break with Great Britain. There were those who prophesied all kinds of economic disasters, with a sharp drop in investments, and the fatal collapse of any new currency. But independence was so obviously indicated by

geography, by history and the dynamic nature of the people, and by obsolete institutions, that it became a fact, expressed in such simple yet profound words that no “Quebecois” can read them without feeling a certain emotion:

“When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature’s God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to separation.”

I could easily have opened my address with that opening sentence of the Declaration of Independence, because it describes so very well the feelings I come with, in this world capital of New York, to try and explain Quebec and “declare the causes.”

Some fifteen years before the American Revolution, the French colony of Quebec was conquered by British troops. That conquest deprived our society of a great many of its elite, who went back to France, and it turned over our political and economic life to foreign leadership. The small “Quebecois” community immediately became a very delicate plant, tenuously rooted in an alien and not always hospitable environment. Every effort had to be made to ensure its protection and even its survival. So the Quebec people instinctively retreated into their shells. And then it would take some twelve generations to bring us to the threshold of national maturity. Of all the

European groups who settled in America in the Seventeenth Century – French, Spanish, Portuguese and British – only the French have not yet attained full political autonomy.

But now, at long last, Quebec is a fully developed society. It has over six million people, 82% of whom are French by descent, language and cultural heritage. Montreal, our metropolis, is the second largest French city in the world. Our gross national product would make us twenty-third among the nations of the world, and eleventh on a per capita basis. And as for our territory, its store of resources is even more ample than its quite sufficient size.

Independence for Quebec, therefore, now appears as normal, I might say almost as inevitable, as it was for the American states of two hundred years ago. Along with deep and durable historical roots, this political emancipation can now count on the support of sociological change, one of the most significant aspects being the fact that our youth is already heavily committed to it. It would be senseless, like King Canute trying to stop the tide, to waste efforts in order to delay the final outcome of something as natural and irreversible as growth itself. On the contrary, it seems to me efforts should be concentrated on the rational establishment of future good relations between this emerging Quebec and its neighbours.

In my opinion, the important question – the question everyone interested in Quebec and Canada should be asking – is not whether Quebec will become independent, nor indeed when it will happen, but rather how, in due time, Quebecers can be expected to take full charge of their own

political affairs.

In this respect, I believe the past augurs well for the future. For one thing, Quebec citizens are determined that change, especially great change when required, can and must be brought about strictly through the democratic process. This is rather well illustrated by our recent election, and the orderly way in which, after patient and solid preparation, a whole new perspective came out of it as confirmed. All our history shows that our people dislike upsetting things in a panic just as much as they dislike being upset themselves. There's nothing we like more in our affairs than a sense of continuity. We have managed to survive, to grow and make progress despite great obstacles, by being steadfast as well as cautious, proceeding not in spurts but in careful transition. We may want change, but not through disorder, since any kind of extremism goes against the very grain of our society.

Such is the way in which Quebec, since 1960, has gone through greatly accelerated change, in fact a complete restructuring of its social fabric, without suffering the traumatic shocks or disruptions that so often afflict other countries in similar circumstances. In our case, this period is generally referred to as the "quiet revolution." And now, for the last seven or eight years, Quebec has been going through a similar, and in fact logically related, reassessment and transition in constitutional matters. And once again, if you consider how delicate such matters can be, the evolution is going on in an atmosphere of remarkable serenity. Initially there were few tense moments, but now there is nothing but patient democratic work, so that after the "quiet

revolution,” we are entitled to expect “quiet independence” in the near future.

One of the key elements of this “quiet independence” is our firm and clear commitment, as a government, not to push Quebecers into so fundamental a constitutional change without being absolutely sure in advance that it is accepted. As you probably know, we have solemnly assured our fellow citizens that a referendum will be held on the question, so that all Quebecers of voting age, without distinction as to their origin, will share equally in this historic decision on independence. The referendum will be held during our current term of office, that is inside of five years at the most, and the date will be set in order to give all legitimate advocates of the pro and the con sufficient time to organize the great debate. This insistence on a gradual and strictly democratic approach is another quite eloquent indication that Quebec intends to continue, as in the past, to be one of the most stable societies in the world, in addition to being one of the richest and most productive for its size. In fact, in all of today’s societies, stability is more accurately defined as the ability to adapt to change rather than the ability to resist it. In a world where change is now the law more often than not, resistance only paves the way for more violent and radical changes in the future. It is precisely this ability, which Quebec has always shown, to manage change without losing continuity, which constitutes the most reassuring guarantee of its economic and social stability.

In the same spirit, along with our plan for political sovereignty, we have also proposed an economic association with Canada. This is simple common sense; for Quebec’s economic life is

strongly linked to that of Canada. For that reason, and also because no people can or wants to live alone, we are certainly not looking towards any kind of splendid and sterile isolation. We are as well aware as anyone of the demands of interdependence between nations and economic ensembles. We therefore propose a new type of association with the rest of Canada, a set of new ties so that both nations, the English and the French, may live in harmony, side by side, without hurting each other. That we stand ready to discuss at any time, with our minds open to pooling or “joint-venturing” whatever should be if both Quebec and Canada are to profit from and with one another.

This new partnership could take the form, essentially, of a common market based on a customs union, permitting free passage of persons, goods and capital, as in the countries of Western Europe. Additionally, if the desire is mutual, we are ready to go further, as far as monetary union, which obviously would allow for political change to be implemented with a real minimum of uncertainty in economic affairs.

This same “mix” of innovation and continuity is also to be found throughout the program of the Parti Quebecois. Our economic and social policies, for instance, came out of eight solid years of free democratic discussion, of thinking and maturing together, by our thousands of party members, who now represent, as no other party can, most of Quebec’s regions and walks of life. The results are certainly not perfect, nor complete in all details. What political program ever is – or should be?

But overall, I truly believe it represents a collection of sensible and moderately progressive policies, carefully designed in a perspective of change without disruption. Some of it can and will be realized in the present provincial context; other parts would naturally have to wait until Quebec has the full competence of a sovereign state, if such is the people's choice in the referendum. And needless to say, in order to keep in step with reality as we've done since the beginning, a lot of it is bound to be reexamined and amended along the way.

For example, our few general guidelines concerning Quebec's future foreign relations and defense, while obviously not a pressing question for the moment, would have to be adapted to international realities at the time of independence.

And as for labeling our program, if it's necessary, we can call it "social democratic." Social democratic parties have been, or are presently in power in several western countries of some importance, like Sweden, Great Britain, West Germany, and also in certain Canadian provinces.

However, there is no one model for social democracy. It has to be geared, in each case, to the needs and aspirations, but also to the means and possibilities of a particular people, taking into account its economic situation along with the domestic and international context it has to face.

Our model, so to speak, for social and economic development, is based on respect for the

individual and on keeping people well informed about and involved in all major decisions that concern them. We want fully responsible citizens. For this reason, when I appointed the Cabinet, I created a new post, that of Minister of State for Parliamentary Reform, who will be in charge of improving our democratic institutions.

We advocate a decrease in regional and social disparity, looking towards a certain amount of administrative decentralization as well as more effective and more human operation of government. We also emphasize the urgent need for strict integrity in public administration. On this subject I have already issued directives to the members of the Cabinet on conflicts of interest; directives which are the toughest that I know of, since they compel all ministers to sell every share they hold in any public company.

Above all, our intention is to work for a healthier social climate, especially in respect to labour relations. Our major economic organizations, both labour and management, have already expressed some confidence in us and offered their cooperation. Only two months after our coming to power, there seems to be good reason to hope for less turmoil in Quebec. Through joint appraisal with our social partners, we want to attempt in the next few months to consolidate this new atmosphere, with a consensus on the objectives of development, on a desirable growth rate and a better allocation of our resources. Along these lines, the government has already agreed in principle to an economic summit conference to be held this coming spring.

Our program also involves the implementation of several new measures, on which we made formal and carefully selected commitments during the last election campaign. These commitments require little extra spending and will be applied gradually. In fact, this is how we intend to act in all areas. The economic and financial situation in Quebec and in most western countries is especially difficult. As I was telling the students of the University of Montreal a few days ago, Quebec must learn to live within its means.

Budget wise, this will involve a rearrangement of priorities and administrative reforms in order to carry out our projects, rather than vast and costly programs which inevitably cause excessive growth in government bureaucracy. To attain this objective, when I appointed the Cabinet, I set up a Committee on Priorities whose job will be to promote more rational decision-making within the government.

It seems to us essential economically that public spending be self-regulating, and that we avoid considering foreign financial markets as inexhaustible sources of supply. Our people and businesses pay high enough taxes as it is. We do not intend to tax them any further, nor to endanger the competitive position of our enterprises. So any increase in spending must be geared to the normal rise in tax revenue.

Of course, we will continue to call upon financial markets in Quebec, Canada and outside, but we intend to watch the growth rate of our borrowings very closely. And I do need to say we

intend to avoid like the plague lavish spending sprees like last year's Olympics, and rather look systematically for essential and productive projects, with the greatest emphasis on those that create more employment.

On this point, many of you are certainly aware that Hydro-Quebec is in the midst of vast development projects on our great northern rivers. In this age of energy shortages, nothing could be more indicated than a special effort to fully develop all of our yet untapped resources in the hydro-electric field. Since, as Minister of Natural Resources, some years ago, I was closely and personally involved in the creation of Hydro-Quebec as we know it today, I am pleased to observe that the financial community recognizes the high competence of our great utility's management and has never failed to provide financial backing for its projects. And I am confident that this well-deserved support will continue in the future.

As for general economic development, there is one strange belief that we suffered for too long, a sort of institutionalized belief that our economy could only be developed by outsiders, as if Quebec were no more than a convenient reserve of raw materials for foreign enterprises.

Such an attitude of over-dependence, when it is allowed to last indefinitely, breeds nothing but a dangerous lack of self-reliance and economic responsibility. We want to get out of that rut, and from now on to play a larger and more decisive role in our own development. We are going to call upon the full potential and all the rich and diverse capacities of our people, both workers and

entrepreneurs, and also upon the accumulated wealth which our very strong savings tradition has generated in Quebec.

Now this does not at all mean we are closing the door on foreign investment. On the contrary, we obviously need and will continue to need new capital investment and new technology, both home-grown and from outside. Our government and the Parti Quebecois itself, are quite ready to accept and welcome foreign enterprise, so long as it respects our majority language and culture – which is no more than any self-respecting community expects from all its corporate citizens.

As to the limits on foreign economic involvement, we have tried to design, under the guise of an “investment code,” the basic outlines of a clean-cut sectorial approach. Instead of a case by case screening system, such as the one devised by the Ottawa government, and known as FIRA, we believe that a set of sectorial guidelines would be much less exposed to unpredictable and sometime irrational decisions. It seems to us it would make the rules of the game much clearer to everyone, permitting foreign investors to know in advance which fields are open to them, and which are completely or partly reserved for domestic ownership or participation. In the latter case, we have already spelled out in advance some obvious examples, which we believe are simply par for the course for any national community, in such sensitive sectors as banking institutions and things like mass media, publications, etc., that have direct impact on cultural development.

Needless to say, this will have to remain mostly a project for the future, until independence give us the full set of policy tools required. But as a perspective, we think it makes a lot of sense, and once in practice would give Quebec an honest and realistic guidebook in that sensitive field. Speaking of delicate matters, our program does not envisage any direct takeovers and we do not intend to launch any policy of nationalization. The sole exception, and we have always been quite specific about it, has to do with the mining and processing of asbestos, insofar as we may find such an ultimate solution necessary if we are to correct rather poisonous working conditions in that sector, and also to gain full advantage from our position as first world producer and exporter.

But we are definitely not contemplating any takeovers in our other mining fields, such as iron and copper, and the same goes for the aluminum and pulp-and-paper industries. What we do intend to recuperate, however, is the control and management of our basic forest resources, in order to assure better husbanding and make a more rational supply of wood available. And finally, before we leave that subject, it might interest you to know that one of our party conventions, some time ago, even rejected by a large majority a resolution proposing to nationalize Quebec's telephone companies, public and vital, and expensive, though that service is.

So, in a nutshell, we are not against foreign investment as such, and we have no intention of picking fights with private enterprise. The Parti Quebecois' approach is essentially pragmatic.

Our way of thinking about public enterprise, for instance, does not follow from any general ideological posture; we simply see it as a means, to be used carefully, when concrete circumstances clearly indicate that it should be used. And any intervention of this nature will follow the pattern already established by our General Investment Corporation and our other public corporations. Which means that the Quebec government remains ready to go into joint ventures with domestic or foreign private capital for major projects. A quite recent case is that of Sidbec, our steel complex, joining forces with U.S. Steel and British Steel to launch the Fire Lake mining development, which will require something like \$545 million. Not so long ago, our General Investment Corporation also joined a Canadian corporation, B.C. Forest, and a French corporation, in order to build a \$300 million pulp-and-paper mill in Saint Felicien, in our Lake St. John district.

I would also like to mention Soquem, our mining exploration and development corporation, which I helped to create in the Sixties, with an idea based at least partly on the remarkable record of a comparable American experiment during World War II. And I am proud to say Soquem has been associated with dozens of other mining concerns along the way, and with increasing success.

In short, we very simply and normally intend to build our society and control our environment in a way that suits our tastes, our aspirations, and our “difference.” But difference certainly does not

mean that we see ourselves rejecting the basic social values, economic structures or political traditions that our North American outlook is founded upon. Whatever our national status, we remain neighbours forever, both of Canada and the United States, and we are absolutely dedicated to being good neighbours. Between us, there are bonds of friendship and cooperation, forged not only by history and geography, but also by a multitude of interlocking interests and diversified exchanges. And now, presently, there is in Quebec this steadily rising movement of collective emancipation, comparable enough to your own beginnings that we naturally hope for and expect sympathy maybe, understanding certainly, in American opinion.

In closing, I would like to stress the fact that in our new government there are quite a few of us who have had prior parliamentary or administrative experience, and in some cases long and solid experience. So we are as well aware as anyone of all the demands and complications that government has to face nowadays. The fact, for instance, that the demands are often contradictory. On the one hand, our public, like publics everywhere, wants new services of evident necessity. While, on the other hand, we have to keep our public expenditure under tighter control than ever. And at the same time, we absolutely have to find the ways and means to fight a really tragic rate of unemployment and do our utmost to correct personal and regional disparities that are still unacceptable. Trying to do all of that or even some of that at once is a bit like trying to square a circle. The great consolation is that all governments are more or less in the same boat, even though that is rather cold comfort.

But if we balance all factors, and take a good look at the positive ones, like our ferocious determination, and the realistic and responsible outlook we have tried to develop, like the eminently democratic and popular strength of our party and the recognized quality of the members of our team, like also the indisputable economic and other potentials of Quebec which many of you know quite a bit about – everything considered, we firmly believe that we are going to make it, if for no other reason than that we cannot afford not to.

End of Remarks