

SUMMARYREFLECTIONS AFTER EIGHTEEN MONTHS IN FRENCH CANADA

1. The French Canadians are a distinct people, and there is an ambivalence in their relations with France. (Paras 1-5).
2. Since 1960 there has been a new dynamism in French Canadian society, and a growth of self-confidence. They have turned to commerce and industry, and their horizons are widening. (Paras 6-9).
3. There is evidence of positive thinking on the part of younger English-speaking Quebecers. (Para 10).
4. The structure of the economy of greater Montreal is changing, but activity is undiminished. It has become in all outward respects a French-speaking city. (Para 11).
5. The economy of Quebec Province has prospered in the last two years. Constitutional uncertainty affects business confidence in the medium term but the long-term outlook is sound. (Paras 12-13).
6. The separatist Parti Québécois (PQ) Government had good years from 1976-1978 but 1979 was bad for them. Battle is now in full swing with the Provincial Liberals for the June 1980 Referendum. (Paras 14-15).
7. The 'Quebec Question' is soluble within the framework of Federal constitutional revision, particularly if the Liberals win the next Provincial elections, but there is some doubt whether revision which meets minimum Quebec criteria can be achieved while Mr Trudeau is in power in Ottawa. (Paras 16-18).
8. Britain has sizable interests in Quebec Province, and vice-versa. While the ideal is that Canada should remain strong and united we have to treat French Canada as a distinct entity, even within Confederation. If Quebec became independent it would be a viable state; the PQ envisage remaining in the Commonwealth and in NATO. We must have regard to the future of our relations in the contingency of independence. British representation in the Province has a substantial role to play, which is not as difficult as it might at first seem. (Paras 19-23).

CONFIDENTIAL

BRITISH CONSULATE GENERAL
635 Dorchester Blvd. West
MONTREAL

POL 014/1

11 March 1980

His Excellency Sir John Ford KCMG MC
OTTAWA

Sir

With the long-heralded Quebec Referendum due this June it may be useful if I record my perception of the scene in the Province before I leave Montreal.

The French Canadians

2 History still looms large in Quebec and any presentation must take some note of it. It is erroneous to think of French Canadians simply as modern Frenchmen who happen to live on the western side of the Atlantic. They form a remarkably homogeneous ethnic society; the 6 million French Canadians are the direct descendants of the 60,000 or so French men and women, mostly Normans, who were settled on or near the St. Lawrence in 1769. There has been virtually no immigration from France since then and little inter-marriage with other settlers in North America, except for some Southern Irish infusion. Their group consciousness has made them fight against assimilation by the predominantly English-speaking and non-Catholic inhabitants of the continent. The French language is an outward and visible sign of this distinctive entity, but French Canadian perception of their society goes deeper than language alone; it stems partly from the traditional puritanical attitudes of their Church. Sociologists have pointed out the curious paradox that the policy of making recent immigrants learn and speak French as their first language introduces alien elements which, if truly assimilated, would disturb the traditional homogeneity of French Canadian society. French Canadians, however, normally marry other French Canadians; to 'belong' is a matter of family as much as language; and the sociologists may well be proved wrong.

/The French...

CONFIDENTIAL

CONFIDENTIAL

The French Connexion

3. There has always been an ambivalence in attitudes to France. In their imagination French Canadians look to France as their cultural parent and the motherland of their ancestors. French Canadians who know any history, however, remember their betrayal by a metropolitan France that opted to keep Guadeloupe rather than regain New France in 1773, at the end of the Seven Years War. In the 19th century clerical-dominated French Canada viewed with dismay the process of secularization in France, while French Canada remained true to Catholic traditions going back to the 17th century. Resistance to conscription in the two World Wars, usually attributed to conflict with anglo-saxon loyalism, also had a link with anti-French resentment; why should French Canadians die in France to defend the soil of the country that had betrayed them?

4. ~~Even the French language itself has become a divisive factor~~ owing to the deviance of the French spoken in Canada from the language spoken in metropolitan France. Frenchmen arriving in Montreal find it difficult to understand French Canadians' speech and the latter find that their accent makes them figures of fun when they go to Paris. Meanwhile the standard of teaching of written French in Quebec schools is poor. Quebec has an extensive and very real need to improve that standard and we need not fret too much about the extent of official French cultural activities in the Province.

5. The visit by Prime Minister Barre in early 1979 brought out clearly the official French policy of extending to French Canada all sympathy and practical assistance short of active political support for independence. If Quebec does eventually become independent I do not see her voluntarily becoming a French satellite nor do I see the French willingly undertaking major liabilities in under-pinning Quebec.

The new dynamic in French Canada

6. It has been fascinating to observe French Canada almost twenty years after the "Quiet Revolution" in which the people threw off many of the inherited inhibitions. French Canadian

society has been gaining rapidly in self-confidence - perceptibly so even during the 18 months while I have been here - and continues to develop a dynamism of its own. This applies in the cultural and academic fields, and in business and industry. Contrary to earlier patterns of behaviour impressive numbers of French Canadians of ability embark on business careers either in pan-Canadian or multi-national companies or in smaller firms. Medium and small firms, owned and run by French Canadians, are a growing force in the Province. French Canadians nowadays are ambitious people, demand a high living standard, display diligence and enterprise, and can look with confidence to the natural assets of their Province. They are conscious of the great contribution which their forbears made to opening up the North American continent between the sixteenth and eighteenth centuries; they remember that they are the original 'Canadiens'; and even the most nationalistic emphasise that they form an integral part of the North American whole.

Horizons

7. Unfortunately I have had little opportunity to see other parts of Canada to form comparative judgments. French Canada is often accused of being parochial and narrow in its horizons. But to judge from the media all other Canadian Provinces and districts are open to the same accusation. Life in most of the USA is parochial too, but there is perhaps one major difference. All Americans, however limited their own immediate field of vision, know they belong to a great country; Canadians apparently keep having to be reminded of the fact. Nevertheless I have the impression - and I admit that the judgment is highly subjective - that many French Canadians have recently become more conscious of belonging to a great country and share the kind of vision which permeates the Report of the Pépin-Robarts Task Force on Canadian Unity (1979) and the "Beige Paper" on Renewed Federalism (1980) of Claude Ryan and his Provincial Liberals.

8. It would be going too far to say that the man in the street

/has yet shed...

has yet shed his traditional suspicion of the French Canadian who achieves advancement in politics or commerce at the national level. The phrase 'vendu', ie 'sold out to the anglophone establishment', is alas still to be heard. It is a curious paradox that a Quebec electorate which can produce a massive vote for the Federal Liberals and thus install 'French Power' in Ottawa can then regard the same people as being in some way alien, while it turns to elect provincial governments that can be relied upon to defend the Province's interests against Ottawa. But even here ancient prejudices and habits of thought may be changing.

9. I have meanwhile been struck by the wideness of outlook of most educated French Canadians who look to an outside world extending beyond the obvious areas of Canada, the United States and France. It is to be expected that businessmen in Montreal, a city which looks East to Europe almost as much as it looks West or South in its own continent, should put intelligent and well-informed questions about developments in the European Community, Africa and the Middle East, but a little surprising to find oneself fielding questions of the same calibre in small towns miles from anywhere. My opposite number at Toronto tells me that this is not normal form in Ontario. One factor here may be the press; French Canada is well served by three excellent 'serious' daily newspapers.

The Anglo-Quebecers

10. It is encouraging that there is an important and vocal body of younger well-educated English-speaking Quebecers who are relatively free of anti-French prejudice, who see their role in the Province as that of an enlightened and constructive minority, and who are concerned to build bridges. These are the kind of people who wrote to the British Prime Minister to protest when BP Canada recently decided to move its headquarters from Montreal to Toronto. Most of the incorrigible exponents of "Herrenvolk" attitudes have moved to Ontario and elsewhere (where they continue to do damage to the image of the Province and of the City of Montreal). A few remain, and the British Consul-General in Montreal

/sometimes finds...

sometimes finds himself cornered by them on social occasions. Until 1979 their attitudes were still reflected in the pages of the "Montreal Gazette", but under a new Publisher that newspaper appears now to take a more forward-looking view. Meanwhile, only three months before the Referendum, real estate prices in traditionally anglophone suburbs of Montreal continue to rise. Just like their French-speaking compatriots many English-speaking Quebecers seem to have acquired greater serenity and confidence.

Montreal

11. Tensions exist below the surface between the metropolis of greater Montreal and the rest of the Province. The two populations are roughly the same in numbers. What is good for one is not necessarily good for the other. A great deal of material has been published, most of it slanted one way or the other, about the flight of business and industry from Montreal. It is difficult to distil precise factual truths, but the general picture that emerges is a tendency for some headquarters of major firms or divisions thereof to move to Toronto or further West, partly because of the movement of the economic centre of gravity, partly because of resistance to taxation differentials and language legislation (though the latter has produced fewer problems than were feared), and more particularly because outside perceptions of life in Quebec Province make non-Quebecers resist transfers to Montreal. The drift has implications which worry responsible people (even some members of the separatist government) but it has affected the tertiary sector rather than manufacturing industry. The growth of medium and small French-Canadian business, in Montreal as elsewhere in the Province, has done much to compensate. Good industrial sites are still hard to come by, and at least one major high technology industry, aero engines, is still expanding. Utilisation of office space remains high. The structure of the Montreal economy may be changing, but, contrary to received ideas elsewhere, it is no dying city. Meanwhile, due to the bite of Liberal and PQ language legislation, French has become outwardly

/and visibly...

and visibly the language of the city in all public places; this fact has done much to redress a traditional Franco-Canadian grievance.

The Economy

12. The Province had two quite good years in 1978 and 1979. Income per head reached 95% of the Canadian average (87% in 1960), real personal consumption increased by 3.2% in 1979 and despite unemployment above the pan-Canadian average both years saw a healthy net increase in the creation of new jobs. Investment figures are good and firms of all sizes in most sectors show good profits. The principal raw materials industries (aluminium; pulp and paper; asbestos) have had good sales, and substantial new investments are going into the first two named and into petro-chemicals. Engineering firms, except in shipbuilding, flourish. Even the traditionally weak consumer goods industries (textiles; clothing; shoes; furniture) are doing well thanks to protection and dollar differentials. The immediate outlook for business is clouded by prospects in US markets, but this is true throughout Canada. The middle term is inevitably affected by constitutional uncertainty; without that uncertainty there would be more investment. Even if Quebec became independent without economic association with Canada the lean years that followed the break would probably lead to structural adjustments which restored standards of living. The long term future must surely be sound. Quebec has all the basic ingredients for prosperity: abundant natural resources including hydro-electric power, and an industrious and intelligent people with ambition and high standards of demand.

13. Since 1960 Quebec governments have tended to have a 'socialist' image by North American standards. Despite the Parti Québécois manifesto the PQ Government have not shown themselves, in office, to be unduly socialistic or interventionist by the general standards of mixed economies in the western world. (The saga of the nationalisation of the US-owned Asbestos Corp. has its own special circumstances.) They recognise and proclaim the importance of private enterprise as the main generator of wealth, though they have not yet achieved the confidence of businessmen and they have a blind spot about the taxation of higher incomes. They aim to maximise

/the beneficial...

CONFIDENTIAL

of three by-elections until the autumn of 1980, ostensibly "to keep party politics out of the Referendum", could suggest some nervousness, but Lévesque and his colleagues are delighted at Mr Trudeau's return to power in Ottawa. They calculate that there will be return to federal-provincial confrontation which will be worth a lot of votes to them.

The Political Outlook

15. I lay no bets on the outcome of the Referendum. The latest public opinion poll suggests that only 48% of francophones and 41% of all voters will vote 'yes', but there are still three months to go, and sample polls are never definitive. Péquiste Ministers say that they aim for a minimum 60% 'yes' vote from all francophones, which means a 48% 'yes' from the total electorate. Both Lévesque and Ryan are staking their political shirts on the Referendum and this fact alone gives it greater importance than the watered-down wording of the question would intrinsically justify. Paraphrased, the question asks: "Do you agree that the Quebec Government should negotiate sovereignty-association and then come back to you for another referendum?" It could equally be put: "Do you still agree that we should do what you elected us for in 1976 even though you may not have realised it at the time?" As former Prime Minister Joe Clark so wisely stated a few months ago, the Referendum will by no means be the end of the story. If the vote is 'yes' there can be a lot of stalling before negotiations begin. If the majority vote 'no' the Quebec problem will not go away (any more than will the problems of the West or - dare I say it? - the long-term future of Ontario).

16. The "Quebec question" is by no means the insoluble problem which many people have made it appear to be, for example the editorial writer who quipped that what Quebec wants is "an independent Quebec in a strong Canada". The basic essential is that French Quebecers should feel that they have achieved recognition and that they obtain a constitution which they consider to have negotiated themselves rather than had imposed upon them. The imaginative far-seeing proposals of the Quebec Liberal Party for renewed federation as set out in their "Beige Paper", if sensibly handled, could go most if not all of the way to achieve those objectives.

/It was...

It was only to be expected that proponents of Ottawa power would decry the proposals as emasculating central government and that Quebec nationalists would condemn them for not demanding a special status for Quebec. Reactions from other Provinces' governments, however, notably Ontario, Alberta and the Maritimes, have been broadly encouraging. The Council of Federation proposed by the Quebec Liberals as by others before them need not, as critics argue, lead to weakening of central government; experience in the Federal German Bundesrat suggests that a working association of provincial and federal governments on a day to day basis tends to unify rather than fragment.

17. I should have been reasonably optimistic that things were set fair for progress towards rational negotiated solutions within a Federal framework had it not been for the re-election of Mr Trudeau and his colleagues to power in Ottawa. It is disquieting that both the senior Ministers appointed to deal with the Provinces, Messrs Chrétien and Lalonde, have track records of strongly centralising attitudes and abrasive manners towards the Provinces. Furthermore Mr Trudeau is, apparently, disbanding the Ottawa Ministry responsible for Federal-Provincial Affairs.

18. One cannot now exclude the possibility that some tragic break may come about and that the same proponents of French power in Ottawa who arguably saved the Canadian Confederation in the late 60's and 70's may through inflexibility and confrontation (or, conversely, inaction) be responsible for a break in the 1980's. It is just conceivable, though I concede unlikely, that Mr Lévesque will not only win his 1980 Referendum but also win the next Provincial elections in 1980 or 1981. Then we could expect some drama. But even if Mr Ryan, as seems probable, becomes the Prime Minister of Quebec the separatist cause will be enormously strengthened if he makes no headway on constitutional reform.

The British Interest: Our Representation

19. Clearly it is important for Britain that Canada, our Commonwealth and NATO partner, should remain strong and united.

/Conversely, it...

CONFIDENTIAL

Conversely, it is not in our interest that the 'Quebec problem' should be a running sore which becomes worse rather than better and consequently weakens the Atlantic Community to a degree disproportionate to its intrinsic importance. After initial troubles adjusting its economy if the economic union with the rest of Canada were dissolved, I believe that an independent Quebec would be a viable state on the scale of the Scandinavian countries and play a responsible role in the international community. The real problem would be the future of the rest of Canada, most particularly Ontario and the Maritimes.

20. Despite the forebodings already expressed I have a hunch that separation will be avoided. I base this on the instinctive caution and common sense of the French Canadian in the street which counter-balances nationalist enthusiasm, provided his indignation is not over-provoked. But we cannot bank on this. Looking to the future we have to handle our affairs in Quebec in such a way that specific British interests are well promoted whichever way things turn out.

21. Independent or part of Canada, British interests in Quebec are substantial. Apart from the importance of her strategic position and her resources of raw materials, British firms have investments in the Province which this Post estimates to be worth upwards of £1000 million. Quebec as a separate country would come about 30th on the value table of Britain's export markets. Taking the 1978 figures she was ahead of Venezuela and Malaysia, a little behind Egypt, Greece and Iraq, and not very far behind Brazil. If Quebec becomes independent the péquistes envisage remaining in the Commonwealth and NATO. If Quebec stays within Confederation she will, as you recorded in Ottawa despatch of 13 February 1979, "be politically and culturally a more distinct entity and will have to be dealt with as such". Either way, Britain has to take Quebec seriously.

22. It might seem that British representatives in Montreal

/and Quebec City...

CONFIDENTIAL

and Quebec City are set an impossible task of tight-rope walking, showing friendliness and concern to French Canadians of all persuasions and yet remaining loyal to British relationships with Canada as a whole. The role does not work out as a difficult one in practice. Péquiste Ministers and officials are well aware of the rules of the game, and all the other national representatives (even the French in most respects) play the same rules. Indeed I find that our colleagues are even more cautious than we are about falling into protocol or procedural traps. Official Quebec goes out of its way to be affable to us. Britain does in fact hold quite a few cards: our importance to Quebec as their second largest export market, the usefulness to Quebec of our investments here, the importance of a good credit rating in the City of London, the same parliamentary system, the desire for exchange of experience and know-how in many fields of life, and the desire to diversify friendships and relationships. All these factors militate in our favour. Except for endemic threats to pressurise British insurance concerns to invest their premium receipts in the Province where they are earned, a pan-Canadian phenomenon, there are no tricky bilateral problems affecting British relations with the Quebec Government. Britain is liked and (barring reservations about the performance of our manufacturing industry) respected. Modern French Quebecers are learning to distinguish the difference between the British of Britain and Anglo-Canadians; they are increasingly re-discovering Britain and like what they find. We cannot, however, take the French Canadians for granted. In our relationships the ground, fertile though it is, needs to be diligently cultivated.

23. All this means that British representation (including the Consul in Quebec City and the British Council representative, both of them essential members of the team) has a job of substance to do in Quebec, building upon already favourable foundations with an eye to the future whichever way the constitutional issue finally turns out. The City of Montreal and the Province of Quebec are stimulating and agreeable places in which to work, and I have found the French Canadians to be perhaps the most responsive of

/any people I...

CONFIDENTIAL

any people I know to effort made in their direction. Pleasant as this may be from the personal point of view it also means that staff expenditures are cost effective. My successors, whether they be called Consul-General, High Commissioner or Ambassador, and whether they reside in Montreal or Quebec City, are assured of a rewarding appointment.

24. I am sending a copy of this despatch to the British Consul at Quebec. You may wish to transmit other copies to the Department, to other Consular Posts in Canada, and to Washington and Paris.

I am Sir

Yours faithfully

(J R Rich)