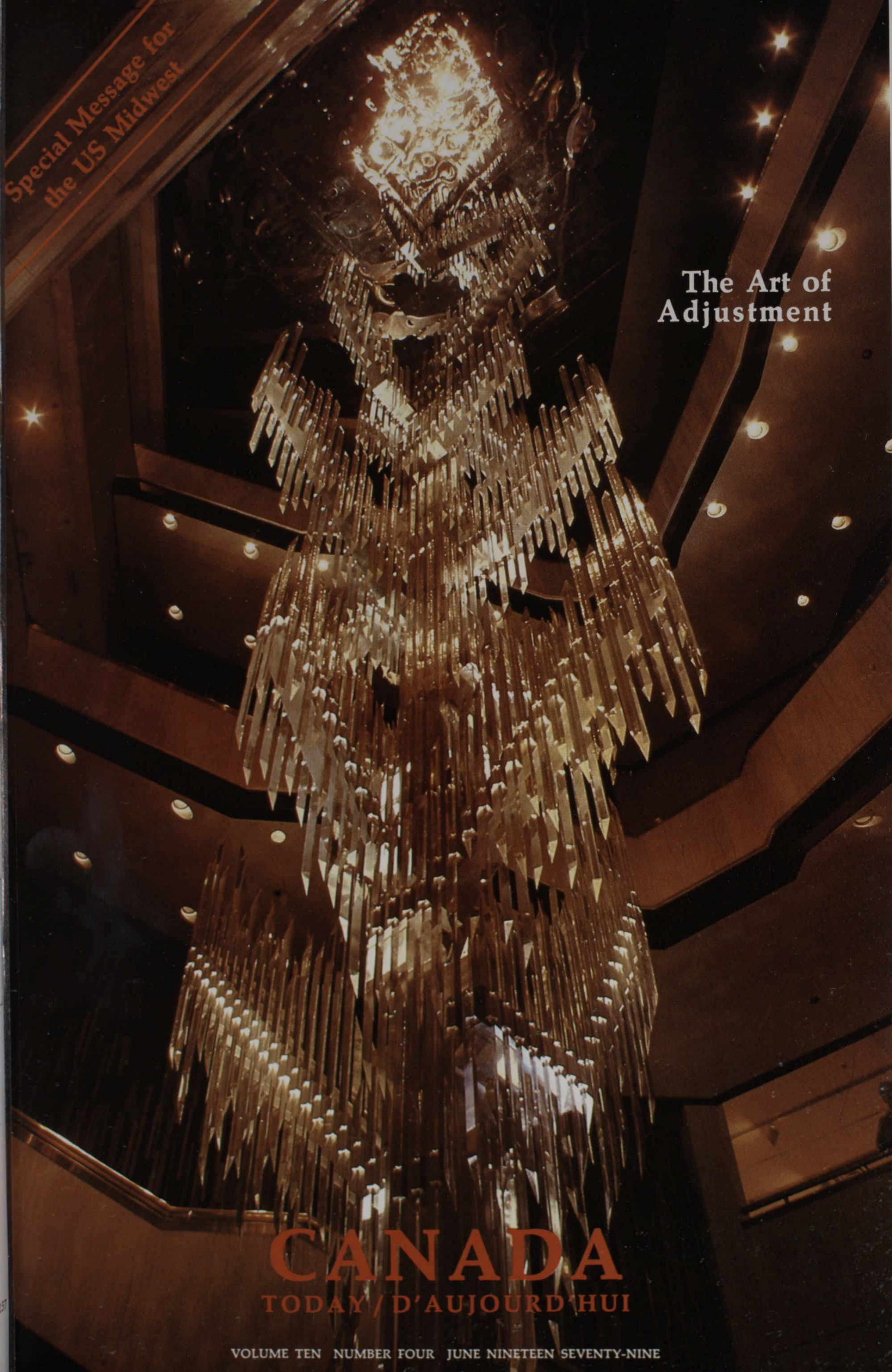
Special Message for the US Midwest

The Art of Adjustment



CANADA
TODAY / D'AUJOURD'HUI

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The Art of Government Is the Art of Adjustment

It may sometimes appear that Canada is composed of nine complacent, cohesive English-speaking provinces and rambunctious Quebec. In fact, it is composed of ten provinces, each different and all occasionally rambunctious. They have been held together for more than a hundred years by a federal government whose embrace is sometimes tight but more often loose.

It has always been necessary for Canada's various governments to adjust to realities. In this issue of CANADA TODAY/D'AUJOURD'HUI we discuss recent, past and current adjustments, which include efforts to get together on a new constitution. We also consider a recent report on national unity and the evolution of one rambunctious province, Alberta.

The Balancing of Power

Canada's founding fathers wanted major decisions made by a strong central government and local matters taken care of by provincial ones.

The formula never quite jelled. Some provinces struck hard bargains before they agreed to join, and some renegotiated their terms after they entered. Some did both. Great Britain's Judicial Committee of the Privy Council altered the balance in the early years. Local matters, which seemed of small consequence in 1867, became of prime importance in the mid-twentieth century. The 112-year history of the federal-provincial government relationship has resembled an effort to balance a teeter-totter, which occasionally achieves equilibrium between ups and downs.

In the beginning English-speaking Upper Canada (Ontario) and French-speaking Lower Canada (Quebec), united in an uneasy union called Canada, persuaded Nova Scotia and New Brunswick to join them in a confederation. Newfoundland and Prince Edward Island stayed out.

By the British North America Act of 1867 the new federal government controlled the armed forces, the post office, coinage and banking, fisheries, trade, commerce, direct and indirect taxation, criminal law and all other powers not given specifically to the provinces. It could disallow provincial legislation. The provinces had authority over property and civil rights, municipal governments, education, the chartering of businesses, direct taxation within their own boundaries and "matters of a merely local or private nature." French and English were to be used in the federal and Quebec legislatures. Existing Catholic and Protestant school systems were to be maintained. The Judicial Committee of the Privy Council was the court of final appeal.

Immediately after confederation, Nova Scotia elected a government that asked Queen Victoria for permission to secede. She declined.

In 1869 Canada bought 1,400,000 square miles of territory from the Hudson's Bay Company for £300,000. French-speaking Métis at Red River, led by Louis Riel, rebelled against the new territorial government and demanded provincial status with protection for land rights and the French language. It was granted, and Manitoba became a province in 1870, though the federal government retained ownership of its natural resources.

British Columbia joined in 1871, after Canada agreed to build a railway to the West within ten years. When work on the railroad slowed down, British Columbia threatened to quit the Confederation, but was persuaded to be patient. When railway construction and settlement accelerated, the Métis in Saskatchewan, believing their land rights in danger, rebelled again. Canadian troops put it down and Louis Riel was executed.

In 1871 New Brunswick dropped sectarian public schools, an apparent violation of the BNA Act, but the Privy Council in London ruled in its favour. When Prince Edward Island joined in 1873, the federal government assumed its railway debts.

In the late 1880s, Nova Scotia, angered at the federal protective tariff, again considered secession, though not very seriously. Manitoba, unhappy with the Canadian Pacific Railway's freight rates, attempted to issue charters for rail lines south to the US, but the federal government dis-

Alberta's present wealth is evident in its enhanced political power and in public displays such as "Aurora Borealis," the acrylic and brushed aluminum sculpture on the cover. It was created by James Houston, and it extends from the ground floor to the fourth floor of the Glenbow Museum in Calgary.

allowed them. Quebec's premier, Honoré Mercier, and Ontario's premier, Oliver Mowat, protested the "over-mighty" rule of Ottawa, and a conference was called to reconsider confederation. British Columbia, Prince Edward Island and the federal government boycotted it, and no decisive action was taken.

Manitoba eliminated sectarian schools in 1890, and the Privy Council supported it. The federal cabinet issued an Order in Council reinstating the Catholic schools; but when the province refused to obey, it made no effort to enforce the order.

In 1905 two new provinces, Alberta and Saskatchewan, were born. The federal government retained ownership of their natural resources and tried to set up dual school systems. It backed off when the school plan met vigorous opposition.

In 1912 Ontario limited the use of French as the language of instruction to the first two grades; in 1914 it closed some publicly supported French-language Catholic schools that employed teachers without Ontario certificates. The federal cabinet did not attempt to change Ontario's decisions.

During World War I, the War Measures Act greatly expanded federal power, and the Parliament passed the first income tax and created emergency boards and commissions.

In 1930 the federal government gave Manitoba, Alberta and Saskatchewan ownership of their natural resources. The Great Depression focused attention on the fact that while the provinces were responsible for expanding social welfare programs, the federal government had most of the tax resources. In 1935 the federal government passed broad social-reform laws, but the Judicial Committee of the Privy Council declared most of them unconstitutional.

In the provinces, premiers Maurice Duplessis, of Quebec, and Mitchell Hepburn, of Ontario, were insisting on provincial rights and economic autonomy. Alberta, devastated by the Great Depression, attempted to issue its own scrip as legal tender and the federal government disallowed it.

As World War II began, the Rowell-Sirois Commission advised the federal government to collect more taxes and share the revenue with the provinces. A 1940 amendment to the British North America Act allowed Parliament to enact national unemployment insurance legislation.

In 1949 Newfoundland became the Confederation's tenth province; and the Supreme Court of Canada replaced the Judicial Committee of the Privy Council as the court of final appeal.

As the fifties began, a transfer of powers allowed Parliament to pass the Federal Old Age Security Act. Federal-provincial conferences became commonplace. In the 1960s, federal governments pursued this "cooperative federalism," and the federal and provincial ministers agreed on tax-sharing plans and measures to fund higher education and health insurance through federal grants and other programs in which each province could choose whether or not to participate.

In 1970 members of the Front de Libération du Québec kidnapped the British Trade Commissioner and the Quebec Minister of Labour and Immigration. The federal government invoked the War Measures Act and declared martial law.

In 1976 the Parti Québécois won a majority in Quebec's National Assembly. Lévesque promised a referendum on separation of the province from the Confederation.

In 1978 Prime Minister Trudeau proposed a new constitution and a realigning of powers.

In 1905 Earl Grey, the Governor General, went to Edmonton to welcome Alberta into the Confederation. He stands here just inside the right streamer. Prime Minister Sir Wilfrid Laurier is just inside the left one, and the woman is Lady Laurier.

The Evolution of a Province

Once Alberta was poor, now it is rich.

When it was threadbare, it called itself *Next Year Country;* and now, although oil and gas revenues are piling up, it still worries about the future.

It began with a sense of justified grievance. When it and Saskatchewan—remote lands, sparsely peopled by new immigrants—were made provinces in 1905, the federal government retained control of their public lands and minerals.

The first years were hard. Alberta had major recessions, and after the second, in 1921, Alberta voters swept out the Liberals, who had run the province for 17 years. (They have yet to return.) The new political force, the United Farmers of Alberta, organized the Alberta Wheat Pool. Times got somewhat better. In 1930 the federal government surrendered its ownership of natural resources and public lands, and jubilant citizens lit bonfires in small towns along the railway to welcome Alberta Premier J. E. Brownlee back from Ottawa.

The Depression and drought hit, and in 1935 the UFA was voted out and William Aberhart and his Social Credit Party took over. The Socreds promised to issue quick-circulating scrip—"social credit" certificates—to all adults, who would spend it immediately. The federal government said it alone had constitutional authority to issue currency, and the Socreds demurred but remained in power. By the 1940s, they had evolved from apparent radicals into essential conservatives.

In 1947 the first major oil well, Leduc No. 1, blew in, and the Alberta economy began to expand. By the fifties the skylines of Edmonton and Calgary had changed, and there was a general sense of real, if relatively modest, prosperity. "Next year" may have arrived.

In March 1965 Peter Lougheed, a graduate of the Harvard Business School, became the provincial leader of the quiescent Progressive-Conservative party.

In 1967 the Conservatives took 6 of 75 seats in the provincial legislature. In 1971 they took a majority, 49. Premier Lougheed's program was aggressive and prescient. He would use the prov-

Grain, once the basic source of all Alberta income, remains a vital part of the economy. Alberta produced 243 million bushels of barley and 117 million bushels of wheat in 1977.

ince's increasing wealth to develop industry and make Alberta the financial and technological research centre of the West. The time proved propitious. The 1970s were to be a decade of remarkable change, and wealth and power moved westward. The Leduc boom accelerated with the 1973 OPEC price hikes and continued as the decade neared its end. The Conservatives remained dominant after the 1975 election, and in the March 1979 election they won 74 out of 79 seats.

Maclean's magazine has noted that one in ten Alberta income earners now averages more than $35,000 a year. During the past fiscal year, Alberta had a $1.6 billion surplus while Ontario anticipated a $1.5 billion deficit.

Still Alberta, with a cautious eye on the future, has put a substantial part of its new public wealth aside in a Heritage Fund, now totaling $4.2 billion. The fund, set up in May 1976, has three goals: to improve the quality of life in the province; to expand and diversify the economic base; and to provide income and investment capital when the oil and gas run out. It has invested heavily in irrigation and substantially in reforestation and land reclamation and in such public enterprises as the Alberta Housing Corporation and the Alberta Home Mortgage Corporation. It has also loaned millions to Newfoundland, New Brunswick, Manitoba and Nova Scotia at attractive interest rates.

The province owns ten per cent of the Syncrude tar sands recovery project, and it has lent more than $200 million to Gulf Canada Ltd. and Canada Cities Service. In 1974 it bought control of Pacific Western Airlines for $36.5 million. In 1978 PWA owned ten planes and leased eleven.

As Alberta has gained in wealth, power and population—1,300 newcomers arrive in an average month—it has challenged federal government policy positions.

The Department of Federal and Intergovernmental Affairs, FIGA, staffed by professional officers (half of them women), brings a new hard-nosed expertise to such discussions, particularly in matters concerning oil and gas.

Through FIGA, Alberta is in frequent communication with its neighbor, Montana. It maintains Alberta House in London as a link with the Common Market, as well as Great Britain, and has smaller outposts in Tokyo and Los Angeles. Premier Lougheed made official visits to Japan in 1973, Europe in 1975 and the United States in 1976. In 1977 he went to Moscow, the Middle East and to the GATT talks in Geneva. The trips have been with the cooperation of the federal Department of External Affairs, its Federal-Provincial Coordination Division and the Canadian embassies.

Calgary's skyline expresses Alberta's new exuberance.

Dr. Meekison of Alberta's FIGA Comments

"The election of a government which has as its ultimate objective the creation of the independent state of Quebec has raised the consciousness of Canadians about the adequacy or inadequacy of the constitutional and institutional arrangements. The fact that Quebecers will be called upon shortly—presumably within the next year—to make a choice about their future in a provincial referendum makes time a significant factor. . . .

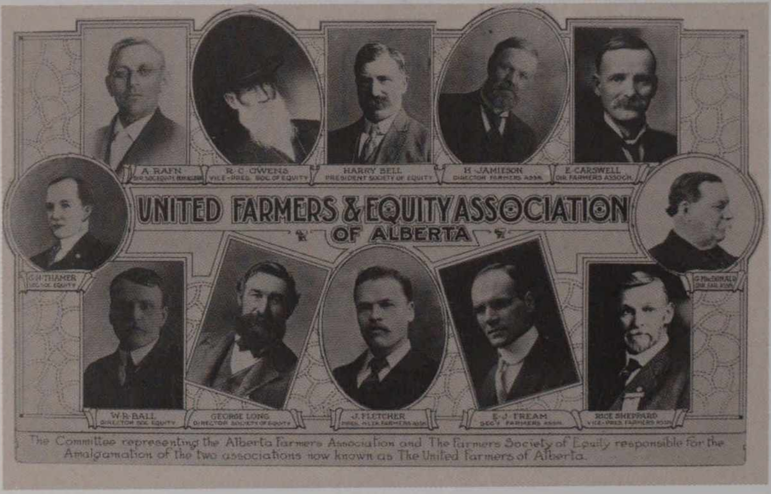
"Without diminishing the importance of developments in Quebec, one should take into account other significant pressures for change within the federation. Among these are: the emergence of a new West, and the concern of many Canadians at what appears to be a strong trend towards centralization in the Canadian federation. . . . The tariff structure and the transportation system have placed the resource-rich West and the Atlantic provinces in a position of being an economic hinterland for Central Canada which has an economy based largely on manufacturing. . . .

"To the Alberta government the belief in provincial equality is one of the most crucial components of its position. [It] does not believe in first and second class provinces. It is not seeking a privileged position within Confederation nor is it seeking to impose its feelings on any other government. . . .

"The federal government and all the provinces except Quebec have rejected both the status quo and the separatist option. . . . This intense scrutiny of our federal system and the attempt to arrive at a 'third option' carries with it considerable risks. The future of Canada as a united nation may well hinge on the outcome."

London, Ontario, 5 March 1979

The Alberta Farmers Association and the Farmers Society of Equity united in 1909 to exert political pressure on existing parties. In 1921, as the United Farmers of Alberta, upper left, they entered politics directly and won 39 of 61 provincial seats. The Social Credit supporters in Ogden, Alberta, lower left, were ripe for victory in 1935. The Leduc oil strike in 1947, right, changed the course of Alberta's history.



SPECIAL MESSAGE FOR THE US MIDWEST

Canada: One of the Midwest's Most Important Customers

The Midwest makes $5.5 billion from sales to Canada.

218,000 jobs in the Midwest depend on Canada.

Few Americans think of Canada as a major trading partner. That's why so many are surprised to learn that Canada is the United States' biggest export customer.

The United States sells more to Canada than to Latin America or the six original members of the European Economic Community, and almost as much as it does to all of Asia. Moreover, the share of total US exports going to Canada has been increasing significantly every year.

Prepared by the Canadian Consulate General, Chicago

$3.3 billion in sales to Canada come from Illinois and Indiana alone.

There are two interesting surprises in United States-Canada trade figures. The first is that of the $30 billion in US exports to Canada in 1977, nearly 20 per cent originated in eight primarily agricultural states: Illinois, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska and Wisconsin. The second is that the big-ticket export contributions of those states were industrial, not agricultural, products.

Illinois and Indiana, for example, together had export sales to Canada in 1977 of $3.3 billion, yet their combined corn sales represented only $6.1 million of that total. Illinois, which was originally put on the export map by its soybeans, sold soybeans worth $24 million to Canada in 1977, compared with chemical products worth $88 million, telecommunications equipment worth $123 million, motor vehicle engines and parts worth $193 million, farm machinery worth $314 million, and industrial and construction machinery and equipment worth $372 million. Indiana exported more than $500 million worth of auto parts, not counting engines, to Canada last year. Its automotive exports to Canada totalled $753 million; this from a state few associate with the auto industry.

Since the bulk of midwestern exports to Canada are industrial, it is interesting to look at them in terms of the manufacturing jobs they support. The rule of thumb is that it takes 40,000 workers to produce $1 billion in manufactured goods. To the left are 1977 Canadian-export figures for the eight states under discussion and the number of jobs those exports support.

	Exports to Canada (in billions)	Jobs Supported
Illinois	$1.953	78,120
Indiana	$1.417	56,680
Iowa	$ .518	20,720
Kansas	$ .150	6,000
Kentucky	$ .257	10,320
Missouri	$ .293	11,720
Nebraska	$ .089	3,560
Wisconsin	$ .792	31,680
TOTAL	$5.469	218,800

The 78,120 Illinois workers employed in manufacturing goods for export to Canada equal the population of the city of Joliet. The 166,480 jobs created by Canadian customers in the three states served by the Port of Chicago — Illinois, Indiana and Wisconsin — are almost enough to employ the population of Wisconsin's capital city, Madison.

Wisconsin, America's dairyland, sold $2.3 million worth of dairy products to Canada in 1977, compared with $131 million worth of farm machinery, $145 million of motor vehicles and parts, and $180 million of industrial and construction equipment.

Iowa, with total 1977 exports to Canada of $517.6 million, accounted for more than 20 per cent of that figure just with wheel tractors ($104 million), and for another 14 per cent ($72 million) with other farm machinery.

Naturally, the farther you go from Lake Michigan, the lower state exports to Canada tend to be. Yet Missouri sells $52 million worth of its chemical production to Canadian buyers, and Kansas and Nebraska together add $65 million to the farm machinery export figure. Even Kentucky, best known for thoroughbred horses and bourbon, exported $16 million worth of hoisting machinery to Canada in 1977.

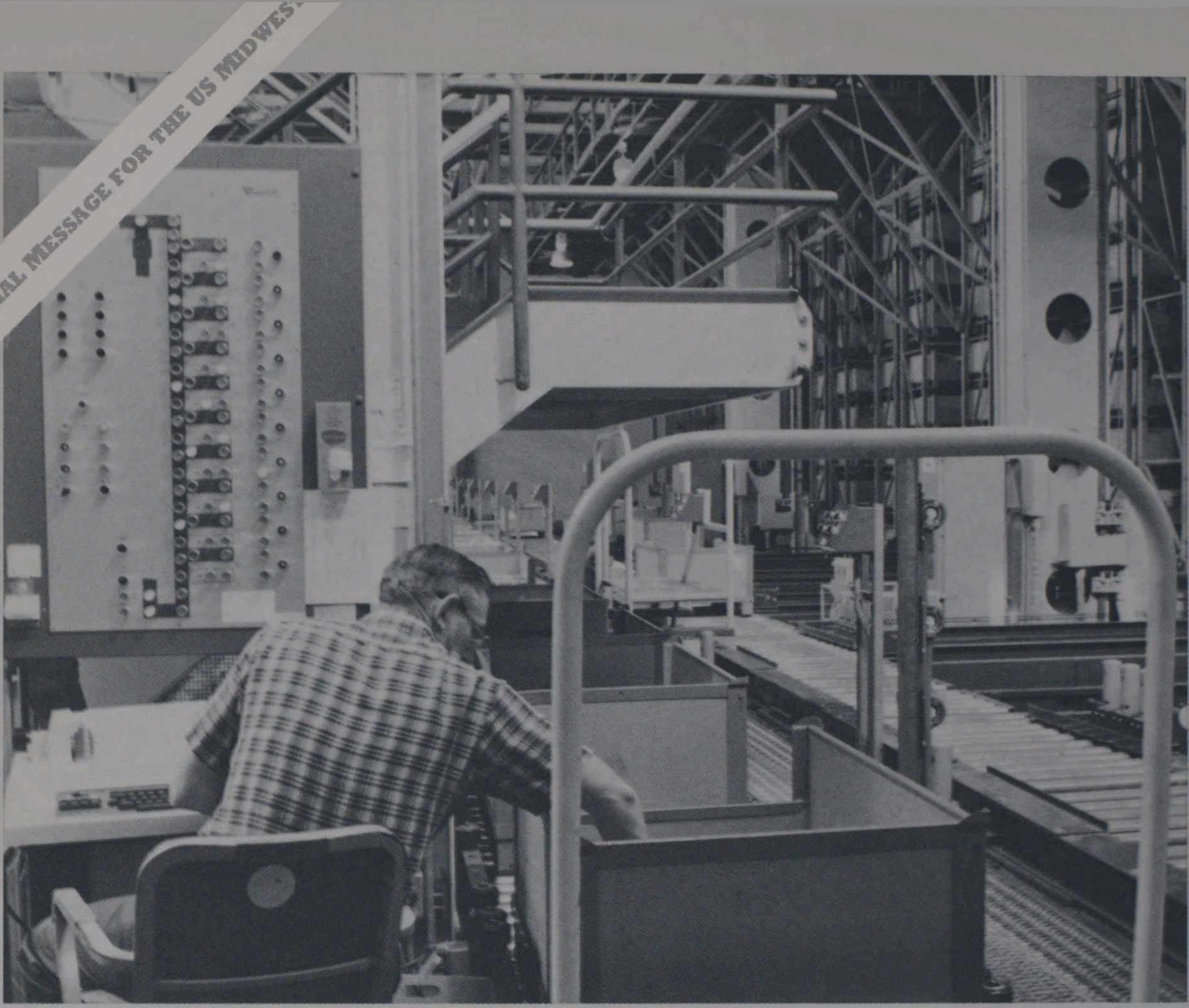
Canadian sales mean industrial jobs for the Midwest. Anyone under the impression that US exports to Canada are primarily agricultural would obviously underestimate the impact of the trade on industrial jobs, because per-man productivity on the farm is exponentially higher than per-man production in a manufacturing plant.

Combining the jobs supported by industry category provides another interesting perspective.

	Exports to Canada by Industry (in billions)	Jobs Supported
Motor vehicles and parts	$1.267	50,680
Industrial and construction machinery	$ .843	33,720
Farm machinery	$ .741	29,640

More jobs are tied to fabrication before export and to semi-finished goods. In some key industries, export figures are understated because of the form in which goods cross the border. Primary iron and steel are a perfect example. Illinois and Indiana's combined iron and steel exports to Canada in 1977 were worth about $48 million (1,920 Gary-area jobs). But for every dollar's worth of direct export, it is estimated that an additional four dollars' worth of iron and steel bars, rods, plates, sheets, strips, pipes, tubes, wire, wire rope and other alloys were used in the fabrication of other products or product components before export.

The same is true for industries that export semi-finished goods and components for assembly. The number of people whose jobs are supported by exports is difficult to determine because their output can't be tracked.



The balance of trade favours the Midwest. Obviously, United States-Canada trade is not a one-way street. Canada sells to the United States, too. But this is one instance in which the balance is in favour of the United States.

In the eight states under discussion, there was an $887 million trade surplus with Canada in 1977. In Illinois and Indiana, the two heaviest exporters, the surplus ran to almost $1.2 billion.

"Take a Canadian to lunch!" might be good advice for any midwestern businessman who wants to recognize the contribution of exports to Canada to the overall economy of the Midwest; not only the 5.5 billion Canadian dollars flowing into the corporate treasuries, but also the economies of scale permitted by having a large, very steady customer buying more every year.

The close friendship and trade ties between the United States and Canada are, of course, nothing new. In fact, it is for this very reason that we sometimes tend to take each other for granted. But since we are in many ways more important to each other than to anyone else, it doesn't hurt to remind ourselves of it once in a while.

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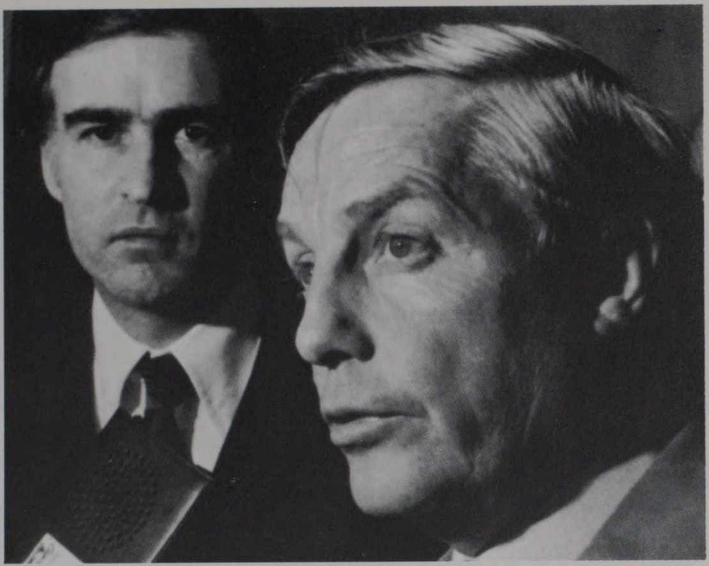


Alberta, like other provinces, communicates directly with foreign countries on matters of trade and tourism. Alberta House in London, left, keeps in touch with the Common Market. Premier Lougheed visited French Premier Jacques Chirac, lower right, in 1975 and California Governor Jerry Brown in 1978.

Premier Lougheed on the Constitution

"Historically, Albertans have not felt that their interests and concerns have been adequately accommodated within the present federal system. They sense that their accomplishments and aspirations, both individual and collective, have been frustrated by the historic concentration of economic decision-making in the so-called "golden triangle" centred in Toronto and also restricted and obstructed by so-called "national policies" emanating from Ottawa. It is not only a matter of freight rates—Alberta's aspirations have been obstructed by federal policies affecting agriculture, transportation, natural resources, development policies and international tariffs. . . .

"If Canada's federal system is to meet the challenge of the future, it can only do so with the presence of strong provincial governments operating side by side with a strong federal government. We emphatically do not believe that the existence of strong provincial governments weakens in any way the federal government. In today's complex society the demands on all governments are enormous. Provincial governments, under the existing constitution, are given broad responsibilities over social policy such as education, social services, health, consumer affairs and the administration of justice; and over economic policy such as resouce development, highways, public lands and orderly industrial development. They are closer and hence more sensitive to the way of life and needs of the people in this diverse and thinly populated land."

Federal-Provincial Conference of First Ministers, 30 October 1978.

Oil and Gas

Oil and gas, the fuel behind Alberta's expanding economy, have heated up the province's relations with Ottawa. Under the BNA Act, the provinces have jurisdiction over resources, but the federal government exercises control over interprovincial and international trade. Sales of Alberta's oil or gas to other parts of Canada or to other countries are regulated by the federal government through the National Energy Board (NEB), but provincial permits are necessary before oil and gas can leave Alberta.

Before 1973, when international oil prices were below Alberta oil prices, the Canadian National Oil Policy guaranteed a market for Alberta's oil industry by reserving all markets west of the Ottawa Valley for Alberta crude oil. In 1973 the federal government, like the United States, established a policy of equalizing Canadian prices across the country and maintaining the domestic price of oil below world levels in order to allow the Canadian consumer to adjust to rising OPEC prices gradually. Premier Lougheed has termed the province's agreement to stage-in domestic oil price increases "the greatest contribution ever made by a single province to the good of the Confederation."

The policy of maintaining domestic prices below international levels has resulted in tough negotiations involving Ottawa, Alberta and the consuming provinces. Initially the domestic price was set at $6.50 a barrel at a time when world oil prices were $10.00 a barrel. The current domestic price of Alberta's oil, $12.75 a barrel, was scheduled to go up $1 in January 1979, but the federal government decided to postpone the increase in order to avoid fueling inflation. Premier Lougheed agreed, with further $1-a-barrel increases to be added in July 1979 and January 1980.

Because of the need to encourage development of new domestic oil sources, the Canadian and Alberta governments have adopted favourable taxation, royalty and pricing policies for synthetic oil from Alberta's tar sands, including allowing it to be sold at world price levels.

The federal government's policies on the pricing and export of natural gas have also been the subject of intense federal-provincial discussions. At present, gas prices in Canada are 85 per cent of the equivalent energy cost of domestic oil, or $2.00 per thousand cubic feet (mcf) at Toronto's city gate. Export prices are based on several criteria, including the cost of international crude oil, the cost of replacement fuels and marketability. They are now set at US$2.30 per mcf. No new long-term export licenses have been issued since 1971 because Canada's domestic market protection formula indicated no surplus. Since 1975, however, higher prices have resulted in record gas drilling and exploration rates.

On February 28, 1979, the NEB issued a report on gas supply and requirements. It indicated a surplus of about 2 trillion cubic feet that could be exported over the next eight years. Alberta has linked increased exports of gas to improved markets for Alberta's petro-chemical and agricultural exports.

Alberta Gas Trunk Line has 6,640 miles of pipeline. This section, being wrapped and coated, was added near Peace River last fall.

An Alberta oil rig at Quirk Creek.

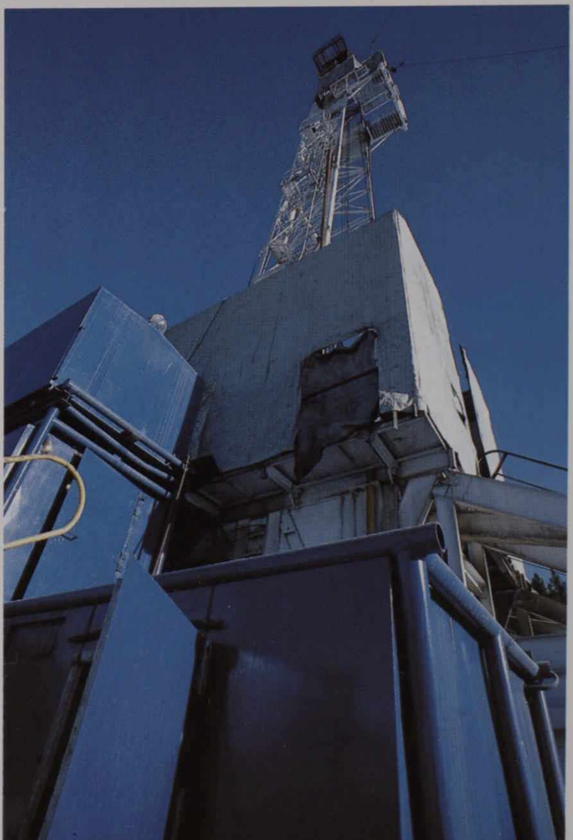


PHOTO: ALBERTA GAS TRUNK LINE COMPANY LIMITED

Alberta Gas Trunk Line built 80 miles of pipeline near Peace River. The red hut is a mobile welding shop.

The Changing of the Constitution

The British North America Act, passed by the British Parliament in 1867, is still Canada's basic constitution. It has evolved over the years—through adjustments to new realities and through the interpretations of the courts. Its fundamental provisions—those dealing with provincial powers, minority education and language rights, and the frequency of Parliamentary elections—can still be changed only by a vote in Westminster. Great Britain has tried to rid itself of this remnant of its past power for fifty years, and in 1949, at Canada's suggestion, it amended the BNA Act to give Canada the amending authority in all except the fundamental areas.

According to one theory, the Canadian Parliament could bring the full authority home by simply notifying the British government that it wished to do so. However, patriation would have little effect unless the provinces and the federal government could agree on an amending formula. By tradition, unanimous consent of all the provinces is now required before changes are made in the areas still under British jurisdiction.

Last year Prime Minister Trudeau tackled the amendment question and other problems by proposing a new Canadian constitution. It would include a human rights charter and would provide both federal and provincial parliaments with real powers, clearly divided.

He also proposed that the present Senate be replaced by a House of the Federation and its membership increased from 102 to 118. The members, who now hold office until they reach age 75, would serve only from one federal election to the next. Half would be selected by the members of the House of Commons, and half by the provincial legislatures. The House of the Federation would have specified powers, but in all cases the House of Commons would still have the final say.

Last fall, federal and provincial first ministers discussed constitutional reform and agreed to have their cabinet ministers and other officials make a preliminary effort to agree on changes in fourteen areas. This February the Prime Minister and the premiers of the provinces met again and made modest progress. They resolved three areas and agreed on general approaches to two others. The discussion of fisheries was limited to those concerned, and a measure of progress may have been made. The other eight present various shades of difficulty. The status of all is summarized below:

THREE RESOLVED

Monarchy: Everyone agreed that the British monarch should remain Canada's Head of State.

Equalization: The principle of paying equalization grants to the poorer provinces should be written into the new constitution, all said, although British Columbia had reservations about the wording.

Matrimony: Everyone agreed that jurisdiction over marriage and divorce should be transferred from the federal government to the provinces.

TWO ON LINE

Offshore Oil and Gas: All agreed that the federal government and the coastal provinces should share in the development of and revenues from offshore oil and gas.

Taxes: Everyone agreed that the provinces should be able to levy sales taxes and collect royalties on resources. The indirect taxing of other goods is yet to be discussed.

ONE IN MOTION

Fisheries: The federal government agreed to consider the coastal provinces' request that they be given some authority over offshore fisheries.

EIGHT TO GO

Cable Television: Nine provinces and Ottawa agreed to transfer some authority over cable television from the federal to the provincial governments. Quebec held out for transfer of authority over all communications systems.

Federal Spending: The federal government offered to spend money on provincial matters, such as health care, only if the programs had support from a clear majority of the provinces. Everyone but Quebec accepted the offer.

Natural Resources: Ottawa agreed to make it clear that natural resources fall under provincial jurisdiction except in cases involving "compelling national interest." Alberta and Quebec refused the qualification.

Supreme Court: Seven provinces and Ottawa agreed that three of the nine Supreme Court judges should be from Quebec. Quebec and Alberta wanted to restructure the court as a "constitutional" body, with the provinces picking the judges. British Columbia went along with the majority proposal but wanted one of the judges to be always a British Columbian.

Senate: Ottawa and British Columbia wanted provincial appointments to the Senate. Most provinces were indifferent. Alberta was opposed.

Charter of Rights: All but Manitoba and Quebec wanted a basic human rights charter written into the constitution, but there was less agreement on language rights. Ontario, Saskatchewan, New Brunswick, Prince Edward Island, Newfoundland and the federal government wanted French and English education rights fixed in the constitution. The rest did not.

Declaratory Power: The federal government was willing to trim its power to rule that particular projects are to "the advantage of Canada." Some provinces wanted less trimming; some wanted more; and no one agreed with anyone else.

Patriation and Amending: The federal government and six provinces were willing to bring the constitution home from Great Britain with or without first finding an amending formula. Saskatchewan and Quebec were not willing to do so before substantial revisions in the division of power were made.

The Task Force Reports

In January new elements were added to the general constitutional debate. The Task Force on Canadian Unity filed its recommendations after a series of public hearings across the country.

It warned that Canada is "in the midst of a crisis which requires a rapid and determined response." The report, drafted by the Task Force's co-chairmen, Jean-Luc Pepin and John Robarts, recommended giving the provinces complete control over language and education, and reaffirmed the long-established contention of Quebec's leaders that the province is the homeland of the French-Canadian nation.

The general tone of the report was well received in both Ottawa and Quebec. Quebec Liberal leader Claude Ryan called the report's recommendations on Quebec "without a doubt the most explicit, the least ambiguous and most courageous ever to come on this issue from a federal organism." Prime Minister Trudeau, however, termed the suggestion that the protection of minority language rights be left entirely at the discretion of the provinces "dead wrong" and reiterated his desire to see language guarantees embedded in a new constitution.

The report made many specific recommendations, some of which would alter present practices greatly, some of which would not:

- That a Council of the Federation with 60 members, weighed in favour of the smaller provinces, replace the Senate. It would have veto powers over some federal legislation in areas of provincial domain.

Premier Lougheed, left, and Saskatchewan Premier Allan Blakeney at the November federal-provincial first ministers conference.

• That the Supreme Court be expanded from 9 to 11 members, with five of them appointed from Quebec, which has its own code of civil law. There would be three benches: one for provincial matters with a Quebec section; one for federal matters; and one for constitutional cases.

• That amendments to the constitution affecting provincial interests be passed by both houses and then submitted to a national referendum. To pass, an amendment would have to receive majority votes in Ontario, Quebec, the Atlantic provinces and the western provinces.

• That some additional sixty seats in the House of Commons be filled on the basis of the popular vote in a province rather than on the vote in a single constituency, giving each party a number of seats proportional to its percentage of the total provincial vote.

The Second Phase

After the February meeting of the First Ministers, Prime Minister Trudeau opened what he termed the "second phase" and introduced eleven further subjects to be considered. Eight involve economic considerations, three do not.

1. The maintenance of a substantial federal role in fighting inflation, unemployment and regional disparities and in protecting the dollar.

2. Non-tariff barriers that inhibit the free flow of goods and investment money among provinces and between Canada and other countries.

3. The movement of goods and services—including electricity, oil, gas and other minerals—in inter-provincial and international trade.

4. Barriers to the movement of persons across provincial boundaries for employment.

5. Parliament's role in regulating competition.

6. Coordinating federal and provincial regulation of the Canadian securities market.

7. Provincial agricultural product marketing boards and internal free trade.

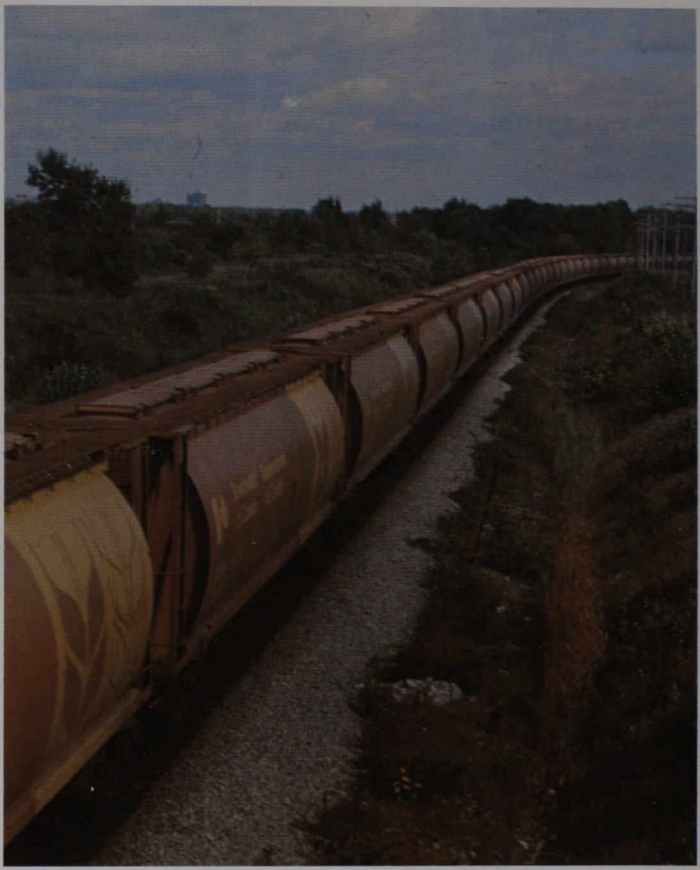
8. Jurisdiction over minimum wages. (Provincial minimum wages range from $2.50 an hour in Newfoundland to $3.37 in Quebec. The federal minimum is $2.90.)

9. The role of the provinces in foreign relations.

10. The appointment of Supreme Court Justices and the setting up of federal courts.

11. The native peoples and the constitution.

PHOTOS: NFB PHOTOTHEQUE; CANADIAN NATIONAL



The selling of Alberta's farm products and fuel to the rest of Canada and to the world requires continuing negotiations and federal/provincial adjustments. Grain is shipped abroad over the Great Lakes, left, or from Vancouver. It moves across Canada by rail. This Government of Canada unit train is near Ottawa.

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