New Regionalism and Competitive Nationalism: Redefining the class bases of Québec’s sovereignist project

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The rescaling of the state, a process often associated with the phenomenon of globalization, has expanded opportunities for political and policy action at the level of the subnational region (Jessop 2002; Peck 2002). The forms and consequences of these policies and actions are nevertheless open to contest, as actors in the regional space, be they regionalist or minority nationalist, must mobilize alliances or development coalitions to seize the opening presented by rescaling (Keating 1998). In this context, it is worth exploring how regional identities and ideologies, including those of minority nations, are redefined in order to respond to and make the most of the opportunities presented by “globalization.” While work on rescaling and new regionalism recognizes that regional projects are exercises of power, and are not immune from the tendential shift towards neoliberalism, it stresses the need for more empirical work to reveal the linkages between structural changes (e.g. “globalization”) and the recomposition of political action (MacLeod 2001; Agnew 2000). Of particular interest are the processes of organizing consent through the renegotiation of identities and expectations of citizenship (Uitermark 2002; Purcell 2002). In order to gain some leverage on these processes, this paper suggests analyzing the attempts of regionalist or minority nationalist parties to link economic strategies with representations of the nation, including the ordering of different social forces.

This paper takes up the call for more empirical work by considering how the renovation of Québec’s nationalist strategy in the early 1990s, with an emphasis on using the nation as a means of facing global economic competition, changed its strategic receptivity to the ideas and place of Québec’s employers’ federations. Despite unchanged positions on key tenets of Québec nationalism (pro-federalist; opposed to language laws), the new “competitive nationalism” of the 1990s positioned employers as centrally important actors for the development and prosperity of the nation. This is in contrast to the nationalist political economy of the 1970s that was distinctly suspicious of the employers. As the 1993-2003 PQ government came to implement its development strategy, the emphasis on competitiveness served to increase the centrality of the employers, making it increasingly difficult for actors on the left flank of the nationalist coalition, including labour unions, to participate in defining the national project.
SCALE, POWER, AND THE NEW REGIONALISM

Research on the changing scales of economic, social and political regulation has emphasized how power is being redistributed across the scales of the state. Central themes here are the “hollowing out” of the national as scales are bent and processes come to be regulated at new scales, be they supra- or sub-national (Jessop 2000, 337-39, 343-44, 352; Smith 2004; Purcell 2003, 568-71). This offers new opportunities for actors to punch out spaces of regulation at a subnational scale, and to thus allow their region or minority nation to exercise a greater degree of self-government, at least within the confines of the rules of capitalist competition (MacLeod 2001; Jenson 1995).\(^1\)

The linkage of these structural changes in state spatiality to a politics of actors, identities and ideologies has been less well developed. One approach, often given the title “new regionalist” explains regionalist assertion within the context of regionally-specific endowments and relationships. It considers the region as a functional economic space to the extent that it captures meaningful flows of economic activity. In this view, recent changes in technology and in production paradigms have favoured regions, at least to the extent that they have built on their superior potential to produce and reproduce trust, social capital, social cohesion, and networks for sharing tacit knowledge (MacKinnon et al. 2002, 294, 301-02; Malmberg 2003, 146; Cooke et al. 1998; Storper 1997). It is presumed that this shift opens possibilities for extending the scope of regional governance, particularly since national states are portrayed as too distant to nurture and foster region-based relational assets (Boyer and Hollingsworth 1997, 464-65).

New regionalist analyses nevertheless stand accused of ignoring or downplaying relations of power and domination within the region, and thus of assessing which actors fostered, and/or benefited from, the regionalist movement (Lovering 1999; Agnew 2000; MacLeod 2001). The emphasis on economic functionality risks privileging the study of a limited number of associational institutions rather than the broader political economy in which they are embedded (Gleeson 2003, 222). Work on the re-scaling of the state has been more successful on this point, seeing the assertion of regionalism as part of a

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\(^1\) Minority nationalism refers to the mobilization of a nation that is a minority within a larger nation-state. Where this nation is territorially concentrated, minority nationalism can serve as a particular form of regionalism.
broader offensive by capital to break the compromises of the Fordist period. Since these compromises were generally institutionalized at the nation-state scale, the creation of new forms of regulation at the level of the sub-state region may serve to place the latter in question (Swyngedouw 1997; Jessop 2000). Moreover, as these new regional spaces are placed in a broader framework of intense inter-regional competition for investment and export-markets, there is strong pressure to limit the costs imposed by the protected sector on competitive markets, and thus to limit the spread of welfare gains (Albo 1997).

Despite promises of positive-sum results, the language of regional competitiveness risks having its meanings defined solely by the most powerful regional actors (Lovering 2001, 350), leaving the metrics of public policy, social productivity and corporate performance to be set according to neoliberal precepts (Peck and Tickell 2002, 387).

The re-scaling literature brings useful corrections to new regionalist analyses but remains incomplete on three counts. First, as MacLeod points out, it is empirically underdeveloped. There is still need for more critical, situated analyses (Gleeson 2003, 222). While work on re-scaling makes strong theoretical claims, more work is required to trace out these processes in particular spaces and times. Second, the claims made by this work emphasize coercion over consent in the implementation and pursuit of regional strategies. One senses these strategies are imposed by the powerful more than negotiated. However, as Uitermark (2002, 746, 748, 750) points out, this ignores the role of ideological and discursive effects that limit social conflict despite the presence of the material basis for such disputes. The re-scaling that opens spaces for regional or minority nationalism assertion may have “soft” effects on behaviour in the sense of changing the frames and language actors use to interpret events, assess alliances, and decide on courses of action. Given the potential strength of regional or minority national identities, these can overpower class identities and lead to cross-class alliances in order to ensure the survival of a particular region or nation under conditions of strong inter-regional competition (Uitermark 2002, 753; MacLeod 2001, 819-20). In other words, the analysis of economic forces driving a recomposition of scales of economic governance and regulation needs to be more attentive to how social forces manage the impact of these forces and use these pressures to re-define social relations of domination and resistance. Regional or minority nationalist identity and ideology can play an important role in this
process, legitimating certain coalitions in the name of the national interest, while undermining others.

This ties into a third point, namely the necessity of giving more space to a political account of regionalist strategies, particularly concerning the relationship between state and citizens (Purcell 2002, 292, 294). Regionalist strategies, particularly when pursued by leaders of a minority nation, place existing citizen allegiances to the broader nation state into question even while proposing a new citizen-state relationship at the regional level. As a result, analytic attention needs to be given to how actors in the regional space seek to link up the economics of new regionalism with the assertion of the region (or minority nation) as a political space and site for a distinctive citizenship. This means studying the economic nationalist discourses of minority nations historically, particularly in terms of how they mediate structural changes by assembling different actors and interests into an economic strategy that is then legitimated by claims national interest (Pickel 2003; see also Bond et al., 2003). Put differently, one needs to consider the statuses that nationalists offer to different actors in order to gain their adherence to the national project. Taken together, these three points lend credence to MacLeod and Jones’ (2001, 670) call for “an appreciation of the complex geometry of power and the political and cultural struggles through which societies assume their regional shape.”

This has led some researchers working on the question of scale to propose using Jessop’s institutional-relational approach to the state in order to “explore the relations between re-territorialization of state structures, the political incorporation of urban-regional interest groups and the uneven geography of ‘institutional thickness’ and innovative milieux amid the emerging regime of reflexive capitalism” (MacLeod 2001, 815-16). These dimensions relate to: (i) the state’s representative regime; (ii) the internal structures of the state; (iii) the patterns of state intervention in the economy and civil society; (iv) the social bases of state power; (v) the state strategies and state projects bringing coherence to the activities of the state; and (vi) hegemonic projects sought by hegemonic state elites (ibid, 816-18). Brenner places particular emphasis on struggles over “political strategies to influence the form, structure and internal differentiation of state space” (Brenner 2003, 203). The terms “strategy” is important, because the aim is
to institutionalize practices, relationships and understandings that favour particular social forces and their projects over others (Brenner 2003, 201).

To gain an appreciation of the complex politics of regional assertion, it makes sense to consider the strategies of regionalist or minority nationalist movements. Their strategies necessarily involve attempts to change the spatiality of the state, and to change the maps of citizenship. Yet they must also situate their strategies in relation to those of other powerful social actors and to existing political economic structures. Given our interest in the interplay of structural economic changes and the regional economic strategies and nationalist politics they enable, one analytical entrée involves analyzing the dominant representations of the regionalist or minority national projects, and particularly how they seek to fuse a given political economic strategy with a particular conception of the nation. These projects have a hegemonic intent in the sense of gathering the adherence and consent of a large swathe of the population, cutting across social divisions such as class, gender, race/ethnicity and sexuality. They allow the analyst to consider how different social forces and their projects are perceived and ordered within the nationalist worldview, and how this ordering changes through time as political economic conditions shift. In addition, analysts can also consider how actors work to change how they (and their own projects) are represented by nationalists, particularly as they contest the statuses and rights conferred on them (Jenson and Phillips 1996). By adopting this approach, this paper can begin to unpack regionalism as acts of power by social actors seeking to organize spatial practices and to reproduce structures of domination and legitimation (see Passi 2002, 138-39).

It is against this backdrop that this paper takes up the call for a closer empirical analysis of the complicated modalities tied to the development of regionalisms. The paper investigates the development of the political economy of Québec nationalism over the past 40 years, with particular attention to its most recent transformation since the late 1980s. Since the late 1960s, Québec politics has been organized by the competition between the Liberal party’s “federalist” nationalism, generally to the centre-right and dedicated to enhancing the province’s autonomy within the Canadian federation, and Parti Québécois’ “sovereignist” nationalism, generally to the centre-left and dedicated to the achievement of sovereign statehood for Québec, albeit usually with a residual form of
partnership or association with Canada. Particular attention will be paid to how the nationalist movement has moved to propose a model of development adopting the precepts of the “new regionalism,” and how this plays out in its representation of the nation. The paper traces the shift in sovereignist political economy from a statist social democracy in the 1970s to a progressive competitive regional strategy in the 1990s. It argues that the adoption of a “competitive nationalism” involved important changes in the representation of the nation, placing business, regardless of its origins or nationalist credentials, at the centre of the national project. At the same time, other social forces have had their place within the nation limited as required to maintain business competitiveness. The ability of “competitiveness” discourses to corrode or tilt class compromises has been noted elsewhere (Coates 2000, Lambert 2000), but this paper pushes a bit further to look at how this plays out in and through representations of national projects.

This paper therefore emphasizes how the Parti Québécois’ embrace of a “new regionalist” strategy since the late 1980s changed the place of capital within its strategies and facilitated the success of projects of Québec’s employers. The decision to study the PQ is justified on three grounds: first, the PQ’s importance in elaborating the contours of the political projects carried by the nationalist movement; second, because its project of giving Québec the status of a sovereign nation-state forces it to periodically develop a representation of the “nation-state to be” and thus to order different interests and claims in a hegemonic national compromise; and third, because its goal of sovereignty presents a more fundamental challenge to the existing spatiality of state regulation within the Canadian space than the Liberals’ calls for greater provincial autonomy. The paper pays particular attention to discourses given the interest in the representation of the nation, but seeks to situate these discourses in the broader political context in order to identify the goals sought by their deployment. It also pays attention to the translation of these representations into action under the 1976-1985 and 1994-2003 PQ governments, in order to confront the ideas with actual attempts to translate its strategies of redrafting Québec’s political economy and the statuses of different actors found within.

THE POLITICAL ECONOMIES OF QUEBEC NATIONALISM
The 1970s: Statist Development and Suspicion of Business

The accelerated adoption of the accoutrements of the North American post-war compromise (fiscal and industrial policies aiming at full employment, development of the welfare state, recognition of responsible unionism) in Québec post-1960 somewhat unexpectedly gave rise to a vigorous and left-leaning nationalism. The growth of intervention by the Québec state, and the possibilities this revealed for transforming social relations, quickly led the francophone majority to the view of the State as a lever to correct its second-class status (Dion 1998, 222-226).

The business community, and particularly big business, made a particularly convenient target for nationalist complaint, since it reserved an inferior place for the francophone majority. This was clear in economic ownership and control, where the percentage of labour force working in businesses controlled by francophones stood at 47.1% in 1961 (Levine 1990, 191; Royal Commission 1969, 47), even though francophones made up 80% of the population. In 1976, only 13% of firms employing more than 1000 employees had a francophone majority on the Board of Directors (Comité interministériel 1995, Table 3.1.1). It was also visible at the level of management in the private sector, where anglophones held a virtual monopoly on the top positions in English Canadian and foreign firms, and where the habitual language of work was English (Comité interministériel 1995, sections 3.1-3.2). Finally, big business could be attacked for excluding francophones from sharing the spoils of economic growth. Due to occupational segregation and discrimination, the incomes of the francophone majority fell well below those of other groups. The federal government’s Royal Commission on Bilingualism and Biculturalism reported that, in 1961, those with French Canadian ethnicity ranked 12th out of 14 ethnic groups in terms of the average labour income of male salary and wage earners in Québec. French Canadians earned 91.8% of the average labour income, compared to 142.4% for those with British ethnicity (Royal Commission 1969, 18, 23). As early as 1962, the Liberal party used this situation for electoral purposes, pushing the nationalization of the anglophone controlled hydro-power companies as part of Québec’s “economic liberation,” as part of becoming “masters in our own house” (Dion 1998, 227).
The political economy of this new nationalism nevertheless remained to be defined. On the one hand, a more technocratic tendency supported the development of an array of industrial policy levers in order to develop indigenously controlled firms in monopoly sectors. The technocrats supported creating a series of public enterprises to correct the weakness of francophone Québec capital, but held no deeper commitments to the virtues of public ownership over private enterprise. And while a good dose of economic planning and state intervention was required to this end, the fundamental tenets of free enterprise were not to be jettisoned (Fournier 1978, 15-17). Alongside this view, which saw private enterprise, including foreign-owned ones, as important actors for the nation’s future provided they harmonized their private decision-making with the development goals and directives of the majority (as expressed through the government), one found socialist political economies that linked Québec’s situation to national independence struggles in Africa and Asia. These currents argued that Québec could only develop within the framework of an independent and socialist nation-state (Dion 1998, ch. 4). The three major union federations all published manifestoes at the turn of the 1970s that adopted a Marxist language to criticize the place of foreign capital and to call for a radically more autocentric form of development. In addition, emerging social movements came to identify linkages between national liberation and the renegotiation of social relations around gender and sexuality (Maillé 2004, 291-92; Smith 1999, 57, 127; Lamoureux 2001).

The PQ’s leadership emerged from the technocratic tendency, but the need to mobilize a broad and inclusive nationalist coalition forced it to reply to these radical programmes. The 1968 book pre-figuring the formation of the PQ, René Lévesque’s (1968, 73-76) *Option Québec*, emphasized the necessity for political independence if Québec was to develop itself fully, but did not stray from a liberal mixed-economy formulation. Lévesque called for greater intervention by public enterprises to accelerate and shape industrial restructuring, but also emphasized attracting foreign capital by offering attractive supply-side measures. By 1972, the PQ’s manifesto (1972) presented a far more statist development policy. While it denied that Québec was underdeveloped, it argued that the economy was in bad shape and that Québec needed to develop policy levers for industrial renewal, diversification, and the development of indigenous
entrepreneurs. Inspired by European examples, the manifesto called for a Plan that would force all economic actors to periodically review and rebalance their objectives in light of its provisions. This plan would set ambitious goals for modernizing and updating the industrial structure in a variety of sectors, and would mobilize public enterprises as one tool to this end. The PQ also favoured increasing popular participation in economic decision-making by increased concertation between social partners at the national level, by introducing legislation favouring unionization and the appointment of workers’ representatives to corporate boards, and by encouraging the development of cooperatives. Finally, the manifesto called for a stringent regulation of foreign investment that limited foreign control in key sectors. For instance, it demanded that cultural industries and primary steel production remain exclusively under Québec control, while firms in banking, insurance, railways, most manufacturing sectors and distribution would require majority Québec ownership (see also PQ 1973).

This situation was pre-occupying for the employers, and for several reasons. First, the substance of the nationalist development project adopted a strategy at odds with the employers’ associations’ liberal Keynesianism. The Conseil du Patronat du Québec, the province’s peak employers’ association, was indeed founded in reaction to the state-building of the 1960s. It feared that statism would squeeze out free enterprise and reduce the privileges of private property (Gagnon 1964, 2). The PQ’s statist strategy, to say nothing of the unions’ manifestoes, represented additional dangers of a thoroughgoing break with economic liberalism. Second, the past and future contribution of the capitalist class to the full development of Québec society was put into question, and the English Canadian and American fractions of capital faced the challenge of rebuilding their popular credibility. The CPQ’s creation sought to undermine this nationalist critique by giving capital a unified spokesperson with a francophone face. It was decided at the very beginning to select only native french-speakers to head up the CPQ and act as its public representatives. In addition, the CPQ set itself up as an association of existing employers’ associations, with formal decision-making power residing with the associational members. This structure not only gave the CPQ a legitimate claim to be the unified voice of business, but also to represent businesses of all sizes, including the vast number of small and medium sized businesses in the non-monopoly sectors. While large
foreign firms maintained informal control of the CPQ through greater contributions of money and time to the organization’s associative life, the CPQ helped “nationalize” the business community’s image (Fournier 1976, 63).

The CPQ’s took a further step in this direction in a popular pamphlet responding to the radical union manifestos: *Détruire le système actuel? C’est à y penser.* The pamphlet dismissed the view that private enterprise only served a small number of property owners: indeed it served “toute la société québécoise, dont nous sommes. Car les hommes d’affaires, les dirigeants d’entreprise en sont de cette société québécoise, au même titre que tous les autres québécois, en leur qualité de citoyens, de payeurs de taxes, de fournisseurs d’emplois, etc.” (CPQ 1972, 10, emphasis added). That the CPQ felt it necessary not only to defend the free enterprise system, but also the belonging of business owners to the nation, is indicative of the challenges it faced in this period.

If the PQ’s programme saw capital, and particularly foreign capital, as a presence to be tamed and brought to heel through planning, it also promised enhanced roles for the population as industrial citizens and social citizens, who would benefit from enhanced social protection and from increased voice in the economy through unionization, representation in the planning process, and participation in cooperatives (PQ 1973, 53-56). It also promised to take major strides towards the formal recognition of women’s equality and the adoption of measures around reproductive choice and child care to give this some substantive meaning (e.g. PQ 1973, 77-78). If capital found this political economy pre-occupying, the broad left found much to draw its support. In sum, the nationalist development model in this period proposed a new citizenship that decentred and problematized the place of big business while improving the status of labour and of other equality-seeking movements.

It should come as no surprise to students of social democracy that the PQ government of 1976-1985 proved less radical in power than in its discourse. Nevertheless, this period did herald a number of changes in the state’s representative régime and its social base. While it stepped away from launching a Plan, the PQ did introduce Québec’s first comprehensive industrial policy statements along with a series of measures designed to renegotiate the insertion of francophone Québec capital within the networks of foreign capital (Bourque 1984). The policy nevertheless shifted away
from a statist social democracy and towards supply-side approaches centred on encouraging innovation and reaching niche markets. In the process, the firm became the “cellule de base” with the state having the role of supporting it (Ministre d’État 1979, 1, 3, 144). State support would be complemented by concerted action between stakeholders, and particularly between the state, capital and labour, in a series of institutions at the national, regional and workplace levels (Ministre d’État 1979, 37-39). Despite this industrial policy shift, the PQ continued to see the government as having a key directive role in economic development. For instance, the 1980 White Paper on sovereignty association continued to portray the political control and regulation of markets as a key benefit of moving from the status of a Canadian province to that of a sovereignty state. This control would allow Québec to draw the maximum benefits from investment and trade flows by implementing a more intensive and better coordinated industrial policy, as well as increasing its influence over fiscal and monetary policy (Québec 1979, 97-99).

While the PQ government did not challenge the place of foreign capital anywhere to the degree set out in its programmes from the early 1970s, this is not to say that the employers’ associations appreciated the PQ’s development strategy. Employers were particularly virulent in their critiques of the growing place given to organized labour through amendments to the labour code that facilitated organizing and prevented the use of scabs during labour disputes (Fontaine 2002, 60-62). They criticized the industrial policy, in turn, for its “ethnic” definition of Québec capital, its tendency to blame foreign firms (and the federal government) for everything, and its preference for state action over free enterprise (CPQ 1979, 3-4, 9). Finally, there could be no mistaking their opposition to the PQ’s referendum on sovereignty-association (CPQ 1978). At the same time, though, they were conscious of the need to give themselves a more acceptable nationalist image. When it came to the PQ’s language legislation that made French the usual language of work, the CPQ’s reaction was fairly nuanced, recognizing the necessity of “francizing” the work world while criticizing the legislation for adopting coercive rather than voluntary measures (Pratte 1985, 119-27; CPQ 1996, 1).

Redefining the Nationalist Project: the 1980s and early 1990s
The recession of the early 1980s nevertheless undermined this political economy even before the PQ lost office. With high unemployment and public finances strained by the impact of high interest rates, the PQ prevaricated between traditional make-work projects (for instance the Corvée Habitation initiative in housing) and neoliberal retrenchment (rolling back public sector wages and implementing proto-workfare initiatives in social assistance). As the state-led development strategy fell into crisis, the PQ was led to redefine an appropriate political economy for the nation, and a reordering of the place of different interests and identities.

By the early 1980s, the party argued that the developed economies were increasingly interdependent, and that “sharp competition and accelerated technological change impose on national societies technical and social adjustments and mutations.” These changes were seen to challenge “the balance of our societies, and even the continuing existence of nations” (PQ 1982, 17). This bore some resemblance to the PQ’s original programme, which noted how peoples had to work to stay afloat in the “courants torrentueux qui balayent le monde d’ajourd’hui” caused by the concentration of people and firms and the interpenetration of communications and of national economies (PQ 1971, 16). While this observation in 1971 did nothing to challenge the view of the State as “le grand moteur des économies contemporaines” and “l’animateur indispensable et le coordonnateur suprême du développement économique” (PQ 1971, 25), by 1982 it led instead to a strategy of negotiated change. In the face of the “hard choices imposed by the challenge of technology, linked to sharp international competition,” the solution involved “working together... to collectively define social and economic goals in the interest of all society’s constituents.” The PQ argued that “deepening solidarity between individuals and groups, learning together the realities and challenges of world economies, through industrial democracy and national mechanisms of dialogue, will guarantee that the required mutations of economic growth do not lead to injustice and social conflict” (PQ 1982, 18). This formulation nevertheless speaks to the party’s crisis, as it emphasizes learning processes to the virtual exclusion of policy content.

A number of potential political economies for the Québec nation competed through the 1980s and early 1990s. On the one hand, organized business interests put forward a programme of neoliberal restructuring on the grounds that “une révision en
profondeur des relations entre l’État et l’économie québécoise s’impose.” It challenged the view that the state had to substitute for the private sector in order to protect the interests of the collectivity. Rather, the state had to reduce taxes and create “un climat socio-politique prévisible et concrètement favorable à l’entreprise.” It had to complement private enterprise rather than be a tutor, because society’s economic well-being relied on private sector competitiveness and profitability (CPQ 1982, 4-6; CPQ 1985, 3, 11). Tax cuts were required so Québec firms could compete with foreign firms in international markets (CPQ 1985, 8). This was not a “new regionalism” in the sense of developing region-specific learning capacities, but it nevertheless could cloak itself in a nationalist politics. The visible success of a number of high profile francophone Québec entrepreneurs led the public to a brief infatuation with the idea that the state needed to step back and allow the entrepreneurs to lead the nation’s development (Balthazar 1994, 36-38). The presentation of francophone Quebec businesspeople as national leaders reached its symbolic height in the 1991 Commission sur l’avenir politique et constitutionnel du Québec. The Commission was an Estates-General struck to chart Québec’s future after demands for recognizing its distinct nature in the Canadian constitution were rebuffed in the rest of the country. Not only did the organization representing big (and largely foreign) capital, namely the CPQ, have a seat at the table discussing the future of the nation, but the co-chairs were successful businessmen. Foreign capital thus had a variety of tools for “nationalizing” its projects in the 1980s and early 1990s, even if its unshakeable support for preserving the Canadian federation (CPQ 1990, 1995) risked portraying it as out of step with the nationalist project, and particularly its sovereignist wing. For organized business, global competition provided a space to align their interests (profitability, growth) with those of the nation, and in the process to attempt to legitimize neoliberalism as an appropriate political economy for national development.

The labour movement put forward an alternative political economy. It too recognized that economic and social changes tied to globalization required a renewal of union strategies. Québec second largest union federation, for instance, argued that the survival of firms faced with intense international competition can either rely on the downgrading of pay and working conditions or on flexibility and continuous innovation.
so as to create high productivity and/or niche product differentiation (CSN 1991, 31-33). In the latter case, firms can continue to pay high wages and taxes by staying ahead of other competitors. Continuous innovation is nevertheless not a simple technical question of research and technological adoption, but relies on tapping the know-how, ingenuity and adaptability of the workforce. The unions attempted to push Quebec down this latter path by “taking the lead” in work re-organization. This involved proposing plant-level cooperation or “social contracts” to increase plant productivity and competitiveness as well as to reach union goals of increased workplace health and safety, job enrichment, reduced work time, and training (CSN 1991). This “partnership” strategy also looked beyond the workplace. Local and regional development was cast in terms of cross-class projects combining employment creation, enhanced social provision, and private accumulation. Industrial policies were proposed to link up sectoral and local/regional development bodies for concerted effort in developing particular clusters (Paquette 1997). Concertation was embraced in this context not only for its ability to unleash positive sum compromises, but also for bringing disparate development policies into a more coherent whole to further spur competitiveness. For unions, global competition provided a space for promoting projects of workplace and social democratization on the grounds that these were necessary for Québec’s competitiveness on the high road. This outlook nevertheless elevated business interests, regardless of national origin, to more central roles as motors of development. While development could not be left to them alone, their ability to compete became a sine qua non of any progressive national agenda.

As the PQ positioned itself in the early 1990s for another run at office, it drew more on this latter viewpoint in developing what I call “competitive nationalism”. An important preparatory step came with the decision in the late 1980s and early 1990s to support the Canada-United States and the North American Free Trade Agreements. Analyses of this decision emphasize its geo-political logic. In this view, the PQ shared the Québec Liberals’ view that free trade would increase Québec’s autonomy within Canada by inserting the province within a continental economic space rather than keeping it tied to a pan-Canadian space. In addition, the PQ felt these agreements provided international rules and institutions that would reduce the economic risks and costs.
associated with sovereignty by guaranteeing open markets (Martin 1997; Drover and Leung 2001, 214-17).

These arguments nevertheless underplay the extent to which the PQ was attempting at the same time to define a political economy to deal with global economic competition that might allow it to assemble a broad coalition behind the sovereignist project. The embrace of liberalized trade fit well with thinking within the party about how to adapt to these changes, thinking which resulted in the PQ’s 1993 action plan on sovereignty, *Le Québec dans un monde nouveau*. The action plan began with the statement that “le Québec vit dans un monde nouveau” and described sweeping transformations that pushed social relations, economic strategies and cultural currents beyond national borders and organized them at a planetary scale and in new global spaces. The report nevertheless dismissed simplistic nostrums about the “end of the state” and insisted that this environment was not solely consistent with laissez-faire neoliberalism. This new world might make old forms of industrial policy and state intervention obsolete or contrary to trade agreements, but it still required active state intervention in order to ensure the competitiveness of firms the maintenance of well paid, high quality jobs, and the pursuit of full employment (PQ 1993, 12-15, 34-35). The state’s prime contributions were argued to lie in developing active labour market policies, in upgrading the physical infrastructure, in encouraging urban and regional networking, in ensuring that economic forces did not undermine social cohesion, and in fostering concertation and partnerships among socio-economic agents at all levels in order to confront shared problems (PQ 1993, 14-15, 23, 27, 41).

The nation had an important role to play in this context. Success in this “new world” was felt to require an unprecedented mobilization and cohesion of all of society’s vital forces. The nation provided important tools to this end, although the PQ emphasized that this mobilization and cohesion could only be attained by a nation holding all the necessary policy instruments (PQ 1993, 16-17, 27). In other words, the welfare of Quebecers under globalization was only possible with sovereignty. Anything less meant a loss of competitiveness, and thus of living and work standards. In this scheme, the nation and competitiveness stand in a symbiotic relationship. A strong nation enables a positive-sum economic strategy where firms can compete internationally
even while providing good wages and working conditions. It provides the social cohesion, networks and symbolic resources underlying innovative and cutting-edge firms. In return, high-end economic success strengthens the nation by providing resources to reduce the costs of economic adjustment and dislocation and filing down class divisions within the national community (see also Keating 1998, ch. 6; Latouche 1998, 17-18).

The PQ’s competitive nationalism appears to have been influenced by attempts elsewhere to renew social democracy in the face of heightened international competition. For instance, it resembles the Australian Accord of the 1980s in its emphasis on social partnerships and supply-side measures as a means of maintaining post-war social gains even while embracing full participation in a liberalized and extremely competitive international trade environment (Phillimore 2000, 558, 564-65; Lambert 2000, 98-101). There are also echoes of shifts within the British Labour Party, where the goal of competitiveness came to occupy an increasingly important place in the party’s outlook at the expense of earlier goals of full employment, enhanced social welfare and rising standards of living, and where the discourse of supply-side economics crowded out the ideological markers of socialism (Thompson 1996, 42-46).

The PQ tied their emphasis on competitiveness to the maintenance of a progressive or social democratic platform: it was the means to the end of a more inclusive and egalitarian society. Nevertheless, the representation of the nation changed in at least two important ways, pointing to a shift in the class bases of the nationalist project. In the 1970s, one of the points of sovereignty was precisely to give the nation the full range of state powers in order to control and regulate capital in the nation’s interest. Furthermore, the nationalist project saw foreign capital’s interests as incongruent with the development of the nation, requiring compensatory action in terms of public ownership, measures to favour domestic capital, and measures limiting foreign ownership of strategic sectors.

Placed in the context of global competition, these arguments no longer hold in the same way. First, and most important, sovereignty is not justified in terms of allowing the nation to control capital through the state, but to allow the state to aid the nation to adjust to the competitive needs of capital. The nation itself becomes instrumentalized as an “adjustment strategy,” providing collective goods like trust, a shared culture, and social
cohesion required for the competitive success of firms. The relationship between national interest and the interests of capital is presented as much more convergent than in the earlier period. The ability of firms to compete at the high end becomes a *sine qua non* of national survival given economic globalization, necessitating a greater attentiveness and openness to the representations of capital. This is not a simple capitulation to capital’s neoliberal project. While capital is clearly placed as the *fer de lance* of the nation’s development, this is done on the understanding that it can only make a beneficial contribution through an inclusive model of social partnerships and national cohesion.

A second change in the nationalist argumentation is the erosion of the distinction between domestic and foreign firms. The goal becomes one of making Québec an attractive platform for high-end economic activities (and thus for high-wage jobs), regardless of the nationality of capital. Thus, when the PQ (1993, 39) speaks of “our firms” there is little doubt that they are referring to all firms producing within Quebec. Some ambiguity remains, however, in other claims about the need to actively participate in the control of the large firms that shape its economy (PQ 1993, 20). These changes in sovereignist outlook meant that even as capital adopted a steadfastly neoliberal restructuring project at odds with the social democratic leanings of the PQ’s project, and even as it maintained an unshakeable commitment to keeping Québec within the Canadian federation, it was given a prominent or even primary role of national leadership. The PQ’s adoption of key tenets of a supply-side regional strategy thus goes hand in hand with changes in its proposed citizenship regime as firms, regardless of national origin, are welcomed as national leaders provided they contribute to inclusive, high-end development.

*The 1994-2003 PQ government*

The 1994-2003 PQ government maintained the emphasis on competitiveness and concerted action as a key to development, but its recipe for competitiveness partially replaced the ingredients of supply-side social democracy with those of neoliberalism. The turn to a progressive-competitive supply-side political economy to confront competition was confirmed in Premier Parizeau’s inaugural address, which spoke of a “cultural revolution” in the party’s thinking about the state’s role in the economy. He
concluded that concertation with other actors was necessary since “where the state acts alone, it acts poorly” (Québec 1994, 7). The labour movement strongly backed the government and its strategy of concertation. Indeed, it endorsed the PQ’s 1995 referendum on sovereignty-partnership without qualifications (e.g. CSN 1995), refusing to put forward an autonomous position on what citizenship must entail in a sovereign Québec. The employers, despite being given a more prominent place in the PQ’s political economic strategies, continued to steadfastly oppose sovereignty, and to argue that competitiveness required the adoption of a neoliberal restructuring strategy. They were only too happy to accept the alignment of national goals with their competitiveness, and to then argue that the nation should listen to those most attuned to their competitive needs: the employers themselves.

The employers’ federations’ reading of competitiveness soon enough began to push industrial policy in the direction they favoured. The industrial policy emphasized providing an environment where Québec firms could compete on an even basis with firms in neighbouring jurisdictions. While this included supply-side incentives for labour market development and technological innovation, the key policy correlates were streamlining the bureaucracy, cutting personal, corporate and payroll taxes, deregulating to the level of “nos voisins” and balancing the government’s budget (Ministère des Finances 1998, 81-84, 88, 92). This bow to the employers’ project was balanced by measures to maintain a “humane and solidarity-based economy.” This was nevertheless a thin reed on two counts. First, the inclusion measures were very limited. They included an emphasis on increasing work incentives in the social assistance programme (a view supported by the lead employers’ federation) (ibid. 151-56), measures to reduce school drop-out rates, and proposals to support social economy and local development initiatives (ibid., 145, 151-56, 159-63). Second, the implicit priority given to balancing the budget while reducing taxes pre-supposed cuts in the government’s social missions.

Following the narrow defeat of the PQ’s 1995 referendum on sovereignty-partnership, the new Premier, Lucien Bouchard, attempted to mobilize a national consensus behind this programme of restructuring so as to maintain Québec’s competitiveness. He convoked two multi-stakeholder summits in 1996 to deal with the twin “crises” of budgetary deficits and persistently high unemployment. The summits
sought to redefine the nation’s political economy while obtaining broad consensus about the outlines of citizenship this would entail. The preparatory document for the first conference boldly declared that the “pacte à la base de notre société a vécu. Il faut le réinventer.” The competitiveness of the public sector, and thus its ability to provide jobs, was in danger since the existing “social pact” was fiscally unsustainable (Conférence 1996, 5-7). The second summit continued on this track, setting the objectives of reaching “un nouveau consensus sur l’amélioration de la compétivité québécoise,” of adapting “nos services publics aux exigences d’une société dynamique et concurrentielle” and of developing “une large adhésion de la population à une conception d’un État plus visionnaire, plus stratège, plus efficace et plus souple” (Sommet 1996, 1-2).

The lead business associations agreed to participate in the process in return for promises that agreement would be reached on eliminating the deficit within three years without raising taxes. The issue then became whether labour would agree to these terms, and at what price. The labour federations agreed to a four-year deficit reduction timetable, in return for the launch of an anti-poverty fund and a joint declaration on the importance of creating jobs (CEQ, CSN, FTQ 1996).² This provided the government with the cover it needed to bring programme spending to $38.2B in 1997-1998, down $10B from 1994-95 (Blais and Vaillancourt 1999, Table 1). This reduced spending as a percentage of GDP from 24.5% to 18.9% over this period, leaving this ratio at its lowest level since 1971-72. The government also managed to undertake the biggest downsizing of the civil service in its history without having to face concerted union opposition. While the labour federations eventually distanced themselves from the Summits’ consensus, they had lost the necessary legitimacy to strongly protest the erosion of social rights accompanying state retrenchment (Charest 1998).

The argument here is not that the PQ became an ideological neoliberal party. It continued to present itself as the guarantor of Quebecers social democratic inheritance and as the political party best able to ensure an inclusive and cohesive community. However, its emphasis on competitiveness led it to be increasingly receptive and responsive to the programmes of the business community, and to present these programmes as the national interest. As with the industrial policy, neoliberal measures to

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² Representatives of the women’s and students’ movements walked out of the summit.
ensure capital’s competitiveness came first, while other projects, including the supply-side measures embraced in the early 1990s, were added where they did not interfere. This could be seen in a variety of labour market policy measures. For instance, the collective bargaining decree system, which largely covers low-wage employment, was reviewed in order to ensure it did not undermine competitiveness by creating wage gaps with principal competitors. The result was the suppression of 8 of the 12 decrees in the manufacturing sector, reducing the number of manufacturing workers covered from 53,340 in 1996 to 21,157 in 2000 (Vallée and Charest 2001, 86-88). The case was yet clearer in the 2000-2001 reform to the Labour Code. The PQ responded to two decades of union lobbying for changes that would ease organizing in the new labour market, but it insisted on obtaining consensus from its partners and on evaluating changes against the reality of the North American environment before acting. The former condition provided a veto to employers’ associations and the latter condition provided a legitimate excuse (ie. competitiveness) for vetoing the major labour demands (Ministère du Travail 2000; CPQ 2000, 11).

The PQ can be credited with progressive innovations outside of the labour market field, for instance in the childcare, anti-poverty policy, home care, social economy and community action fields (Vaillancourt 2002). These innovations were a response to pressures by the women’s and community movements, and allowed the PQ to maintain a more solidaristic citizenship regime than its neighbours (Jenson 1997). They nevertheless remained scattered and at the margins of the neoliberal state restructuring project sanctioned by a national consensus in 1996. It is noteworthy that they accrued to social movements that were less bound than the unions by calls for consensus and more prone to opt for political economic strategies that did not start from the consideration of the competitiveness of firms (Graefe 2002).

CONCLUSION

The Québec example usefully illustrates the need for the empirical examination of the politics of new regionalisms and minority nationalisms. In the face of the globalization narrative about shifting scales of economic regulation, and the new regionalist narratives about the competitive possibilities of regional economic
governance, this study takes up the call to place actors and politics into the mix. It also takes seriously the call to look beyond the dull coercion of economic processes to consider how consent is mobilized and organized behind particular regional projects, particularly in terms of positioning different social actors within a model of national development.

At a high level of generality, the Québec case comforts the critical narrative that regional strategies, placed in a context of intense competition, may well lead to a prioritization of capital’s interests and the adoption of an increasingly neoliberal political economy. This process nevertheless reveals a complex politics whereby the political economy of the nationalist movement is redefined through time, leading to new representations of the respective places of different social actors within the nation. The neoliberalization process was not straightforward or purely coercive, but passed through a competitive nationalism stressing national consensus and partnerships. There is an undeniable perversity to this narrative: in the face of structural changes in the early 1980s, the PQ developed a “competitive nationalism” that sought to develop the sort of associational economy proposed by the champions of “new regionalism.” This new strategy nevertheless made the nationalist project much more responsive to the demands of employers, even if the latter disagreed with this project’s social democratic and sovereignist elements. Moreover, while the PQ at first hoped to use nationalism (and the need for the nation to compete) to gather social actors in partnerships and concerted action that broke with neoliberal adjustment mechanisms, it in the end used nationalism to give a veneer of consensus to a largely neoliberal restructuring of the state. Yet this turn of events was still particular. The linkage of minority nationalism and neoliberalism did not come from capital mobilizing national identities to break post-war, nation-state level , development model. Rather, in a context of minority national affirmation, business worked to ensure that any sovereignist strategy not put its own state projects into question. The PQ’s adoption of a “competitive nationalism” strategy proved helpful to this end by increasing the openness of the sovereignist project to treating business as the nation’s fer de lance.
WORKS CITED


