

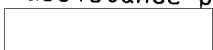
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Memorandum for: Colonel Tyrus Cobb
Deputy Director for
European & Soviet Affairs
National Security Council

Attached is a memorandum addressing the four topics you discussed with our Canadian analyst at the organizational meeting for the NSSD on Canada at State on 8 January 1985. The topics did not lend themselves to a single essay and we have therefore addressed them individually. If we can be of further assistance please let us know. I can be reached

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John McLaughlin
Chief, Western Europe Division



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Office of European Analysis

EURM 85-10027

Central Intelligence Agency

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Washington, D.C. 20505

7 February 1985

MEMORANDUM

Consensus and Autonomy: Dominant Themes
in Canadian History

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The Canadian Confederation was organized in 1867 by the leaders of four British North American provinces -- Ontario, Quebec, Nova Scotia, and New Brunswick -- acting with London's guidance and support. The stimuli to Confederation were:

- a belief that closer political association would carry economic and defense benefits;
- fear of an American invasion prompted by frequent public assertions by US politicians that Canada must inevitably be made part of the United States;
- a perception that London, chastened by sharp conflicts with Washington during the American Civil War and inclined toward viewing colonies as liabilities rather than assets, was becoming increasingly unwilling to defend the provinces against American encroachments.

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The population was comprised almost equally of English-speaking and French-speaking citizens. This linguistic cleavage has been a divisive element in Canadian politics and the balancing of these two linguistic groups has always been a primary consideration for Ottawa. On several occasions, the federal government's mishandling of language-related issues has threatened to disrupt the Canadian union.

- The imposition of conscription during both world wars, for example, was viewed in Quebec as an example of the English-speaking majority running roughshod over the civil rights of the French minority. Anti-conscription rioting occurred in the province's urban areas on both occasions.
- The federal government's institution of a policy of official bilingualism in the early 1970s, on the other hand, was viewed by many English-speaking Canadians as a flagrant example of the majority being oppressed by the minority.

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Although the "Fathers of Confederation" envisioned Canada as a closely knit federal state directed by a powerful central government, the courts have interpreted constitutional questions -- arising under both Canadian constitutions, the British North America Act of 1867 and its successor the Canada Act of 1982 -- in a manner that consistently has augmented the powers of the provinces. Consequently, Canada has developed instead into a nation of three distinct regions -- Western Canada, Central Canada, and Atlantic Canada.* The central government is ill-equipped constitutionally to drag the often recalcitrant regions and their constituent provinces into line, and Ottawa invariably meets strong opposition whenever it tries to introduce a "national" policy. These confrontations also tend to pit one region against another.

- In 1911, for example, Central Canada opposed Ottawa's efforts to conclude a reciprocity treaty with the United States -- which was favored by Western and Atlantic Canada -- and the region's votes were largely responsible for the governments's defeat in the election of that year.
- In 1980, on the other hand, Western Canada strongly opposed the imposition of the National Energy Program (NEP) -- a plan enthusiastically supported by Central and Atlantic Canada -- and its votes helped to fuel the disastrous defeat in 1984 of the Liberal government that wrote the NEP.

Because of the political necessity to balance the interests of the two language groups and the three regions, and the consequent difficulty of implementing plans for domestic development that are national in scope, Canadian prime ministers have tended to use external policy as a tool of nation-building. They often have portrayed Canadian history as a struggle against foreign control over the nation's destiny -- a continuing effort to develop from "colony to nation," in the words of a prominent Canadian historian -- and themselves as the champions of Canadian autonomy. Historically, Canadian prime ministers have used the potent images generated by this "struggle" to unify the population.

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- After Confederation in 1867, for example, Ottawa undertook the building of a transcontinental railroad system and instituted a complex series of protective tariffs. Both actions were trumpeted by the federal government as efforts to bind the young nation together and protect it against the threat of absorption by the United States, rather than simply as methods of promoting effective internal communication, economic growth, and domestic manufacturing.

*Central Canada includes the provinces of Ontario and Quebec; Western Canada includes Manitoba, Saskatchewan, Alberta, and British Columbia; Atlantic Canada includes Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

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- Between the two world wars, Ottawa portrayed itself publicly as waging a battle -- since judged to have been largely imaginary -- against attempts by London to lure Canada into an imperial federation ruled from, by, and for the United Kingdom. The federal government's defense of Canadian autonomy in this period was intended to give Canadians a sense of identity and unity as a means of counteracting the Depression's deepening of traditional regional and linguistic tensions.
- Most recently, Ottawa has tried to use its efforts to limit foreign direct investment, to diversify trade patterns away from "excessive" dependence on the United States, and to involve Canada intimately in geographical areas beyond its traditional UK-US focus to offset some of the damage done to national unity by contentious domestic policies such as official bilingualism. [redacted]

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Linguistic tensions, regional animosities, and the use of foreign policy as a nation-building tool have all combined to create a political system that stresses the need for consensus and places a high premium on proclaiming Canada's autonomy. The early experiences of the new Conservative (Tory) government demonstrate the continued preeminence of these themes in contemporary Canada and in Prime Minister Mulroney's thinking.

- The Tories traditionally have been viewed in Quebec as the party of English-speaking Canadians and as the opponents of official bilingualism and minority language rights. To combat this perception, Mulroney, a native Quebecer, has taken advantage of every opportunity to reassure Quebecers that the Tories are committed to insuring the survival of French culture in Canada. Early in Mulroney's tenure as party leader, for example, he faced down the opponents of bilingualism in his parliamentary caucus by telling them publicly that their choice on the issue was between "my way and the doorway." As prime minister, he has appointed eleven Quebecers to his 40-member cabinet and has sought to find a compromise position that would persuade Quebec's provincial government to sign the Canadian Constitution, which it has refused to do since its implementation in 1982.
- The Conservative government's failure to consult adequately with citizens groups, the opposition parties, and the provincial governments before broaching its intention to limit social welfare programs in December resulted in a backlash that has caused it to drop its original plans. The Tories have now issued a "consultation" paper on social programs which pledges the government to refrain from introducing changes to the social welfare system until it achieves a domestic consensus.
- Likewise, Mulroney and his Cabinet colleagues are now conducting highly publicized consultations with all interested groups in preparation for the presentation of the government's first budget in April. The Tories thus are seeking to form a consensus in order to limit the political cost of what is likely to be an austere and unpopular budget.

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- The subject of free trade with the United States presents any Canadian government with an extraordinary problem. The Prime Minister must build consensus on two points: first, that the economic gains from an agreement with the United States will be distributed equally without undue loss to any particular region, and second, that free trade arrangements will not place Canada on the "slippery slope" toward political absorption by the United States. Mulroney is trying to do this by engaging in wide-ranging consultations with the provincial governments and private sector groups, and by pursuing a foreign policy that combines closer relations with the United States with a recognizable determination not to be subservient to Washington.
- Actions by Mulroney such as appointing critics of US policies to serve in high ranking diplomatic posts, seeking "peace" advice from former Liberal Prime Minister Trudeau, maintaining foreign investment restrictions on "culturally sensitive" economic sectors, and pressing Washington rhetorically to begin acid rain abatement programs are aimed at convincing the electorate that closer relations with Washington will not compromise Canada's sovereignty.

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Quebec in Canada

Great Britain acquired Quebec from France in 1763 as part of the peace settlement following the Seven Years War. Both London and, after 1867, Ottawa have been faced with the necessity of providing a social and legal environment in which Quebec's overwhelmingly French-speaking population could feel that its distinct culture was safe. In the Quebec Act of 1774, for example, London established British governmental institutions in the province but retained French civil law and allowed the Roman Catholic Church to remain paramount in social and educational matters. Likewise, the British North America Act of 1867 -- Canada's first constitution -- assigned jurisdiction over property rights, civil rights, and education to the several provincial governments. These constitutional arrangements took on an increased significance as Canada's English-speaking population began to outnumber French-speaking Canadians by a rapidly increasing margin in the post-Confederation period.

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In the period between 1867 and 1960, Quebec's basically rural and agricultural society was dominated by strong provincial governments which ruled with the active cooperation of the Catholic Church. As a result, the province was isolated not only from the outside world, but from an increasingly secular and industrial Canada as well, developing a defensive insularity that did not begin to break down until the early 1960's. During these years, relations between English Canada and Quebec were often marked by angry confrontations over actions perceived by Quebecers as attempts to deny their minority rights and to force their assimilation into the mainstream of English-Canadian society. Several events still stand out in the "folk memory" of Quebecers:

- 1885 - Ottawa ordered the execution of the French half-breed Louis Riel for his part in leading a rebellion of French-speaking inhabitants in Manitoba. Quebecers viewed Riel's death not as a retribution for treason, but rather as a vindictive act perpetrated by English Canadians against the leader of a French-speaking minority group.
- 1890 - The Manitoba legislature amended the provincial constitution so as to remove French as an official language in the province. Ottawa could have used its constitutional powers to overrule the provincial legislation but refused to do so. Quebecers considered this another instance in which French rights were disregarded by the English majority.
- 1899, 1912, 1917, and 1942 -- respectively, the decision to send Canadian volunteers to fight with the British Army in South Africa during the Boer War, Ottawa's plan to contribute funds for the construction of three battleships for the Royal Navy, and the introduction of conscription in the two world wars -- in each of these cases, Quebecers believed that they were being dragooned into making sacrifices against their will by English Canadians anxious to support their mother country in its imperial adventures.

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After the death in 1959 of Premier Maurice Duplessis -- who with the support of the Catholic Church had ruled the province as his personal political fiefdom since 1944 -- an era known as the "Quiet Revolution" began in Quebec. Since 1960, Quebec has industrialized rapidly and provincial society has undergone a sweeping and pervasive modernization and secularization. Moreover, during Prime Minister Trudeau's tenure (1968-1984) the federal government actively promoted the interests of French-speaking Canadians and, through such policies as official bilingualism, attempted to alleviate the tensions between Quebec and the rest of Canada.

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As a result of these dramatic changes, Quebec's political system has shed much of its former defensive conservatism and insularity, and has assumed an aggressive, cosmopolitan, and social-democratic character. The victory of the pro-independence Parti Quebecois (PQ) in 1976 provided clear evidence that the proponents of French-Canadian nationalism were no longer content simply to preserve the rights traditionally accorded Quebec, but were instead eager to expand French rights -- particularly in the areas of language and education -- and enhance the culture's ability not merely to survive in Canada but to flourish. The current lack of enthusiasm among Quebecers for independence from Canada -- 80 percent now oppose that option -- signals a new maturity and self-confidence in the province and an apparent willingness to deal with the rest of Canada as an equal in the federal system.

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Mulroney as Politician:

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Brian Mulroney is a fluently bilingual, 45-year old electrician's son from the industrial town of Baie Comeau on the north shore of the St. Lawrence River in Quebec. He studied political science and law at universities in Nova Scotia and Quebec in the early 1960s. After graduation, Mulroney quickly established himself as one of Montreal's leading labor lawyers. In 1974 he co-chaired a Quebec government Royal Commission that investigated corrupt

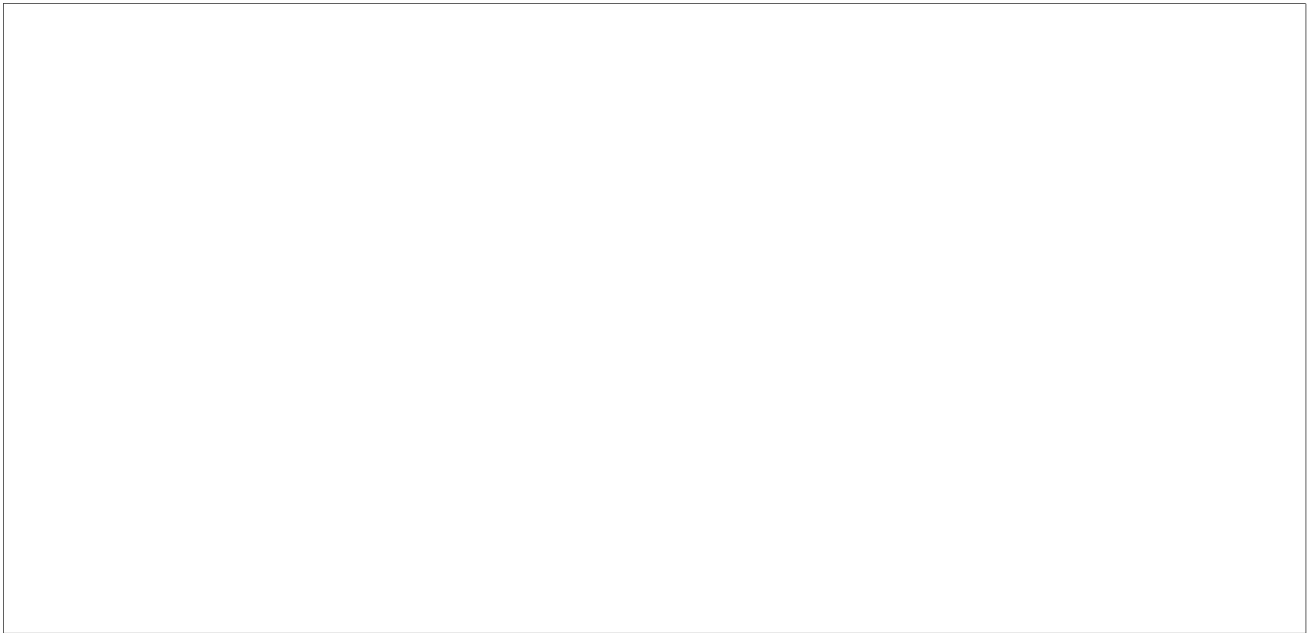
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labor practices among the province's construction unions. In 1976 he became president of the Iron Ore Company of Canada (IOC) -- an affiliate of the US-based Hanna Steel Company of Cleveland. During his five-year tenure at IOC, Mulroney eliminated the company's \$400-million debt and paid dividends for the first time in a decade. He also ended the IOC's long history of acrimonious labor-management relations. [redacted]

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As a politician, Mulroney -- much like the most successful Canadian prime minister, the Liberal Mackenzie King -- can be best described as a "trimmer," ready to adjust to changing political winds and relatively unconcerned with consistency in policies. After losing the Tory leadership race in 1976, for example, Mulroney considered accepting a post in the Liberal cabinet offered to him by Prime Minister Trudeau. He apparently refused the offer because he continued to have leadership ambitions, believed that Trudeau was not ready to retire, and suspected that the newly-elected Tory leader, Joe Clark, did not have a firm hold on his position. [redacted]

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Mulroney and Quebec [redacted]

Mulroney, the first Tory leader from Quebec since 1896, is the Party's indispensable asset in the province. Without Mulroney, the Tories won 1 of Quebec's 75 parliamentary seats and only 12 percent of the popular vote in the 1980 federal election. With Mulroney, the Tories won 58 of 75 seats and 51 percent of the vote in last year's election. Because the Conservatives have virtually no provincial organization, their dramatic turnaround must, we believe, be attributed in large measure to Mulroney's popularity, although the absence of Trudeau from the ballot and weariness with the Liberals also played a role. [redacted]

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Although Mulroney's winning personality and status as a native Quebecer have given the Tories an opportunity to build an effective political organization in Quebec, the job will not be easy. The Tories historically have been viewed in the province as the party that hanged Riel, forced the adoption of conscription, and opposed official bilingualism and the protection of minority language rights. In addition, Quebec has been almost undeviatingly loyal to the federal Liberal Party throughout most of the 20th century and could once again abandon the Tories. In fact, there is precedent for just such a reversal of fortunes. In the 1958 election, for example, the Tories won 50 Quebec seats after having won only 9 seats in 1957; in the next general election in 1962, however, the Tories won only 14 seats.

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