

THE ECONOMIC CONSEQUENCES OF QUEBEC SOVEREIGNTY

by
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INSTITUTE

The Fraser Institute
Vancouver, British Columbia, Canada

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Canadian Cataloguing in Publication Data

Grady, Patrick Michael.

The economic consequences of Quebec sovereignty

Includes bibliographical references.

ISBN 0-88975-137-4

1. Quebec (Province)—Economic conditions—
1960- * 2. Quebec (Province)—Economic
policy. 3. Quebec (Province)—History—
Autonomy and independence movements. 4.
Federal-provincial fiscal relations—Quebec
(Province). * 5. Federal-provincial fiscal
relations—Canada. * I. Fraser Institute
(Vancouver, B.C.). II. Title.

HC117.Q4G73 1991 330.9714'04 C91-091693-4
6733

The events of the coming year will not be shaped by the deliberate act of statesmen, but by the hidden currents, flowing continually beneath the surface of political history, of which no one can predict the outcome. In only one way can we influence these hidden currents,—by setting in motion those forces of instruction and imagination which change *opinion*. The assertion of truth, the unveiling of illusion, the dissipation of hate, the enlargement and instruction of men's hearts and minds, must be the means.

John Maynard Keynes

The Economic Consequences of the Peace

(1920, pp. 296-7)

Acknowledgements

TO MY WIFE JEAN AND my grandfather Irish.

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Preface

PRIME MINISTER MULRONEY ASKED in his February 13th Quebec speech (Office of the Prime Minister, 1991b) if any business person would be prepared to put the future of their company on the line without an in-depth cost/benefit analysis or market study and if the future of the country did not deserve at the very least equally serious analysis. He stressed that "it is not economic blackmail to ask Quebecers to look carefully at the facts before taking economic decisions that involve their economic well-being and that of their children." The Citizens' Forum characterized Canadians as "shockingly ill-informed" about the economic costs of Quebec independence (1991b, p.119).

In spite of the current information vacuum on the economic consequences of Quebec sovereignty, a consensus based on wishful thinking has emerged among many Québécois economists and businesspeople and has been enshrined as dogma in the reports of the Allaire Committee and the Bélanger-Campeau Commission. In the long run, they argue, there are no economic costs to sovereignty and the short-run transitional costs can be minimized if both sides to the split behave rationally. This consensus is challenged by the facts presented in this study.

Quebeckers need to take a much harder look at the economic benefits from Confederation and the costs of separation. If they did, they would learn how much they stand to lose. Perhaps then they would become less willing to gamble their economic future on sovereigntist wishful thinking. Similarly, if English Canadians were to examine seriously the costs of Quebec separation they would see that Quebeckers would not be the only losers.