



Notes for a speech by Quebec  
POWERS AFFECTING THE ECONOMY

In its proposal for a new Canadian Constitution, which was made public on June 9, 1980, the federal government expressed its belief that "intensive work should now begin on a list of items of particular priority". Not the least among so many other important areas, the federal government would like to see negotiations begin immediately on what it has referred to as powers affecting the economy. Economists would say that this is a vast, infinitely flexible area.

In February 1979, the Prime Minister of Canada, Pierre Trudeau, tabled what is generally referred to as the second list of items to be studied in the context of constitutional reform. These include the economic matters on which the federal government would like to take action:

- 1- Economic powers to fight inflation, unemployment and regional disparities.
- 2- Non-tariff barriers with regard to international and interprovincial trade and investment. This probably refers to provincial legislation such as legislation on product labelling, consumer protection regulations and the purchasing policies of provincial governments.
- 3- The movement of goods and services at the interprovincial and international levels, particularly the right of way for electricity, oil, natural gas and minerals.
- 4- Factors impeding the free movement of people on the labour market; for example, the provincial power to make regulations affecting trades and professions.

- 5- Regulation of competition where the federal government would apparently like to intervene directly.
- 6- The regulation of the stock market (probably transferable securities), which at present is definitely an area under provincial jurisdiction.
- 7- Agricultural product marketing boards. The entire question of the marketing of farm products, even within a given province, is at issue.
- 8- Jurisdiction with regard to minimum wage, where the apparent goal is to establish uniformity from one province to the next through a centralized authority.

In reading this list, the question arises as to which powers would remain under provincial jurisdiction if all the powers already mentioned were henceforth to come under federal jurisdiction. Then too, given this type of situation, would a province be able to plan and carry out the development of its economy in accordance with its own preferences and philosophies?

#### The Quebec Situation

From Quebec's point of view, the challenge is to renew Canadian federalism in such a way that within this system, Quebec will be able to exercise the necessary powers to fulfil its fundamental role as the home and native land of one of Canada's two founding nations (speech by René Lévesque in the National Assembly, June 5, 1980). Behind Quebec's traditional concerns regarding the culture and social development of its people, underneath all this, so that Quebec will mean something more than a collection of museum pieces, there have to be solid

economic infrastructures in which Quebecers can have enough decision-making power to see to their own interests (speech by René Lévesque in the National Assembly, June 5, 1980). Quebec would therefore like to see the provinces use their acquired powers to develop their economic potential and resources, considering that they represent the government closest to the people, the government that is most familiar with economic needs and solutions.

#### Quebec's Economic Development

The emphasis Quebec has put on the economy in recent years has resulted in a most impressive performance on the part of Quebec, one that compares favourably with the performance of the whole of Canada and that of Ontario. But this was not and is not enough to correct the inequalities which are particularly reflected in an unemployment rate what is still above the Canadian average. Quebec has always wanted - and still wants - an economic union, a real and effective Canadian common market. But Quebec also wants a more equitable arrangement; this equity has yet to come into being.

Quebec would like to turn its economic assets, especially its natural resources, to advantage by encouraging the development of industries related to its resources. Other measures that have already been adopted are designed to pool the efforts of Quebec companies, whether in transportation, research and innovation, or marketing and distribution networks.

Due to the fact that unlike Ontario, for example, the Quebec economy is based largely on small and medium-sized companies, Quebec is trying to use the means at its disposal to encourage the diversification of sources of financing for its companies, and to support their efforts through specific measures in order to increase exports. These local companies do not have the advantage of networks established by the parent company, as is the case with branches of multinationals.

Quebec is also using every means at its disposal in an effort to ensure the development of certain industries based on Quebec's human, technological and cultural resources. The equipment industry (heavy machinery, urban transit equipment, aerospace equipment), the cultural products industry (books, records, films, handicrafts), and the upper tertiary sector (consulting firms) are being assisted through a variety of support measures.

Without forgetting that Quebec should not ignore the basic industries whose products and services are necessary to the operations of other industries (the petrochemical and steel industries, for example), it is essential that the province also support the less competitive, more traditional sectors, including the clothing, textile, shoe and furniture industries.

To fill the bill, Quebec and the provinces in general need to have real economic powers. In noting that the federal Parliament already holds the majority of legislative powers of an economic nature, Quebec certainly cannot be a party to a further increase of federal powers in this area without risking the loss of what little influence it still has over the shaping and development of its economy.

APPENDIX

Economic Powers Currently Under Federal Jurisdiction

1. Federal powers concerning the free movement of goods:
  - exclusive power over interprovincial and international trade and commerce (section 91, subsection 2)
  - exclusive power over fisheries (section 91, subsection 12)
  - regulation of competition - criminal law (section 91, subsection 27)
  - exclusive power over patents (section 91, subsection 22)
  - exclusive power over copyrights (section 91, subsection 23)
  - discretionary use of declaratory power to make provincial works and undertakings subject to federal authority (Section 91, subsection 10(c))
  
2. Federal powers concerning the free movement of persons:
  - exclusive power over naturalization and the status of aliens (section 91, subsection 25)
  - concurrent power with respect to immigration (section 95)
  
3. Federal powers concerning the free movement of services:
  - legislative authority over air transportation (section 91, introductory paragraph)
  - legislative authority over communications (section 91, introductory paragraph and section 92, subsection 10(a))
  - legislative authority over navigation and shipping (section 91, subsection 10)

- legislative authority over interprovincial railway lines, ships, interprovincial or international canals (section 92, subsections 1 and 10(b))
- use of declaratory power, particularly with respect to telephone companies.

4. Federal powers concerning the free movement of capital:

- exclusive power over currency (section 91, subsection 14)
- exclusive power over banking and the issue of paper money (section 91, subsection 15)
- exclusive power over interest (section 91, subsection 15)
- exclusive power over bills of exchange and promissory notes (section 91, subsection 16)
- exclusive power over legal tender (section 91, subsection 20)
- exclusive power over savings banks (section 91, subsection 16)
- exclusive power over the incorporation of companies with non-provincial objects (section 91, introductory paragraph)