Chapter - V

Quebec-Canada:
A search for Alternatives
At this juncture, it is essential to think again for a new relationship between Quebec and the rest of Canada. Indeed, such a complex political situation nothing can be portrayed in absolute terms. The things can be sorted-out through a process of give and take, process of bargaining when both the parties are always confronted by a series of possible choices. Therefore, in the field of policy-making, the choices can be seen in a series of alternatives. Once we start thinking in terms of alternative arrangements between Quebec and the rest of Canada, several designs come to mind.

**Sovereignty-Association:**

For the relationship between two founding nations, the government of Quebec in 1980, proposed a constitutional formula "in which both Quebec and what would presumedly be called Canada (minus Quebec) begin to function as fully sovereign states in their relations with one another and with the outside world."¹ This formula would replace the present federal structure and make Quebec free from Ottawa's domination without breaking up the economic ties between Quebec and the rest of Canada. It would serve to exercise maximum autonomy while maintaining inter-relationship between Quebec and the rest of Canada.

Besides federalism, there are other devices, capable of reconciling the objectives of autonomy and interdependence. Now, for above mentioned purposes, different types of associations between other sovereign countries are taking place. These associations are on the increase on every continent, such
as European Coal and Steel Community (ECSC), European Economic Community (EEC), The Belgium-Luxembourg Economic Union, The Nordic Council, among Ireland, Norway, Finland, Denmark, Sweden, the European Free Trade Association (EFTA), in Latin America- The Latin American Free Trade Association, in Africa- The West African Economic Community, The West African Monetary Union, in Asia- The Association of South East Asian Nations (ASEAN) between Indonesia, Philippines Malaysia, Singapore, Thialand.

All these associations of sovereign states can be distinguished from one another by the nature of their activity, degree of their integration and various characteristics- population, culture, political system etc. The European associations are probably the most advanced examples of economic integration. The activity of European associations are primarily economic but it also include social policy and scientific policy in different fields. The Economic Union between Belgium and Luxembourg is a part of the European movement towards economic integration; but the economic links of EFTA are rather weak. The Nordic Council and the ASEAN have much more diversified activities.

Quebec wants to redefine their relationship with the the rest of Canada on a more egalitarian basis. It has been more interested in framing such type of association which may grant a sovereign status to itself without shattering the economic relationship with the the rest of Canada. "Modern economic association are generally the result of cooperation between
individual countries and entirely sovereign nations, which have agreed to pool some of their powers. In such cases, integration is based on the sovereignty of the partners."³ In case of Quebec, the situation is quite different. Hence, the economic integration between units already exist but sovereignty of units have to be established.

**Sovereignty and Its Implications:**

The term sovereignty is derived from the Latin word "Superanus" which means supreme "The Notion of sovereignty as suggesting the supreme power in a territory is modern and its emergence connected with the rise of modern nation-state".⁴ Sovereign state is one which is externally free and internally supreme. Bodin defined it as "the Supreme power over citizens and subjects, unrestrained by law." Hugo Grotius defined it as "the supreme political power vested in him whose acts are not subject to any other and whose will can not be overridden." The sovereign state enjoys full legal freedom in all fields, external and internal. "The exercise of sovereignty, however, cannot be divorced from a state structure. And in a world more and more divided up into nation-states, there can not be multiple sovereignties within a single state."⁵ According to Ray and Bhattacharya "Sovereignty in its nature is indivisible...... there must exist in every state a single body which is legally competent to issue the final commands".⁶ But this view is not accepted universally. The concept of undivided sovereignty cannot be applied on federalism. Federalism involves division of powers between constitutional units which are in their
sphere independent and coordinate. Thus, in federal states sovereignty is divided. This doctrine of 'dual' sovereignty attained a distinction in the writings of De Tocqueville, Halleck and others. But this theory of 'dual' sovereignty confuse sovereignty with its emanation. Power which is the emanation of sovereignty is divisible but sovereignty is not. The conclusion of views is that sovereignty in a federal state resides in the constitution-amending body, because it is competent alone to alter the terms of the constitution. There can be only one sovereign state for purposes of international law, sub-units of a federation cannot exercise sovereignty in the international arena.

Under the formula proposed by the government of Quebec or Parti Quebecois in its 1973 manifesto and again in 1979, −Quebec Canada: A New Deal, which set the stage for the referendum, sovereignty would reside entirely in the state of Quebec. Quebecers would be ruled by a single government and would pay taxes only to Quebec. By this agreement Canada and Quebec would continue to share a single tariff and a single currency. However, each partner would have its own international institution and personality. At present, Only the federal government has an international personality. The relations between the two sovereign partners would be decided not by the Constitution of Canada but by the treaty of association. It would be similar to France or Holand in relation to European Common Market, with some important differences. In real terms, this association can not be measured by any single
model because every society has its own experience and *modus operandi*.

According to the area of action shared, the economic association of sovereign states may assume many forms. Now, it is essential to distinguish between four general integration formulas such as the free trade zone, the customs union, the common market and the monetary union. In general, a Free Trade Zone is defined as a geographical area composed of sovereign states in which goods can move freely. In this case it is not necessary for member states to be neighbours, as in the case, of EFTA. In such cases, no custom duties are levied between member countries and each member is free to decide its own trade policy towards non-member countries. The Custom Union is defined as the area in which sovereign member countries abolish all custom barriers between themselves and establish a single trade policy and a uniform tariff towards non-member countries. A Common Market is the area formed by the sovereign states in which goods, people and capital can flow freely, this zone being linked to the rest of world by a single tariff and trade policy. A Monetary Union is defined as a space formed by the sovereign states in which goods, and capital flow freely. Member countries on the one hand establish a single trade and tariff policy towards third countries, on the other hand, possess a single currency and have the same monetary policy.

There is a great variety in the types of association formed by many sovereign countries. These association take place in
accordance with the historical, social and economic circumstances of member countries. Like others Quebec has its own specific circumstances which have certain similarities with some forms of association mentioned above but can not be confined to specific one. Quebec proposed that "the two communities [would] remain in association not only in a custom union or a common market but in a monetary union as well. Thus Canada can be preserved intact as an economic entity while Quebec can assume all the powers it need as a nation to ensure its full development."

**Design of Proposal:**

According to this proposal, the Quebec would be called a sovereign state in the relation with the rest of Canada and with outside world. All the assets and liabilities currently vested in the government of Canada would be divided up between the two successor states. All the federal asset on the territory of Quebec would be under its control and it shall share the national debt, proportionate to its population. Existing federal laws will continue to apply as Quebec laws until they are not amended or replaced by Quebec's National Assembly. In becoming sovereign, Quebec will maintain its territorial integrity. The Quebec portion of the St. Lawrence seaway would come under its control, the Parliament of Canada will have to decide whether Canadian who become Quebec citizen may maintain their Canadian citizenship as well. Quebec in this regard would have no objection. The minorities in Quebec such as Anglophones, Amerindian and Inuits will continue to
enjoy their rights and government will provide resources for their socio-cultural development. There will be the Quebec Courts to administer justice in Quebec. Moreover, a joint court, constituted through the treaty of association will have the power to interpret the provisions of treaty at any time of confusion and conflict.

No country of this world can live in isolation, interdependence is necessary for mutual benefit and survival. Keeping this in mind, Quebec proposed a plan with the rest of Canada—"a treaty of community association, whose aim will be notably, to maintain the present Canadian economic entity by ensuring continuity of exchange and by favouring, in the long run a more rapid and better balanced development of each of the two partners." There would be free circulation of goods without any custom barrier between the two sovereign partners. The two countries would abstain from any discriminatory fiscal policy towards each other's products. Moreover, the dollar could be maintained as the single currency of two countries. There would be free circulation of people across border without any passport.

A few years earlier, the P.Q. has dropped the demand of association from the party's platform, calling instead for sovereignty, pure and simple. "The severing of sovereignty from association, as the P.Q., for one, now proposes, will not solve Quebec's problem. It will simply underline the enormous risks Quebec would be forced to take in creating its own currency and managing its own debt, in cutting its own deals within the
continental and global trading system; or in looking to the United States or further a field for the ties it will have forfeited in English Canada."\(^9\)

On Sept. 12, 1994 the P.Q. was returned to power in Quebec with a commitment to bring about sovereignty after a referendum to be held in 1995. But P.Q. could not attained the majority enough to win. So, it needed the support of another parties. However, Bloc Quebecois (B.Q.) and Action Democratique du Quebec (ADQ) joined the move but certain modifications in the demand of sovereignty pure and simple. An agreement was reached, on June 12, 1995 between Premier Jacques Parizeau, B.Q. leader Lucien Bouchard and A.D.Q. head, Mario Dumont. As an agreement the sovereignty would be associated with a formal offer of partnership with the rest of Canada to be submitted after a referendum victory. The partnership formula did include a political and economic union. The political union would be similar to European Union. The referendum was scheduled for Oct. 30, 1995 the three parties campaigned for 'Yes' vote whereas Liberal Party for 'No' but the move was lost by a margin of heirs bredth, 49.4 percent against 50.6 percent votes.

There is an another option called Canada-Quebec Union. Under that option, English Canada and Quebec would be linked with a loose union. Quebec would exercise autonomy in many fields of federal jurisdiction without attaining a status of sovereign nation. It would remain associated with English Canada in the field of foreign policy, defence, trade, currency,
environment and citizenship. There would be some form of Common Parliament also under this union.

**Quebec Sovereignty and the Rest of Canada:**

The bulk of attention has been paid to the meaning of sovereignty for Quebec. Now at this point, a deeper analysis of cost and benefit for the rest of Canada is needed. Quebec's departure from the federation would pose significant challenges to the rest of Canada. These challenges may stand in different fields of activity in various manners, for example—bilingualism will be replaced by unilingualism, Atlantic Canada will be cut off geographically from Ontario, and the importance of Ottawa as a manager of political and economic affairs will be diminished. However, Quebec sovereignty and its implications for the rest of Canada are important to discuss.

**The Consequences of Quebec sovereignty:**

The Quebec sovereignty in a short period will create an upheaval in Quebec and in the rest of Canada. As a result "political, economic and cultural ties may be harmed...... The nature of the new Quebec nation-state whether it enjoys pure sovereignty or just sovereignty-association, and the character of post sovereignty, Quebec-Canada negotiations will determine the extent to which this rest of Canada bitterness will prevail." The political and economic leaders in the rest of Canada, will try to retain a harmonious economic relationship with Quebec because various provinces have a close proximity and economic ties with Quebec.

The economy of Ontario is intertwined with Quebec's
and it has every thing to gain from normalization. Atlantic Canada will need close ties with Quebec to circumvent its geographic isolation, Manitoba and Saskatchewan will exhibit conflicting initiatives towards Quebec, reflecting their western character and their ties with the centre, Alberta and British Columbia with strong existing regionalist impulses will be least directly affected by Quebec's departure, although they will now have more justification to demand a better economic deal in Canada while they simultaneously develop their ties with the United States and in the case of B.C. to the Pacific Rim countries.\textsuperscript{11}

In the event, if majority of Quebeckers voted 'yes' on the referendum question and if Quebec had been declared as a sovereign state, Alan Cairns of the University of Columbia has noted that it would not be at all clear that the rest of Canada would have been in a position to negotiate the allocation of assets, debts etc.\textsuperscript{12} In fact, provincial leader would have found themselves competing with each other for their own provincial interests. The Canadian political institution are not in a position to deal with an independent Quebec.

The Canadians outside Quebec will face some problems. If Quebec gets sovereignty, the provision of official bilingualism in public service will be terminated except where a large number of people reside speaking French language. Moreover, inter-provincial trade barriers might continue to be relexed. The federal structure and institutions could be restructured. Canada might remain a federation, but with a
strong feeling of provincialism. If Quebec stays in Canada, Quebec and some other provinces will continue to claim for more jurisdiction to act, more responsibility and fiscal resources. In that situation, Ontario could dominate the new federation because of its population and industrial strength unless the House of Commons is restructured to accommodate different regions with a proper balanced ratio. If Quebec departs, the the rest of Canada will have to be restructured to accommodate the new reality. This restructuring, however, will lead to further decentralization of Canadian federation.

After Quebec's departure (if happens), the rest of Canada will enjoy all of the existing ties of Canada with other countries while Quebec will establish new relationship with other nations. In case of achieving political sovereignty by Quebec, the more fatal consequences would be the emigration of economic elite, engineers, managers, entrepreneurs, chemists and more from the English speaking community. In fact, the brain drain has already started, according to calculations by Statistics Canada—"between 1969-1973 several hundred thousands Quebecers left Quebec to go elsewhere, and the net emigration was 90,700, the greatest emigration occured in the troubled years of 1970 and 1971, when 64,900 people left Quebec." The trend indicates that in the period of crisis people begin to emigrate. Moreover, Quebec would pay another big cost in movement of civil servants and their families from Ottawa to Quebec. The burden of their salaries would be borne by tax-payers. "There can be no doubt that in short run, for
two or three years, Quebec accession to sovereignty could cause major transition costs, according to Quebec Liberals, these would amount to economic disaster."14 Another straining aspect of economic disaster will be the loss of equalization grants, oil subsidies, taxes and other advantages of 'Profitable-Federalism'. Quebec Liberal Party believed that the survival of the French language and society can only be guaranteed by economic prosperity. Moreover, the economic prosperity cannot be secured in a separate Quebec. Therefore, to gain prosperity and ensure cultural survival, Quebec must remain within Canadian federation with more autonomy which would give it an advantage over other provinces.

A sovereign Quebec would have to resolve some sensitive issues. For example, the question of boundaries between Quebec and the rest of Canada might be raised. Quebec government is dreaming of redrawing the boundary of Labrador and of annexing Acadie. At present, Quebec government officially do not acknowledge Labrador as part of Newfoundland. Moreover, the Hudson Bay and Ungava regions were given to Quebec by acts of Parliament in 1898 and 1912. Native people residing in these areas also assert that their traditional agreements are with Canada and not with a prospective sovereign Quebec.15 All this would raise the political temperature and spread much ill will. However, there would be a question mark on the integrity of the rest of Canada—Could the rest of Canada continue as a single identity or would it run into the further fragmentation?
In case of division Canadian territory, there shall be two markets and Quebec would find itself confined to its own market rather than big market of the rest of Canada. After separation, the the rest of Canada would still have about 75% of Canada’s population and 84.4 percent of its territory. After the departure of Quebec, the the rest of Canada would remain economically viable. It would be overwhelmingly English-speaking country and dominated by the Liberal Party. If Quebec becomes a separate country, it would have to maintain embassies abroad, a central bank, armed forces and so own. The Canadian armed forces are virtually more efficient than they would be in two sovereign states. The percentage of total budget required shall be higher to maintain the two separate military establishments.

The separation of two founding peoples likely would be bitter but peaceful. Some of the Canadians would be willing to bear arms to keep Quebec as a province of federation, few would be willing to make major financial or political concessions to keep Quebec economically viable state. Similarly, most polls reveal that Canadian outside of Quebec (the rest of Canada) would reject economic association after sovereignty.\textsuperscript{16} Most of the Canadian want to stop the endless and tedious constitutional wrangle. They want that Quebec should decide whether to stay or go, so that they can move in the direction of dealing with Quebec in a new manner.

\textit{Canadian Federalism and Decentralization:}

After acquiring sovereignty, Quebec will pose some major
challenges to Canadian federation. Canada has long been virtually a decentralized nation-state. But now the urge is for not only politically decentralized but also economically. "The federal government controls only 40 percent of public sector expenditure, the other 60 percent being held by other levels of government. Furthermore, the larger provinces are better able to regulate their own economies. Market forces are increasingly being controlled by global multi-nationals. Centralising institutions in transportation sectors have been drastically cut back, as in the case of the Via Rail train service, or are being privatized as in case of Air Canada."[17] The increasing demands of provinces for equalization grants and other federal deficit and debt burden are promoting decentralization. However, decentralization has become an accepted view of Canadians.

After the defeat of Meech Lake constitutional accord, the forces against the accord propounded for a strong central vision of Canada. But, now these forces are unable to appear with their vision of centralizing Canada. Today, the view of decentralized Canada have been established at every level of governance. Most of the academicians, civil servants and the general people have accepted the glaring realities. They have accepted that now, no other way to cope with the situation but to give more powers to provinces, organized according to economic realities. Both former Prime Minister Brian Mulroney and Prime Minister Jean Chretien have declared that decentralization would be part of their respective constitutional
programs." It is ironic that at one time Jean Chretien have proclaimed himself the champion of strong centralized federalism. In 1990, when Jean Chretien became the leader of Liberal Party of Canada, could not muster support for an Ottawa centered view of federalism, particularly in Quebec.

Moreover, the unifying symbols such as national anthem, the prime minister, the governor general, the Queen and bilingualism are losing their significance in Canada. Many Canadians establish their identity first in terms of their province or region and only second in terms of being Canadian. But in America, the citizens regard themselves Americans first and after that citizen of any state or region. In this way, we can find a strong tradition of decentralization in Canada. In Canada the combination of a parliamentary fusion of powers and gross regional disparities has produced a high level of provincial authority and federal decentralization.\(^{19}\)

**Impact of Sovereignty on Canada's Provinces:**

The economy of Ontario is intertwined with Quebec or in another term both are co-dependent. Each is the other's largest trading partner to a degree that is equal to the trade flow of many medium sized countries. In 1990, of manufactured goods alone, 17 per cent of Quebec's total went to Ontario, compared with 8 per cent of Ontario's to Quebec, thus Quebec generated $18 billion revenue from Ontario in 1990 which was more than from any other province. According to one study released by Economic Council of Canada, (now defunct) in the event of Quebec's separation and the severing of fiscal
ties, Quebec would be an economic loser and Ontario a winner. Furthermore, Ontario would dominate the federation of the rest of Canada. Quebec's sovereignty would serve to compel Ontario to re-evaluate its place in the federation. The business giants pressurized the provincial government of Ontario to prepare a contingency plan in the event of Quebec's getting sovereignty. This plan is prepared for the larger economic share in federal financial plannings. The demand of Ontario for a 'fair share' could lead to further fragmentation.

In Western Canada, people virtually reject the view that basically Canada is composed of two founding peoples. The rejection of the Charlottetown Accord was an indication of their belief in nation of ten equal provinces. Some in the west consider Quebec as receiving more in equalization payments than it give back to the country and are annoyed with the presence and working of sovereigntist 'Bloc Quebecois' as the official opposition in Parliament. Western Canada, like Atlantic Canada, is really four provinces with difference in priorities and some times competing in interest. Alberta and British Columbia would have less to lose economically than Manitoba and Saskatchewan at the time of Quebec's departure. After split, Western Canada would lose a balancing province Quebec and consequently, all Western provinces would resent a new Canadian federation dominated by Ontario. The economies of British Columbia and Alberta might improve because of the oil and gas export as expected. Now, Canada limits export of natural gas to cope with the energy crisis with in the country. If Quebec goes, Ottawa might increase export.
There have emerged movements often and parties seeking West's political separation from the rest of Canada. Western resentment with the federal government was rooted in the perception that the federal government imposes unfair economic or energy policies. In case of Quebec, bitterness is more personal and emotional which can not be wedded out only by federal economic planning. Indeed, western grievances can probably be resolved with political reform and increased levels of industrial investment. However, Quebec's sovereignty throws this into question. If post-separation negotiations are cordial and productive, then western anger might be addressed successfully by Ottawa. But, if relations are bitter for some time then there may be a strong western reaction against the federal government which might cause further fragmentation.

After Quebec's departure, the biggest loser would be Atlantic Canada. Atlantic Canada is well connected with Quebec by the sophisticated means of communication and transportation which reduce its geographical sense of isolation. Indeed "the Atlantic region not only has the lowest per capita income but also has the highest unemployment and the largest proportion of people living in poverty. This means that a substantial portion of the people have a standard of living deemed unacceptable by Canadian society. These economic indicators do not measure the social disadvantages and the mental anguish associated with poverty." However, Quebec's sovereignty would inflict a crushing blow to Atlantic Canada. Quebec would own rail, highways and part of the St. Lawrance
rights of ways and could impose user or transit fees on goods flowing to the rest of Canada from the Atlantic region. Of course, if Quebec goes, Atlantic Canada would be perceived as isolated and in economic crisis. Not only that Newfoundland is dependent on Quebec as a market for its hydro-electric power and its iron exports to the world through Quebec. Canada's poorest province might find a new emigration of its young professional to Ontario, British Columbia and the USA in search of work. The Atlantic Canada is heavily dependent on its fishing industry on Quebec but after separation this industry would face a tough time.

Of course, if Quebec were to attain sovereignty, there might be a decline in living standard in Atlantic Canada in the short run and migration of many of the skilled workers to other provinces in the long run. Ontario might try to revise equalization payments and regional development program, the entire federal transfer system could be at risk. If all these hindrances are created then Atlantic Canada might be a political union, even though most Atlantic Canadians oppose an Atlantic economic union. There are possibilities that Quebec's departure would drop its real estate value and would pay more for Quebec made goods. In this way, Atlantic Canada would lose enormous if Quebec goes.21

**Economic Consequences of Quebec's Sovereignty:**

The Quebec's separation could shock the economic structure of Canada because most of the provinces depend on each other for their business. A study commission by the
Business Council on National Issues speculated that Quebec's independence could produce a negative emotional backlash in the rest of Canada that could undermine the future economic relations between the two. This thesis was supported by a submission of the Association of Quebec Economist to the Belanger-Campeau Commission. In its report issued in 1991, the commission called for a renewed federalism as first option for Quebeckers. It emphasized, "the necessity of creating a new relationship between Quebec and the rest of Canada, based on the recognition and respect of the identity of Quebeckers and their right to be different." It marked a deadline for constitutional change. Taking the view in consideration, the National Assembly endorsed its deadline of Oct. 1992. The line was followed by federal government with working on Charlottetown accord on July, 7, 1992. Moreover, The study observed that, in short term the transition to Quebec independeence would be difficult and unfriendly. The study team was of the opinion that Canadian's anger regarding Quebec's move and the economic decline and political instability would sure to happen. The economist asserted that it is "easy to imagine the hostile demands on Quebec-financial, fiscal, political, and territorial—by the the rest of Canada." A number of surveys and studies have revealed that Canadian would oppose an economic association with Quebec as well as any relationship that would give Quebec a more favourable status than that given to the other provinces. Former Alberta Premier Don Getty explicitly stated that his province would reject any attempt of economic association of Quebec with the
the rest of Canada. Furthermore, one poll expressed that almost 90 percent of business leaders of Canada oppose sovereignty for Quebec.

On the other hand, P.Q. holds the conviction that Canada will negotiate with Quebec because of close association in several fields and particularly in four concerns—Quebec's share of the national debt, transportation lines between Ontario and the Maritimes, economic markets in Quebec for Canadian products and social harmony. The P.Q. predicts that Canada will negotiate to preserve economic relationship and if Quebec separates, it would be a smooth exercise. A study by Economic Council of Canada in 1991 speculated that if the relations between both sides were to be remain harmonious, the cost of the transition of sovereignty would be limited.

Any attempt of separation by Quebec would lead to complete and lengthy negotiations over critical economic issues, such as how much of the national debt Quebec would pay and what share of national property it would receive? How would federal government properties such as buildings, ports and air terminal be divided? There would be a period of uncertainty and the stability of the dollar and of interest rates would also come into question. Patrick Grady, author of 'The Economic Consequences of Quebec sovereignty' concludes that a bitter breakup would be expensive for Quebec. He predicted that Quebec's economic output would fall by as much as 10 percent after sovereignty. Moreover, Quebec recession would be as devastating as the 1930's Depression. Industries
depending on federal grants and subsidies such as textiles and dairy products would be hard hit. Furthermore, emigration from Quebec would increase and immigration to Quebec from outside world would decrease. The Quebec separation would serve to increase transfer payment from Ottawa and there would be high health cost, high taxes, diminished public services and lesser foreign investment. There would be flight of capital, higher interest rate, a loss of market for Quebec's products and even a collapse of Quebec's stock prices and property value. The the rest of Canada could suffer a serious recession and drop in stock market prices. It might lose international reputation and be compelled to go for new treaties, laws and regulations.26

If Quebec leaves the federation, Canada has to lose a lot. About one quarter of the national population with its attendant productivity would also move from Canada. Canada would lose a province which is working ahead in social programs. It would lose its successful enterpreneurs, unified currency and fiscal structure. Some critics observe that the whole country's economy would be threatened, as jobs are lost and regions paralysed by huge debts. However, the cost of Quebec's separation would be enormous.

Quebec's sepearation would create a problem of division of debt and assets which is a bitter exercise. Former Quebec premier Jacques Parizeau has maintained that all outstanding debts can be divided in an equitable manner and where the debt is for public works, it would be divided according to assets.
Major physical assets that are not so easily divided, like rail lines, bridges and natural resources, would require minor adjustment to devied fairly. For dividing unfunding liabilities for public servants, there would be a net out payment from Quebec to Canada.

Negotiations to divide debt and assets might be both difficult and costly in terms of administrative expenditure. But Bothe and Harris has speculated that divisions of the federal debt could be difficult because the divided debt would carry increased risk premiums. It would also be difficult agreeing both parties on a devise to divide the debt and designing the institutions necessary to administer that division. In addition, there is no precedent in international law for the distribution of debts and assets in the Canadian situation. Quebec and Canada officials would have to determine a formula to be followed for amicable division. For that purpose, Fraser Institute suggested that a sovereign Quebec could lead to Canada defaulting on up to 25 percent of its current debt obligations.

Quebec seperation would serve to diminished Canada's influence in the World Trade Organization (WTO), the North American Free Trade Agreement (NAFTA), The United Nations and other international platforms. Indeed, a truncated Canada would certainly have less influence on the world scenario.

**Another Option:**

On one hand, the Quebec Liberal Party proposed its plan as 'Profitable federalism' in which it advocated for Quebec that
it must remain within federation as a province to gain prosperity and ensure cultural survival. On the other hand, Parti Quebecois proposed sovereignty-association plan and later on sovereignty pure and simple. P.Q. advocated for independence or sovereignty as the only viable option for survival of Quebec as a 'distinct society'. But there is another option presented in the agenda of the Union Nationale Party.

The Union Nationale has always defended the provincial autonomy and decentralization. Under the leadership of Maurice Duplessis, the party opposed the centralizing thrust of federal government and even refused federal grants to protect Quebec's autonomy. Gabriel Loubier, (From 1971 to 1974) defined Canada as the union of two nations. In 1976 when Rodrigue Biron became the leader of party, he went one step ahead and got autonomist thesis confirmed in party convention in Oct. 1976.28 According to proposed plan the provincial governments would exercise full and complete sovereignty over education, health, social security, communications, cultural affairs and the matters which already fall under provincial jurisdiction in accordance with existing Judicial interpretation of British North America Act.29 Moreover, the provincial governments would exercise exclusive responsibility over policy-making and its implementation regarding-immigration, regional economic development, housing and urban planning etc. Furthermore, the provincial government would have the powers to negotiate, sign and administer international agreement in various fields which are allocated to them under constitution.30
On the plan proposed by Union Nationale Premier Robert Bourassa of Liberal Party commented that it Union Nationale proposes 'associate-state' status for Quebec. Any way, whatever might have been the consideration of different people and parties but it served to search a way for negotiations.

The 'associate-state' is not a new concept in federal system. In India in 1974, Sikkim was declared as 'associate-state'. In this case, in May, 1974 the Assembly of Sikkim passed the Government of Sikkim Act, 1974, by which, Monarchical rule was abolished and this Act empowered Government of Sikkim to seek participation and representation of the people of Sikkim in social, economic and political fields. Consequently, Government of Sikkim expressed its desire to be associated with India. For that purpose Indian Parliament passed the Constitution Act 1974 (35th Amendment) to give effect this resolution. The main provision of the Act were—

* Sikkim will not be a part of the territory of India but an 'associate-state' within the framework of the Indian Constitution.

* Sikkim would be entitled to send two representative in Indian Parliament but they would not be entitled to vote at the election of President or Vice-President.

* The defence, communication, external affairs and social welfare of Sikkim would be a responsibility of the Government of India and the people of Sikkim would have the right of admission to institutions for higher education, to the All-India Services and the political institutions of India.
Therefore, with the 36th Amendment Act in 1975 Sikkim was given a full-fledged status of state of India.

In this way, various options are available with their own specific characteristics. But, we have to concentrate on one which can protect cultural distinctiveness of Quebec with autonomy in provincial jurisdiction and maintain Canadian national integration.

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2. *Quebec–Canada: A New Deal* Quebec: Editeur Officiel du Quebec, 1979, p.49

3. Ibid, p.50


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11. Ibid, p.124


18. Ibid, p.127


