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WHAT DOES THE PQ GOVERNMENT MEAN FOR QUEBEC? FOR CANADA?

Chairman: **Robin Sears**

President, The Empire Club of Canada

Head Table Guests

Gordon McIvor, President, Alliance Francaise de Toronto, and Consultant, The World Bank, and Director, The Empire Club of Canada; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; Gianni Ciuffo, Partner, Financial Advisory Practice, Deloitte & Touche LLP; Miyo Yamashita, Partner, Enterprise Risk Practice, Deloitte & Touche LLP; Victoria Hall, Student, Emery Collegiate Institute; Reverend Canon Kim Beard, Incumbent at St. Paul's On The Hill Anglican Church, Pickering; John Honderich, Chair, Torstar Corporation; and Lisa Balfour Bowen, Founding President, French for the Future.

Introduction by Robin Sears

Ladies and gentlemen, it is now my delight and pleasure to introduce Mr. André Pratte.

Editorial editors are normally an unrecognized—and frequently disrespected—breed in journalism.

They are often accused of being obvious, irrelevant or naive by jealous reporters. Their job, in the cliché of self-described “working

journalists,” is to “Come down from the hills, after the battle is over, to shoot the wounded.”

Usually anonymous—except in Quebec and some European centres where they get a byline—they get blamed for the editorial positions that are the publisher’s insistence and little credit for blazing new trails. I know because I am the son of one such grumpy former editor.

My friend, André Pratte, is not one of those. In a 30-year career as one of Quebec’s most serious political writers, he has spent the last decade building the editorial reputation of the La Presse editorial page with great courage, determination and occasional humour. His colleagues have endorsed that view naming him the best editorial writer in Canada in three separate years.

An author in his spare time, his life of Laurier, published last year is a fabulous addition to the thin shelf of Canadian political biography, and a great addition to his oeuvre of five other books.

But it is his championship of a new Canadian federalism for which he is most infamous at home, and most famous in English Canada.

It is hard to describe to a Toronto audience what resolve, and what courage, his eloquent defence of federalism means to someone of his prominence in Quebec. Perhaps a comparison might be an editor of the Toronto Star endorsing Rob Ford, over and over and joining the attack on his enemies.

Ladies and gentlemen, one of Canada’s premier journalists, a visionary about this country, and a good talker—André Pratte.

André Pratte

Thank you Robin for a much too generous introduction. The one word I like is “naive,” because I believe I am naive because I believe in the power of ideas. I’m not a businessman. I’m not a lawyer. I don’t do anything. I just look at people doing things and I comment on it. But I believe that ideas are important, and that you can contribute to how our society is evolving by thinking and spreading ideas and discussing with others, sharing those ideas.

It’s really a privilege for me to address such a distinguished audience. When I speak in Toronto I usually have a good Maple Leafs joke, but unfortunately the NHL is in a lockout and therefore I don’t have a joke to start with. I must say we also joke a lot about the Canadiens these

days, but they're not playing either which means they're not losing.

I'll make a few remarks that I'll try to keep as short as possible because I do really think it's a great opportunity for me to hear your ideas, your views, and discuss the future of our country, especially after the results of September 4 and the Québec election.

Let me first remind you briefly of the results of that election. The Parti Québécois got 54 seats out of 125 in the National Assembly, so they are nine shy of a majority. After nine years in power and a very high rate of dissatisfaction the outgoing Liberals got 50 seats, which really surprised many. A new political party called Coalition Avenir Québec or CAQ, their members being known as the caquistes, a very strange name, got 19 seats, which for a new party is not bad. A leftist party, Québec Solidaire, got two seats. It's interesting to note that the Parti Québécois got 32 per cent of the vote. That's their lowest score actually since 1973, which was their second election. In 1973 they got six seats with about 31 per cent of the vote, and now they're in power with 32 per cent of the vote, and that's a result of course of having not only a two- or three-party election, but actually four or five parties that are strong enough. The Liberals got 31 per cent, which is very close again. Even though Mrs. Marois is now Première, she heads a minority government and a weak one at that and there is no indication that needs to be said that there is some kind of resurgence of the separatist movement in Québec. However, the movement is still there and still quite strong. Most polls that ask people whether they would vote for separation using usually the word "sovereignty" get about 40 per cent of the vote. That's quite significant still today.

The Liberal defeat has brought about the resignation of Mr. Charest. The Liberals are now in a leadership race with two quite good candidates.

The CAQ, the new party, is led by François Legault, former businessman, former Parti Québécois minister. It has some potential but it's not very clear whether they'll become a coherent party enough to become eventually an alternative for government.

Quite surprisingly the first month of the Parti Québécois government has been very controversial and has shown signs of incompetence. I say surprisingly because whenever you think of the Parti Québécois and its ideas, it usually forms a very competent government, full of brilliant people, especially in finance. I think of Mr. Parizeau, for instance, or Bernard Landry, and many others. In particular there was a lot of controversy which you may have read about or heard about about some fiscal proposals that were made. During the campaign one of the main promises of Mrs. Marois was to scrap a health-care premium of \$200 a year that had to be paid by practically everyone except the poorest of the poor, that was introduced by the previous government. Obviously like any new tax it was very unpopular and the PQ had promised very solemnly that they would scrap the tax. They also explained that they would compensate the billion dollars, because by scrapping the tax, the government would miss a billion dollars. It would replace that money by introducing two new brackets in the income tax regime, taxing everyone at the provincial rate who had taxable gains of over \$250,000, 31 per cent, which would bring the marginal tax rate in Québec combined federal and provincial at over 55 per cent, which as you know is quite high—certainly compared to what is the case in Ontario. That was not enough to reach the billion dollars. It also proposed to increase taxes on capital gains and on revenues from dividends. Obviously that was very unpopular, not only unpopular in business circles, but also for a lot of people for whom capital gains is part of their retirement or planned retirement income, and also a lot of people who invest even small amounts or

through their pension funds in shares that produce dividend revenues.

Besides, Mrs. Marois announced, and it wasn't clear during the campaign certainly, that the health premium would disappear right from year 2012, fiscal year 2012. That means they needed a billion dollars for the current fiscal year and therefore the tax measures, the new tax measures, would be retroactive, which is especially surprising, especially in the case of capital gains, because of course people had made transactions during the year not knowing that they would now be taxed at a higher amount on these transactions. The controversy was so huge that the government finally had to back down which they did yesterday, even though they said that what they now propose respects the spirit of their proposal, their initial proposal. The fact is that they have now announced that the health premium will not be scrapped but become progressive. I just recall it was \$200 for practically everyone. It will now move between zero to \$1,000 for the high incomes. Taxation for dividends and capital gains will remain the same; there will not be retroactive measures. Therefore the health premium will remain for 2012 and the new regime will come into force for 2013. Not only the initial proposals are gone, but the spirit is gone. Everything is gone. They've come back really to something much more sensible.

This impression of improvisation and incompetence in a field that is extremely important has led many to think that this government will have a very short life and will probably be defeated in the National Assembly, if not this fall then next spring when the first budget is presented. It is true that a lot of people, especially in the business community are worried, not only because the perceived sense of incompetence especially in the economic field where Mrs. Marois's cabinet is very weak, but also because their program is really to the left. It's like the NDP before Jack Layton, which I guess tells you a lot. However, we should

not under-estimate the Parti Québécois even though their minister of finance is pretty weak. They do have a lot of brilliant people around Mrs. Marois' table. They have very good communicators. There's a lot of sympathy for the Parti Québécois in the media, as you know, and in the many lobby groups like the environmentalists, the artists and so on. I'm pretty sure that the mess of the first week will not be repeated and they will have a government that is competent enough and will have a lot of sympathy for many groups that made Mr. Charest's life miserable.

There's also the question of who will be the next Liberal leader. As I mentioned, there are three good candidates, but as we all know, someone who's a good candidate, who's been a good minister, is not necessarily a good leader. Besides, you certainly have heard about this inquiry on corruption and collusion in a public works contract. The first star witness who has now been on the witness stand for five or six days has started making allegations or revelations. I think they are allegations but the media certainly think that they're revelations, implying very strong links between corruption and collusion in the construction industry and fund collecting for the Liberal Party. If this goes on for weeks and weeks and other witnesses confirm these things, obviously the Liberal Party, whoever the leader is, will suffer something like what happened to the Liberal Party of Canada under Paul Martin. I don't need to tell you that in Québec especially, the Liberal brand, the federal Liberal brand, is very damaged. Even though the federal and provincial parties in Québec are very different, there's still a connection. There seems to be an impact of what happens to the federal Liberal party on the provincial party and the reverse. If another scandal hurts the Liberal brand in Québec, it will be very difficult not only for the future federal leader to make inroads in the province, but also for any leader of the provincial party. Therefore, whatever has happened over the first month with the Marois government, there's cer-

tainly a possibility that it will survive more than a few months, and even eventually be re-elected as a majority government.

Now, should we care? As Québécois I think we certainly should. As Canadians from outside Québec, should you care? I certainly think so. Actually we should care about politics in Québec, whatever happens to the Parti Québécois, even if it is beaten three months from now, but more so if it remains in power because it will continue and I would say intensify a very constant process that has been going on for about 20 years, probably since the Bloc Québécois elected a majority of MPs in Ottawa—distancing Québec from the rest of Canada and vice-versa, a process that obviously the Parti Québécois has every intention of continuing and pushing. There are many reasons for that rift that is widening between Québec and the other regions of the country. I don't want to take too much time explaining how I view this. Certainly many Québécois now feel, I wouldn't say hostile, but more indifferent to whatever happens in the rest of the country. Besides the 35–40 per cent who would like to separate, many, many others don't care either about separation or federalism or Canada or Toronto or anything else. Young people from Québec are like many other young people in the world. They want to learn languages. They have friends from every culture. They want to travel in the world. They want to work practically everywhere, but probably not in Toronto.

A very strong feeling that has always existed in Québec for many Québécois—an emotional attachment to Canada as a country they helped to build, an admiration for Canada's contribution to the world, and pride of achieving such a marvellous country—has really diminished a lot. I don't need to tell you that when a crisis erupts between the rest of the country and Québec, as is bound to happen in a country as diverse as ours, that emotional link is crucial, is very important, because what-

ever the arguments, when people come out and vote, for instance in a referendum on separation, many hesitate. Even though some would be sensitive to the PQ argument, they don't want to lose Canada. The feeling that certainly existed a lot in the generations of the 1940s, 1950s and 1960s, a little less in 1980, and a little less in 1995, is weaker now than it has ever been, and a lot of polls show this.

Now it seems also, and maybe we can discuss this in a few moments, some kind of a parallel process has been going on in the rest of the country. Many people I think are tired of listening to Québec politicians and others whining and complaining and never being satisfied with whatever deal is offered to them. Many are simply indifferent. Whatever happens, if Québecers decide to go, let them go. If they decide to stay, let them stay. They don't care. Of course, Canada is changing a lot. Economic power is changing. Our population is now more diversified from a religious standpoint and demographic standpoint than ever. This idea of Canada as founded by two peoples is still there but much less important for all Canadians than it was before.

In a way some people are starting to think in Québec and outside the province that we're moving in the direction of separation de facto. No one has voted for that, but if, for instance, Canada is led by a government whose policies are not only unpopular in Québec, but also that has a very weak Québec representation, it again encourages many Québecers to think that this is not our government. We don't really care what they're doing as long as they let us do what we want to do. Québecers participate much less than they used to in the building and evolution of the country and don't really have or even want a word to say about how we deal with this difficult balance between our natural resources and the wealth they bring and the protection of our environment. Well, if Québecers are not part of the game, we lose as a country. I think certainly

Québecers lose, but also we encourage this feeling, mutual feeling, that we're together but we don't really care about each other. I think that process makes us weaker and poorer because every time people from different cultures try to build things together, it makes them stronger. Besides, from a political standpoint, when a future crisis arises, as it will inevitably at one point, it makes the alliance much weaker.

Imagine a third referendum, and as I said I don't think there is one in the cards, but who knows? Imagine this referendum tomorrow. Who would speak for Canada in Québec? Jean Charest is gone and not very popular besides. You'd have Mrs. Marois on the "yes" side with a long list of intellectuals and artists and very popular and brilliant people who have thought and written and made movies about Québec as the future great country and participant in the world. On the other side you would have Stephen Harper. You can be an admirer or not, but obviously Stephen Harper would not be the one who can convince Québecers to stay in Canada. You would have Christian Paradis, a very nice guy, but he's no Jean Chretien. He's no Pierre Elliott Trudeau either. Maybe Justin Trudeau, but I hope if there is a referendum it won't be tomorrow so we can give him a bit more time to mature a little bit.

What I'm saying really, and I don't want to be nasty towards these people who have their merits, but certainly the federalist and Canadian voice in Québec has never been weaker than it is today. It's true that separatists are not at the same level of popularity and brilliance than when Lucien Bouchard was there or René Lévesque, but their adversary is much, much weaker than it was at that time. I remember being a young Québecer, a young journalist Québecer, covering one night a speech by Pierre Elliott Trudeau and the other night one by René Lévesque. Whatever their ideas, you could not be anything else but struck by how brilliant and charismatic

these men were. It made for a very difficult choice for many Québécois who thought maybe it was a chance to increase Québec's power of negotiation and so on, because you have not only a quality intellectual debate but you also have a lot of emotion on both sides. I'm not sure the scene could be repeated today if we had this.

I don't want to talk necessarily about the risk of separation, because I think whatever happens to the PQ and eventual referendum, even if the Liberals are re-elected tomorrow morning in Québec, this issue of a rift that is increasingly widening between Québec and the rest of the country makes us weaker. I think we, as Canadians, even though we are tired of these debates about Québec and the constitution and whatever, have a duty to try to bridge the gap between Québec and the rest of the country.

Now what can we do? As I said at the start, I'm not a politician. I'm not a business person. All I can do is write and write articles and books and hope that one or two people read them and find them interesting. I believe in the power of ideas so I and many others in Québec decided a few years ago to increase the level of federal discourse in Québec and Canadian discourse in Québec. We created a very small think tank called "The Federal Idea." You have a little documentation on your table. What we're trying to do is create a space where Québécois who believe in Canada can discuss things, because it's very surprising to meet people who believe in Canada and Québec but don't want to be identified as federalists, because it's become such a taboo or unpopular word. We decided to create a space where people would be comfortable discussing and exchanging ideas, and also to rehabilitate the word "federalist." This is not only in Québec. I think that the rest of the country tends to think that federalism is a very cumbersome system of government, complicated. Wouldn't it be much simpler if we had one national government, maybe provincial governments,

but not very strong, and it would be a more united country. I think we have to rehabilitate federalism as such. Federalism is not dull. It is a system of government that's very complicated. It's like any other system of government. It starts with ideas and principles and values. When you look at the principles and values that underpin federalism, you realize that these values, these principles of tolerance and diversity, are working together so people can reach common goals and yet respect every group's autonomy and diversity. This is more pertinent today than in Pierre Trudeau's time. If you look at the crisis in Europe, you realize that what they lack is federalism, and that every kind of solution they are looking at, even though they don't want to say the word too loud, is a federal solution.

We're trying in our small way. For instance, we publish different studies on federalism in Canada, in the world. I want to give you an example of how that can be useful. Every provincial political party in Québec now believes, even the Liberal Party, that Ottawa should give the provincial government of Québec all powers in the field of support for the arts. That means the National Film Board would be split and you would have a Québec Film Board with money coming from the federal government. The Council of the Arts would be separated, and you would have a Québec part with some funding transferred from Ottawa. Instinctively if you ask Québécois whether they think that culture should be an exclusive provincial jurisdiction, people say culture, language, French, of course. Québec should think about it twice. If you ask Québec artists, even separatists, they will tell you that they enjoy very much having another door they can knock on. If the Québec government said it would not subsidize their play or their exhibition, they like to have other doors, even though they're called Canada doors. They like to have other doors. It's the same in all federations.

If you look at the budget, you realize that the federal government gives Québec artists and cultural institutions 33 per cent of the national budget in support of the arts. Obviously if the Québec government eventually convinced Ottawa to abandon all jurisdiction for culture, it would transfer back 23 per cent of that money, not 33 per cent. The Québec provincial parties would say, “No, no, no, no! We want thirty-three per cent of the money.” I don’t think that will work.

The Federal Idea had very respected university professors, experts in the field of support for the arts, publish a study that had a lot of media impact, explaining how it worked in Canada from the budget standpoint, from a cultural diversity standpoint, how even Québec artists thought that it was a good thing to have many doors to knock on, and how other federations in the world dealt with these issues of what is the best national strategy to support the arts when you’re in a federation, whether it’s Germany or the United States. We’ve published many such documents. We’ve organized conferences. We’ve built links with other organizations. Instead of trying to build a new Canadian Council for Unity that existed before, we’ve decided to work with other organizations and universities across the country. With the Mowat Centre here in Toronto and the Canada West Foundation we organize events together. We’re still every small, and that’s why that flyer is on your table, because we need any kind of support you can give us. More so, I think, we have to try to learn to rebuild or to reestablish a dialogue between Québécois and other Canadians. When I say this, people say, “You want to talk constitution again?” No, no, no, that’s not what I’m saying. I’m just saying, I know it’s difficult to do, but let’s forget the last 40 years. Obviously if we start from what we tried for the last 40 years, we’ll end up at the same place, which is an impasse. We have a country that is a great country that obviously has a lot of challenges, and we’re certainly bet-

ter off if we work on these issues together than each on our own side.

The PQ victory certainly reminds us that separatism is not dead, that this issue will not go away. We may find that very frustrating, but it's not surprising really. We all wish that the country would work without quarrels between provinces and regions and so on. That's not the standard for the success of a federation. A federation is not somewhere where you have no conflicts or no quarrels. A federation is an organization that permits diverse groups to work together and manage those differences in a peaceful and productive way. The standard for a well-working federation is not the disappearance of quarrels, but how you manage them peacefully and productively. By that standard, Canada's an extraordinary success.

We have to work at it. That's also part of what a federation is. We have to work at it every day, even though we're tired. That's the answer I get from many people when I talk about what we're trying to do and what I personally and many others in Québec are trying to do. They're tired. Well once you get tired eventually you lose your country. Because separatists are not tired, or if they are so, they are certainly not showing it at all. They are working, and if they're in power today, it's not because they're mean or whatever. It's because they work at it. They believe in their idea. Even though they've had very difficult times and two very difficult losses, they still believe that their idea is the best one for Québec. They will work at it. They will do all they think legally and democratically is necessary to win. That means that on the other side, we can't just say, "Well, okay, we'll see if one day there's a referendum and then we'll start working on it." That's what we tried in 1995 and we know what happened.

A couple of months ago when I talked about our project to people in the rest of the country many said, "Well, this is all finished. With the PQ, that's finished." Well the PQ is not finished. There may not be a referendum, but

who knows? I think we should work at it. We all have a duty as Canadians to do that. I think we certainly have a better chance of succeeding as a country whatever happens to the separatists and so on if Québécois and Canadians from other regions reestablish some kind of dialogue on the common problems that we're facing. I don't have to talk too much about those problems. I think for instance of energy. When you look at the question of pipelines in the West, the oil companies are now looking at maybe reversing some of those pipelines. If oil cannot be exported to Asia, it will be exported through Québec and the Maritimes. That's a national importance issue and if we don't establish some kind of dialogue on a national energy policy, I'm not talking about the program here but a national energy policy, if Québécois are not part of that dialogue with other Canadians, we'll lose as a country.

I just want to thank you for your patience. Let's begin the dialogue. I hope there's time and interest for questions and comments. Thank you very much.

The appreciation of the meeting was expressed by Gordon McIvor, President, Alliance Francaise de Toronto, and Consultant, The World Bank, and Director, The Empire Club of Canada.

