
**FEDERALISM AND FRAGMENTATION:
A Comparative View of Political Accommodation in Canada**

by

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PREFACE

It is said that those further away from problems often gain insights into them that more involved participants are denied. The analysis embodied in this paper supports such a view.

Students of Canadian federalism frequently lament the regionalism, interdependence, and "entanglement" of our federal system. Canadian federalism is often deplored as a unique case of political and economic fragmentation. Political scientists, economists, and sociologists alike tend to assume that Canadians pay a heavy price because of their failure to develop a national industrial strategy, or to overcome federal-provincial conflict.

In this Discussion Paper, Thomas O. Hueglin argues convincingly that Canada's experience with the politics of fragmentation is an asset, not a liability. In assuming that the consequences of world economic crisis will render traditional nation-state institutions less capable, he discusses province-building and intergovernmental bargaining as new trends of political accommodation, which might become necessary in all highly complex industrial societies. In comparative perspective, then, Canada might serve as a promising model, in both analytic and prescriptive terms.

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Institute Discussions Papers are designed to provide an opportunity for informed comment on important issues in federalism and intergovernmental relations. The views expressed are those of the author.

David C. Hawkes
Associate Director
May 1984

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With very little knowledge of Canada and Canadian politics I arrived at Queen's University in September 1983. This paper therefore is the result of a six month period of intensive study and learning. It has been a most stimulating and fascinating time. The credit virtually goes to the entire Department of Political Studies at Queen's.

It is almost needless to say that this paper could not have been accomplished without the generous support and help from Edwin Black, Peter Leslie, and Richard Simeon. In addition the manuscript was carefully read and commented on by David Hawkes and Reginald Whitaker. Hart Kiesling, Leonard Preyra, and Ian Robinson were almost indefatigable discussants. In a way, and contrary to the usual assertions, they all are most responsible for the content of this paper. However, its shortcomings are nevertheless my own.

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The purpose of this paper is to develop a conceptual framework for the comparative analysis of highly complex and fragmented societies, and to analyze the Canadian federal system as an almost prototypical case of both reinforcing and cross-cutting territorial and social fragmentation. It could serve as an analytic model for similar or much more covert cases of fragmented political systems such as the European Economic Community and West Germany. Conversely, what Canadians tend to perceive as so uniquely Canadian -- that is, the reinforcing coalescence of territorial and social conflict, might in the context of a broader comparative perspective turn out to be less dramatic and hence more easily open to compromising reconciliation. The underlying hypothesis for such a comparative approach is that the politics of scarcity will leave its imprint on all advanced capitalist states in the decades to come, and will generally have a fragmenting effect on all highly complex societies. Thus, while this study focuses on federal and intergovernmental systems, it may also provide relevant conceptual tools for the analysis of centrifugalism and centripetalism in unitary political systems.

Some definitions and conceptual clarifications are necessary at this point. While all political conflict is societal in a general sense, only some of the societal cleavages are territorially based. As Arend Lijphart states: "Segmental cleavages may be of a religious, ideological, linguistic, regional, cultural, racial, or ethnic nature. . . . The groups of the population bounded by such cleavages will be referred to as the

segments of a plural society."¹ Lijphart's definition implies that all modern societies are really segmented in nature, although the conflicts arising from such cleavages need not necessarily be salient at all times. However, as a conceptual tool for the analysis of political conflict in advanced capitalist states, his definition is too general and too narrow at the same time. It is too general because it does not distinguish between regional cleavages (which are territorial or vertical), and all others (which are sociocultural or horizontal). It is too narrow, on the other hand, because class cleavages as the most fundamental socioeconomic source of political conflict in modern capitalist systems are not included. It can be argued, moreover, that sociocultural cleavages are for the most part reinforcing factors for socioeconomic conflict in modern capitalist systems. Two types of conflicts can therefore be identified in modern societal systems: one is territorial and based on region, and the other is social and based on class, occupation or sociocultural identity. They can be cross-cutting (class conflict spreads across the border-lines of a regionally segmented society) or reinforcing (class conflict coincides with regional segmentation). In complex societal systems such as Canada they are both.

Political accommodation in plural societies can be described as conflict regulation by amicable agreement or consensus building. Federalism is the foremost mode of territorial conflict regulation, whereas consociationalism and corporatism are typical modes of social conflict regulation. In both cases it is assumed that political conflict in deeply fragmented societies (i.e. when segmental cleavages are salient) cannot be resolved successfully by the majoritarian modes of alternating party government, but must be accommodated by consensus-building and political bargaining among concurrent or "compound" majorities.² In both cases it is also assumed that the nature of consensus-building and bargaining requires modes of interest intermediation which bypass the traditional institutions of parliamentary democracy.

The term interest intermediation has become widely used in the context of neocorporatism, but it can also be applied to the bargaining processes among the various levels of government in a federal polity. While it is

generally assumed that the state acts as a mediator of conflicting interest in plural societies, the notion of corporatist inter-mediation emphasizes the relative weight and independence of other organized interests than the state at the bargaining table. Philippe Schmitter's definition first focused on intermediation as a mode of interest articulation and representation. Gerhard Lehbruch later defined it in much broader terms as a "pattern of policy-formation" including not only the interest articulation of large organizations, but the "authoritative allocation of values" and the "implementation of such policies" as well.³ Thus the concept of interest intermediation generally emphasizes the shift from one-sided state mediation to multilateral cooperation among various organized interest groups in advanced capitalist societies. In the case of a regionally fragmented society federal bargaining can be conceived as a particularly important mode of interest intermediation.

The rationale for state mediation is hierarchical organization. It is characterized by a departmental structure of conflict regulation, and by different levels of competence. This requires that the segments of society are relatively independent from each other (in order to allow departmental regulation), and that different conflict levels can be distinguished. Traditional cabinet structures, for example, reflect the notion that society can be grouped into different segments which are relatively independent from each other. Likewise, "dual" systems of federalism which are characterized by a clear differentiation of jurisdictional competences, reflect the notion that federal and provincial responsibilities can be separated into watertight compartments of jurisdiction. As such hierarchical systems increase their overall efficiency by further diversification and specialization, however, they create patterns of lateral interdependence which are no longer congruent with the hierarchical modes of conflict regulation. This is when complex societal systems reach the point of high complexity⁴ and require new modes of interest intermediation between societal segments which are now independent (due to their own internal complexity) and interdependent at the same time. The earlier dual systems of federalism therefore were rather soon transformed into systems of "cooperative" federalism with overlapping jurisdictions, and advanced industrial societies rapidly

developed patterns of multilateral interaction which overburdened the hierarchical state organizations and eventually led to the syndrome of "ungovernability." In short, highly complex societal systems resemble organic matrix organizations rather than mechanistic managerial pyramids.⁵

While the incongruence of societal interdependence and the hierarchical modes of conflict regulation is a permanent problem in highly complex systems, it especially tends to become salient under the conditions of economic crisis when socially and structurally induced demands are met with growing fiscal constraints. As a consequence the "conflict-generating potential" in such systems outweighs their "conflict-resolving capacity."⁶ This is the dilemma of centrifugalism and centripetalism in fragmented societies. The societal system will become increasingly centrifugal when those organized interests which "have accrued sufficient power and autonomy" will try to "impose their sectional decisions on the rest of the community," and the political system will try to become more centripetal by a "politics of concertation" uniting "all these centrifugal forces into one common action."⁷ It seems doubtful as to whether such a strategy can be successful. The concept of concertation assumes that the traditional functions of the state, i.e. profitable capital accumulation and social systems legitimation, can be maintained without openly using coercive powers.⁸ Under lasting fiscal constraint, however, this seems no longer possible. Consequently, the politics of concertation has been described as "some form of strengthening the forces of discipline, moderation, and self-restraint," and aptly criticized as a coercive "narrowing of the scope of political conflict admitted to democratic politics."⁹

The emphasis on "one common action" in the politics of concertation misses the point of conflict regulation in highly complex societies. Such societies have been characterized as matrix organizations based on multilateral and multi-level interdependence and interaction between societal segments which are independent and interdependent at the same time. The politics of concertation, on the other hand, once again focuses narrowly on selective modes of elitist interest intermediation among a few and large organized interest groups. It is this "selective blindness toward certain interest, demands and concerns of particular

constituencies¹⁰ which the politics of concertation shares with the bland generalism of alternating majority governments in parliamentary systems. And it seems to be this blindness which is responsible for the present unrest and political disenchantment in western societies.

Among these, Canada seems to be particularly suited as a starting point for a comparative analysis of political accommodation in fragmented societal systems. Indeed, its geographic disposition, socioeconomic history and constitutional foundations make it a model case of territorial as well as socioeconomic fragmentation. Moreover, regional and social cleavages are reinforcing rather than cross-cutting. If this makes Canada a unique case¹¹ it does not mean that it could not serve as an analytic model of conflict regulation in other highly complex societies. The spectacular rise of regional movements in Europe, for example, demonstrates that the saliency of territorial fragmentation may be generally rising. And the Canadian case could teach a lesson on the linkages of regional and social unevenness and dependency in the development of modern capitalist societies which have been overlooked in Europe under the spell of nation-building euphoria.

It will be argued that the fragmented structure of the Canadian polity requires federal-provincial bargaining as the dominant mode of conflict regulation. Unilateralism on either side would disrupt the fabric of Canadian federalism. The constitutional arrangements alone would not permit it, and the effects would be detrimental to both sides. On the other hand, a strategy of centripetal concertation focusing on the accommodation of those predominant interests which can be incorporated successfully into one common -- national -- action, will be thwarted by the asymmetrical structure of the Canadian polity. The conflicts arising from the structural crisis in central Canadian industry, the declining economy of Atlantic Canada, nationalism in Quebec, and western Canadian alienation, cannot be reconciled by one national policy. This is the political message and heritage at the end of the Trudeau era of Canadian politics. It will be argued, therefore, that in highly complex societal systems such as Canada, political union can only be maintained and stabilized by a political strategy aiming at regional self-sufficiency and

multilateral coordination.

On the other hand, if the assumption is plausible that the politics of scarcity will deepen the cleavages in highly complex societies, the Canadian experience with intergovernmental bargaining is a strength, and not a liability. This might be a lesson to learn for other plural societal systems. The ultimate question is, however, one of democratic legitimation: will the new modes of interest intermediation allow accommodation of the segmental interests at the base of such societies, or will they once again serve as the transmission belt for the assertion of elitist socioeconomic interests at the expense of all others?¹²

THE POLITICS OF SCARCITY

Territorial conflict as a fundamental challenge of advanced industrial societies was not foreseen by the analyses and prognoses of modern social science until very recently. From Marx and Weber to the predominantly Anglo-Saxon theorists of nation-building and regional integration the prognostic emphasis was on national homogenization and territorial consolidation as a consequence of industrial modernization.¹³ It was generally assumed that the regional structures of traditional societies would gradually vanish under the impact and the efficiency of modern market economies, giant capitalism, and state bureaucracies. On the other hand, the critics of capitalist modernization always held (and hoped) that the social conflicts arising from capitalist accumulation would eventually disrupt the system and lead to a socialist revolution. They did not anticipate the tremendous success of capitalism which led to the formation of the modern welfare state as its legitimation basis. The apologists of capitalism could therefore claim convincingly and for a long time that the spillovers from capital accumulation would eventually eliminate social conflict.

By now, however, the economic and structural crisis of the 1970s seems to have changed this picture dramatically: During the transition from the

epoch of affluence to the age of scarcity, socioeconomic as well as territorial conflicts have become salient. Contrary to the earlier assumptions, these conflicts are not primarily based on the traditional class cleavages in capitalist societies. They have instead resulted in a generally growing degree of sectoral, occupational and regional fragmentation which cuts across the traditional lines of class conflict. As a consequence the faith in national consolidation has given way to the gloom-and-doom perspective of societal decay, ungovernability, and the legitimation crisis of "late capitalism" which is characterized by the structural contradiction and "organizational disjunction" between the economic and legitimation (welfare) systems of capitalist societies.¹⁴

While the critical observers of late capitalist development hold that these contradictions are the primary cause or independent variable of the present crisis, the defenders of the system see them as the result or dependent variable of exaggerated welfare expectations under the condition of fiscal constraint. Consequently, neoconservative strategies aim at the curtailment of the legitimating achievements of the welfare state on the one hand, and at a reinforced concentration on the accumulation process on the other. In highly complex societies this concentration leads to spatially (regionally) and socially (sectorally) discriminating fragmentation and polarization: the reduction of fiscal redistribution and welfare compensation will accentuate the unevenness of capitalist development and will increase existing centre-periphery disparities as well as the socioeconomic disparities between big business and growth sectors of the economy on the one hand, and small business and declining sectors on the other. While socialists criticize the development of such a "dual economic structure" as a further deepening of the capitalist crisis¹⁵, neoliberals hail it as the panacea of further progress.¹⁶ In terms of conflict regulation the crucial question is whether fragmentation and polarization will render the forces of societal centrifugality unmanageable, or whether they can be contained by the coercive strategies of centripetal politics and concertation.

Centrifugality.

The rise of some fifty regionalist movements in almost all western

European nation-states is perhaps the most surprising aspect of centrifugalism as a new political perspective. Political commentators and academics still tend to underestimate the importance of these movements by seeing them as a nostalgic outburst of folklorist 'zeitgeist'. It has been argued that this academic underestimation stems from the lack of an "anticipatory" quality in modern social science which is predominantly "reactive" and "deductivist."¹⁷ The political actors, however, have long since recognized the salience of regional conflict. The conversion of such Jacobin advocates of centripetalism as the French and Spanish socialists to -- however moderate -- supporters of regional autonomy not only exemplifies the importance of regionalism as a new political perspective, but also reveals the strategy of centripetal politics: by putting decentralization on the agenda of the programs of established parties the attempt is being made to internalize and pacify the territorial manifestation of societal insurgence and centrifugalism.¹⁸

The causes for the rise of territorial centrifugalism in western societies are manifold and often difficult to understand from the perspective of nation-state rationality. It may very well be that it was the long phase of economic growth and prosperity after World War II which allowed for the discovery of 'small-is-beautiful' as a new 'quality of life', and for the ungrateful disenchantment with the rigid rationality of hierarchical political organization. It is certainly true that especially the most salient of regionalist aspirations in Europe and in Canada were fostered by the relative wealth of such regions (e.g. industry in Catalonia, oil in Alberta, the prospects of off-shore oil both in Scotland and Newfoundland). The salience of regional fragmentation is a function of grievances and opportunity. Poor regions are less likely to question the superior authority of the nation-state on the fiscal transfers and other equalization policies of which they depend. Nevertheless it will be argued that the rise and salience of territorial centrifugalism in western societies generally coincide with economic crisis and scarcity.

The nation-building theories flourished during the postwar era of growth and prosperity. Regional disparities were not salient because of the spillovers from the industrial centres of capitalist accumulation to the

less developed peripheries. As long as everybody could take home at least some sort of prize the system was not seriously questioned. In territorially fragmented societies equalization schemes and fiscal transfers performed the same legitimating function as welfare policies did with regard to social inequalities. But just as these strategies of nation-state consolidation were never able to eliminate disparities and inequalities altogether, they were nowhere fully successful in eliminating regional conflicts and identities. In Canada, for example, a process later known as "province-building" began already in the 1960s, but the general faith in national consolidation and the everlasting economic progress of the "affluent society" kept the conflict potential of such processes at a low level. Although the forces of fragmentation were already at work, they were perceived in retrospect as a "quiet revolution."

All this changed dramatically in the course of the economic crisis of the 1970s, and by then it was not so much any more a question of whether a sufficient growth rate could eventually be reestablished by capitalist crisis management, as a question of the apparent loss of faith in the fundamental principles of this kind of capitalism. For Canada, D.V. Smiley has summed up these fundamental changes as: a growing realization that "economic growth is not the solution for all human ills," a growing conviction that such growth can no longer be expected from a staple economy "dominated by the development and export of natural resources," a "declining confidence in the market as an allocative mechanism," and a "declining commitment to continental economic integration."¹⁹

In other words, what is indicated here is that the economic crisis which began in the seventies is not only a crisis of means but also one of ends, a legitimation crisis and not just a management crisis. It has affected western societies in at least three ways. First, it has aggravated the structural crisis between the growing and declining sectors of the economy: the problems of industrial restructuring affect the socioeconomic existence of large segments of society. Second, it has forced state interventionism to adopt a greater degree of selectivity: fiscal constraints do not allow any longer the distribution of grants and subsidies almost indiscriminately. Third, it has sharply accentuated the

centre-periphery dimension of socioeconomic conflict: the regional problems resulting from uneven capitalist development begin to exceed the steering capacities of both the allocative forces of the market and centripetal macroeconomic planning. Centre-periphery or federal-provincial conflict thus is to a great extent the result of a growing understanding that joint rewards can no longer be expected from centripetal politics. It is this understanding which fuels the centrifugalism of fragmented societal systems and legitimates the aggressiveness of provincial governments.

While economic crisis and increasing (relative) scarcity have contributed to the deepening and salience of fragmentation in highly complex societies, they are not the ultimate cause. Critics of the territorial politics of capitalist development have long held and pointed out that this fragmentation, and the centre-periphery conflict arising from it, are fundamental ingredients of the capitalist accumulation process itself which they perceive as a purposely created system of peripheral dependency.²⁰ They consequently stress the linkages between territorial and socioeconomic fragmentation and conflict. As mentioned before, this conflict can very well be nourished particularly by the relative wealth of peripheral actors (Alberta being the most prominent case in the Canadian setting), but it will be maintained nevertheless that this relative wealth is being used as the opportunity and tool to secure and maximize one's share of a pie which is expected to be generally shrinking under the condition of economic crisis and growing scarcity.

Centre-periphery dependency or "internal colonialism"²¹ has been criticized as too narrow an explanation of territorial conflict, neglecting the relations between central and peripheral elites and simplifying the highly complex networks of interdependence in advanced industrial societies.²² Nonetheless, as a broader concept which takes into consideration such peripheral "grievances" as the dependence on the macroeconomic decisions made at the centre, and the perception of general political domination resulting from centripetalism,²³ the internal colonialism model still seems to provide the most convincing explanation of territorial conflict in capitalist societies. It reveals once again

that the present crisis of advanced capitalist societies is a crisis of ends and not of means, a legitimation crisis and not one of economic management. The politics of regionalism, in its most general manifestation, ultimately aims at the deliberate sacrifice of maximized state-wide resource mobilization for the effective control of the various societal segments over their own affairs.²⁴

Centripetal Politics.

Against these claims of regionalist politics it is widely held among neoliberal modernization theorists, the conservative analysts of 'ungovernability,' as well as the various advocates of big government and big business,²⁵ that regional, national and indeed global interdependence require a centripetal organization of politics,²⁶ and that this requirement grows with the increase of societal centrifugalism. In other words it is assumed that centrifugalism must be contained by centripetalism.²⁷ This, to create centripetal "counterweights" against the evils of provincial centrifugalism, was Pierre Trudeau's political credo, academically stated at the beginning of his political career, and reasserted at the end as his political legacy.²⁸

The point which is being made here against the proposition of the centripetal politics of concertation as a remedy for the destabilizing effects of societal centrifugalism in advanced capitalist systems is not directed against the general notion that politics in such systems requires to share power and "seek partnerships" with the "corporate forces" (both societal and territorial) in modern society. It is directed against the elitist notion that such partnership is only sought among those forces which "have accrued sufficient power and autonomy to impose their sectional decisions on the rest of the community" (which is apparently excluded from such power sharing?), and against the unitary notion that the contradictions "between the need for deconcentration in the political-administrative sphere and the need for concentration in the economic sphere" must be overcome by a "multi-central chain of decision-making."²⁹ Embedded in the centralist tradition of British politics, there is little or no understanding here for the legitimacy (and efficiency) of regional self-sufficiency and -determination. Consequently,

the continental tradition and experience with the horizontal "politics of consensus" is rejected as "disruptive" and "unstable."³⁰ The late repercussions of Hobbesian pessimism and the Leviathan are unmistakable.

Among the various strategies of centripetal politics, neocorporatism and consociational democracy have recently reached an almost fashionable degree of academic attention.³¹ Corporatism focuses on tripartite bargaining between big government, big business, and big labour organizations. Far from being a well balanced or even moderately equalizing mode of interest intermediation, corporatism generally works to the disadvantage of the labour force, as it compels the unions to accept the compromises dictated by macroeconomic forces and dominated by capital interest.³² Moreover, the analysis of corporatist intermediation as a bargaining process based on the "logic of exchange" between the large and autonomous interest segments in liberal societies has been aptly criticized: corporatist intermediation aims at the formation of a "selective corporatist bloc" cutting across the border-lines of segmental interest organizations. It accommodates the interests of a privileged bloc or "crisis cartel" (growing capital sectors, employed and skilled working force, state bureaucrats) at the cost of the underprivileged within and across the segments of society (small business and declining sectors, unskilled, unemployed and migrant working force, unemployed youth and other increasingly marginalized groups).³³

Similarly, consociationalism describes a mode of interest intermediation among predominant interest groups forming an "elite cartel" in segmented or "pillarized" societies.³⁴ Again, this explanation of consociational bargaining has been criticized for its neglect of cross-cutting as well as intrasegmental cleavages, and of the independent role of the elite cartel in particular.³⁵ Contrary to the widely held view that consociationalism successfully accommodates conflict in segmented societies, it has been pointed out that consociational arrangements tend to break down in times of crisis, i.e. precisely when such conflicts become salient under the condition of scarcity.³⁶

In federal systems, i.e. where territorial segmentation is

institutionalized, the politics of concertation has become known and propagated as "new federalism." The emphasis lies on a centripetal reallocation of jurisdictional powers between the different levels of government. In its most consequent formulation the "new federalism" assumes that the achieved degree of national homogeneity makes state or provincial boundaries irrelevant, that the national government possesses sufficient legal authority to restrict state or provincial competences wherever it wishes to pass legislation in the self-defined national interest, and that this is the logical basis from which a "permissive federalism" may choose effective means of decentralization as well as distribute and allocate subsidies and grants according to national policy goals.³⁷ This "permissive federalism" is based on a number of largely unquestioned premises: first, that centripetal policy formation will secure sufficient economic growth allowing the grant-in-aid permissiveness; second, that the elasticity of federal revenue will comply with the necessities of state/provincial/local expenditures; and third, that societal homogeneity can be maintained. In other words, the problems of scarcity, fiscal constraint, and socioeconomic fragmentation are largely neglected.

The success and viability of centripetal federalism become even more questionable when the constitutional arrangements require the maintenance of two complete sets of jurisdictional powers acting independently and competing with each other ("dual federalism"), and when the conflicts arising from such institutional subdivision are strongly reinforced by socioeconomic cleavages ("asymmetrical federalism"). Such is the case in Canada where the peculiar type of "cooperative federalism" is characterized by "the centralization of fiscal powers in Ottawa combined with provincial financial independence."³⁸ Centripetal attempts aiming at the erosion of provincial powers or the unilateral imposition of national policies are likely to be met and retaliated by provincial obstruction.³⁹ This leads to the "other crisis" of dual federal systems, the "growth of big government at both levels" (because bureaucratic organizations tend to respond to crisis by further bureaucratization), and a dismal stage of administrative interdependence "approaching a condition of federal-provincial paralysis."⁴⁰

It must be asked whether these various attempts of centripetal concertation are not based on the illusion that the nation-building spirit of the fifties can be recaptured. Then, extraordinary growth rates allowed for the parallel advancement of capital accumulation and the welfare state. When such growth rates are no longer in sight, centripetal politics is confronted with the difficult choice of selecting priorities. This will deepen the legitimation crisis of capitalist systems. As territorial and socioeconomic conflict increase in highly complex and interdependent societal systems, the state must either curtail its support of capital accumulation, or fall back upon coercive measures. Insofar as capital has become independent of national coercion, it will on its part threaten to break the rules of the game. Political and economic coercion therefore do not necessarily go hand in hand, but they may, as in the case of selective corporatism.

The Perception of Canadian Politics.

How does this outline of the conceptual framework of fragmented interest intermediation in highly complex political systems translate into the Canadian case, and how are its problems perceived by Canadian political science? To address the latter question first: Canadian academics tend to treat Canada as a unique case. Given the relatively few comparative studies that have been done, and given the generally low level of knowledge about Canadian politics elsewhere, Canadians tend to explain anew the basics of Canadian geography, economy, and politics whenever they deal with even the most specialized and acute issues. Moreover, they display a considerable historicist bias. Whatever the problem, from such general topics as the quest for economic union to such specialized problems as bilingual air control, it must be traced back to the origins of Confederation. The inevitable result is a certain degree of eclecticism. The regionalists indefatigably ponder on the historical development of provincial socio-cultural identities instead of emphasizing the importance of the development of new regional identities as a response to the demerits of centripetalism. The political economists denounce such regionalist romanticism by infallibly and faithfully reproducing Porter's verdict on provincial socio-cultural identity as "hallowed nonsense."⁴¹

And the structuralists finally stress the self-promoting role of governments as independent political actors, and they describe this "other crisis of Canadian federalism" by almost inevitably referring to Schattschneider's dictum of all political organizations exploiting some conflicts and organizing out others.⁴²

The other question is then: how unique is the Canadian case? Like most other western societies, Canada has lived through two developmental phases after World War II: a phase of centripetal national consolidation and prosperity, and a phase of economic crisis and societal polarization which is persistent. As have other nations, Canada has had to accommodate and compromise on predominantly spatial and sectoral conflicts, as in the cases of Quebec separatism and the National Energy Policy. Class conflict lost much of its sharpness as large sections of the working class were successfully coopted into the bourgeois camp of mass consumerism during the period of general prosperity. Administering the Keynesian welfare state Canada, as did other nations, experienced a considerable shift from legislative or parliamentary democracy to an executive bureaucracy, and, as in all federations, a shift from dual federalism to the cooperative mechanisms of federal-provincial diplomacy. This produced the usual and well known constraints on the overall legitimacy of the system: a lack of public control which facilitated the happy marriage of big government and big business, and a growing conscience of spatial as well as sectoral disparity coinciding with regional underrepresentation of interests.

On the other hand, some aspects of Canadian politics do seem unique. First of all, there is the reinforcing correlation of regional and societal conflict. Even in Switzerland, usually described as a paradigmatic case of "asymmetrical federalism," there is much overarching socio-economic unanimity which renders a great deal of Swiss federalism obsolescent.⁴³ Even more important is the constitutional entrenchment of these conflicts. Contrary to most other federations the peculiar arrangements of the Canadian Constitution Act have not allowed much movement towards a centripetal redistribution of competences, and the recent constitutional review which had finally been set in motion by unilateral federal action, did not fundamentally change this situation.⁴⁴

Canadian federalism neither allows it to embark on a strategy of "permissive federalism" as in the neighbouring United States, nor can it rely on unilateral federal action without provincial retaliation as may be the case in West Germany with its functional separation of powers between federal legislation and state administration.

As a result Canada more than other states has seen the growth of big government at both levels. This has deepened the legitimation crisis with regard to the question of who represents the Canadian people and exercises its sovereign prerogative. Moreover, the unequal distribution of resources and economic capacities -- a result of the Canadian historical development -- has brought forth and encouraged a close alliance between different factions of capitalist interests and the different levels of government. The contention that the rise of provincial power was based on the emergence of a "nascent regional bourgeoisie," as Richards and Pratt stated was the case of Alberta,⁴⁵ has been heavily criticized as most unsatisfactory "mumbo-jumbo."⁴⁶ The fact remains, however, that "as a result of specialization, tension between metropolis and hinterland, and the predominance of foreign direct investment," interest conflicts "between different segments of the bourgeoisie" tend to find expression "in the form of conflicts between different levels of government."⁴⁷ The dialectic of segmental autonomy and interdependence in highly complex societies thus seems to be reproduced as a high degree of fragmentation within the Canadian capitalist class. In summary, the essence of the Canadian case is that centripetalism as the "trick of the state" against centrifugalism as "society's ruse" simply won't work.

For the critical observer of Canadian politics and its reflection in Canadian political science the following dilemma appears to fall next to the squaring of the circle: 1) province-building appears as the legitimate answer to the absurdities of centripetal politics in highly fragmented systems; and 2) the legitimacy of such province-building becomes highly dubious itself when it turns out to be based on an "elite cartel" of regional capital interests and the self-interest of provincial governments. What puzzles most is the stereotypical recourse to centripetalism among the various critics of province-building. The craving

for a Canadian "national destiny" obviously is so great that even the blood-and-iron nationalism of "Bismarck's Germany" is conjured in order to defend the cause of centripetal federalism.⁴⁸ The socialist recourse to the necessity of centralized class struggle against the power of giant capitalism seems even more absurd: where capitalist interests are obviously fragmented, that kind of giant capitalism would first have to be created in order to be defeated. If at all, the lesson must be to beat the enemy where he is most vulnerable, at the provincial level by establishing subprovincial protest and subprovincial regionalism as well as regional/provincial class solidarity as the missing third leg of Canadian federalism. This had been the message of the early and radical Trudeau when he argued that a "relatively decentralized federal system presented far more alternatives for creative radical politics than did a highly centralized unitary state, but the centralist thrust of the Anglophone socialists ignored the possibilities of building regional and provincial socialist bases."⁴⁹

From the comparative point of view the lesson is twofold: 1) the unique layout of Canadian fragmentation allows insights into the nature of interest intermediation which is akin to all highly complex societies, but which is much harder to identify in most other countries; 2) the similarity of many basic problems should induce Canadians to be more relaxed about the intricacies of Canadian politics: it may very well be that they possess a model case of political accommodation for the epoch to come, however messy and untidy it may be. The "uncheered" constitutional compromise and the grudgingly conceded accommodation over the energy policy may be significant indicators of this.

FRAGMENTATION

When a central European meets a Norwegian, his spontaneous response to the Scandinavian origin of the latter most probably is: Oh, I was in Sweden a couple of years ago myself -- a typical answer which shows the Norwegian to his great dismay that his country is thought of as not much more than a largely underdeveloped appendage to the highly industrialized

and popular socialist neighbour. Similarly, Canada is often thought to be an appendage to the United States, and not entirely without reason, as geographic, economic and social facts will reveal.

On the other hand, Canada is the second largest country in the world by land mass, one of the richest owners of natural resources, and a member of the ominous club of the ten richest industrial nations. However, 90% of the Canadian population live within 300 miles of the American border, and more than half of the Canadian industry is controlled by American capital. Thus, Canada "cannot be characterized as an independent capitalist society", but, for the larger part, as a "mature branch-plant society" which is "enveloped by the economic spill-over from the most powerful capitalist society in the world."⁵⁰

Moreover, the socioeconomic structure of Canada is extremely uneven. Of the 25 million inhabitants (as to the 270 million, in the neighbouring U.S.) 63% live in the two provinces of Ontario and Quebec or, more precisely, in the southern parts of these provinces along the St. Lawrence valley and the Great Lakes. Again, most of these are concentrated in the two large metropolitan areas of Toronto and Montreal. With the growth of similar metropolitan areas in the west, some 75% of the Canadian population live today in urban surroundings, as compared to less than 20% a century ago.⁵¹

Generally speaking, there are at least three deep cleavages in the Canadian socioeconomic structure. The first is the one between settled and unsettled Canada: apart from the extreme concentration of population along the 49th parallel which divides most provinces into a populated south and largely unpopulated north, population density ranges from 21.8 inhabitants per square kilometre in Prince Edward Island to 8.3 in Ontario, 3.6 in Alberta, 1.5 in Saskatchewan, and 0.04 in the Yukon.⁵² The second cleavage is the division between urban and rural Canada which is characterized by rapid metropolitan growth and casts a peculiar light on a society which is still heavily based on the exploitation of natural resources. This will later be discussed in terms of dependence. The third division runs along the lines of rich and poor Canada: the rift in

provincial per capita income amounts up to 1:2 between Newfoundland and Alberta,⁵³ but it would be more interesting to know how rich and poor compare within the provinces. In comparison with other western countries Canadian regional disparity ranges in the middle ground alongside France and the United States, whereas West Germany shows a much higher degree of regional homogeneity, and Italy is a case of extreme polarization.⁵⁴ Other than in a unitary state like France such disparity poses a fundamental question of legitimacy to a federal state such as Canada: are programs of fiscal equalization, industrial subsidies, and regional development mere acts of welfare compensation, or are they apt to promote self-sufficiency and self-respect in the poorer regions? Is the ultimate goal the permanence of equalization, or equity?

This ultimately raises the question of Canada's political *raison-d'être*. As a comparison of Canadian regionalism in continental and national perspective will show, the forging of the Canadian nation-state appears largely as an artificial historical construction. The extreme polarization of political weight even makes overproportional bargaining power at the negotiating table a fragile asset of regional representation. The fragmented state of the party system moreover has resulted in the truly unique fact that the entire west of the nation, the spatial majority, is represented by merely two MPs in the caucus of the Liberal Party, presently governing in Ottawa. (Significantly enough, these two are from Winnipeg, that western metropolitan area with the closest geographical and historical connections to central Canada.) But then what does western representation stand for in comparison to central Canada? Manitoba, for example, appears somewhat as a grossly enlarged city-state, with almost two thirds of its meagre one million inhabitants living in metropolitan Winnipeg.

The only country in Europe of which one can spontaneously think in terms of a comparable degree of regionalism and socioeconomic division is Spain, which has by and large been held together politically by autocratic government, and by the Pyrenees as a most efficient natural line of demarcation against continental Europe. The political question then is: what kind of national policy can hold Canada successfully and legitimately

together, especially with regard to its artificial borderline in the south. Even more provocatively, does a least common denominator of Canadian national identity exist, and if so, is it strong enough to survive the challenges of the post-industrial age without falling back on autocratic decrees of unity?

Regions and Provinces.

According to one continental geographical view,⁵⁵ all but one of eight Canadian regions are transnational. The exception is Quebec, and this is only so as it is defined on the basis of the dominant French-Canadian culture. The other regions are (east-west): Northeastern Anglo-America, the Anglo-American Heartland, the Boreal Forest, the Great Plains, the Rocky Mountains, the North Pacific Coast, and (north of the Boreal Forest and extending into Alaska) the Tundra. The geographical regions of Canada alone, on the other hand, are usually determined as (east-west): Atlantic Canada (Maritimes and Newfoundland), Central Canada (Quebec and Ontario), the Interior Plains (Manitoba, Saskatchewan and Alberta), the Pacific West (British Columbia), and the Northwest Territories including the Yukon. Any of these regions is more separated naturally from the others than from the adjacent United States. Thus, most of Atlantic Canada is indeed separated from central Canada by water, the Canadian Shield separates central from western Canada, and the Rocky Mountains stand in between the Prairies and British Columbia. In the case of the Northwestern Territories, the main division consists of the large uninhabited space. Add to these geographical factors the socioeconomic divisions that result in part from the unequally distributed resource base, and in part from historical development, and it becomes very difficult indeed, at least from an outsider's point of view, to find rational socioeconomic reasons for a legitimate national policy of economic union. There is a political reason, of course, insofar as Canadians have developed a national identity which resents serving as a mere appendage to the American market and political culture. And it seems to be important, from a global perspective, that some degree of diversity be maintained on the North American continent. But such a policy of Canadian nation-building cannot legitimately be built on a state-wide maximization of resources mobilization at the expense of regional

self-sufficiency. Such a policy would always bear the signs of internal colonialism, although, and this may be the most important argument in favor of national union, the regions and provinces of Canada must bear in mind that being dependent on central Canadian interests is probably a lesser evil in comparison to that dependence they will trade in (and have already traded in) when opting for economic union with the United States.

The costs of maintaining and intensifying union are enormous and twofold: on the one hand, there are economic costs, mainly those of transport and communication, as when shifting from a divided oil market with domestic supplies west and imported supplies east of the Ottawa valley to a national oil policy of self-sufficiency; on the other hand, there are political costs of accommodating the divergent interests between the oil-producing and oil-consuming regions, between the spatial disparity of growing and declining industries, and between the governments constitutionally endorsed with overlapping competences serving or opposing these interests.⁵⁶

Economic Interests.

The most interesting aspect of Canada as a political economy is the correlation of regionalism and provincialism to socioeconomic fragmentation. Two facts stand out: "The first is the complexity of class struggles in politics following from a structure where there is an active and persistent petite bourgeoisie, and the second is the unevenness of class development arising from Canada's peculiar form of regional domination."⁵⁷ The existence of a strong petite bourgeoisie (mostly resulting from immigration and agrarian settlement) not only "has tended to deflect and mute the main struggle of capitalism between capital and labour"⁵⁸, but has itself been an important factor of Canadian regionalism: "What often passes for regionalism in Canada is in fact the expression of petty bourgeois politics manifest in 'third' parties, such as the Social Credit and CCF."⁵⁹ The uneven development of capitalism with its "emphasis on resource extraction and its failure to develop a strong manufacturing sector," on the other hand, has not only led to a 'regionally dominated' fragmentation of the working class,⁶⁰ but to a regional fragmentation of the capitalist class as well. This is the main

point of discussion in Canadian political economy.

From a class conflict perspective Leo Panitch argued that the "brittleness" of the distinction between the "various fractions of the capitalist class" overlooks "the more important dimension of the relations between classes," and that the one-sided focus on the "regional fractions of the bourgeoisie" tends to overlook "the important role the state plays in providing unity for the bourgeoisie."⁶¹ From a regional dependency perspective this emphasis on an indigenous "capital/labour nexus" and the neglect of "geography" has been criticized as "disastrously oversimplified."⁶² The main point of this criticism is that the social dynamics of a society structured on regionally fragmented "resource capitalism" cannot be explained in terms of class conflict alone,⁶³ when the development of a strong provincialism (as the result of economic history and constitutional arrangements) serves as the "cradle of regional bourgeoisies."⁶⁴ As a result, this discussion strongly underlines that the Canadian political economy is a particularly fascinating example of the "wide variation in social structures and configurations" which exist in all highly complex and advanced capitalist systems.⁶⁵

It had been noted earlier that one peculiar configuration in the Canadian context is that both the conflicts between and within social classes tend "to find expression in the form of conflicts between different levels of government."⁶⁶ This leads to another classic controversy, between the "society-dominant view of federalism," and the "government-centred view of federalism."⁶⁷ Whereas the former view held that "class cleavage, based on the economic system, was the true, natural, and dynamic cleavage," the latter asserted that this "sociological perspective pays inadequate attention to the possibility that the support for powerful, independent provincial governments is a product of the political system itself."⁶⁸ This latter view became so prominent among students of Canadian federalism that Donald Smiley declared the third edition of his *Canada in Question* to be "a long footnote" to it.⁶⁹ Once again reality is more complex than either of these views. Richard Simeon probably summed up best the complexity of the Canadian federal polity when asserting that "while the underlying roots of the crisis of

federalism lie in differing concepts of community, in regional economic tensions, and in linguistic differences, all those tensions are mobilized, channelled and expressed through Canada's federal and provincial governments and their leaders."⁷⁰ He thus affirmed the political economists' view of regional economic fragmentation as the 'root' of the problem, reasserted the government-centred view of the political conflict, and he finally shared with the class-oriented critics of the Canadian state the view that this preoccupation with intergovernmentalism fails to address the crucial issues of social conflict, as "the process dominates the substance."⁷¹

An important and general distinction between Canadian and European economic politics seems to be that the former is predominantly resource based, and capital intensive, whereas the latter has traditionally been labour intensive and focused on manufacturing. Hence industrial relations have played a more dominant role in European economies than in the Canadian case. This simplified picture is rapidly changing in the Canadian context, however, as a growing proportion of the labour force is moving into the public and service sectors where resource profits are negligible and distributional social conflicts may acquire crucial economic importance. If industrial conflicts have not acquired the same distributional saliency in Canada as in Europe, the reason must probably be seen not only in the generally fragmented nature of the Canadian economy and its working class⁷² but also in the fact that organized labour (as in the resource sector) does not pose as serious a threat to a capital intensive economy, as it does in a manufacturing economy which must derive its profits mainly from added value.

To draw a picture of economic interest cleavages in Canada mainly along the lines of interest factions within the capitalist class therefore seems by and large plausible, even though it puts the premium on politically salient conflicts and neglects the position of the non-competitive sectors of society. The traditional rift runs between the industrial interests of central Canada and the resource based interests of the east and west. Atlantic Canada lost its former prominence in commodity trade when the politics of nationalization gave central Canada a formidable advantage in

industrial allocation and transportation over the peripheral east with regard to the opening Canadian market, especially in conjunction with a high tariff policy towards the United States. The same tariff policy, now in conjunction with a policy of centrally administered low energy prices, discriminated against the energy producing west in favour of the Montreal-Toronto axis of industrial and capital interests. Albertans, for example, had to supply the Canadian industry with cheap energy and buy their products at tariff-protected high prices. Today, in a world of growing interdependence and declining economic rents, the division lines of economic interest cleavages have become infinitely more complicated, and it seems doubtful whether the earlier definition of Canadian federalism as a unique case of mutually reinforcing territorial and societal conflicts still holds up.

The conflict of interests between indigenous and comprador elements in Canadian capitalism,⁷³ for example, lies at the root of Ottawa's recent Canadianization policy. The federal government's centripetal efforts to concentrate its industrial strategy almost exclusively on the energy sector⁷⁴ may cool its happy alliance with the Ontario based industry. Likewise, the efforts of province-building have diversified sectoral interprovincial and federal-provincial competition, as in the case of the Alberta petrochemical industry and Petrosar. With the rise of provincially-based and -administered investment funds, such as in Alberta and Quebec, the protection of indigenous capital and finance (banking, transportation) is no longer exclusively in the hands of the federal government. Increasing barriers to the interprovincial movement of capital and commodities have resulted in a growing degree of Canadian market fragmentation.⁷⁵ Competitiveness under the condition of scarcer investment resources has furthermore weakened the position of the petite bourgeoisie as the traditional third force in Canada's triadic class structure. Within the capitalist class, the traditional tripartition of indigenous, comprador, and petite bourgeoisie interests has become even more problematic with the widening of the cleavages between spatial and sectoral interests, and those between big business and small business.

Constitutional Constraints.

If anything is reinforcing in Canadian federalism today, then it is the blurred, highly complex and competitive distribution of federal-provincial competences in the various parts of the Canadian Constitution, which corresponds so alarmingly to the diffuse picture of Canadian socioeconomic and political interest fragmentation. Of course, one is as much a result of the other as vice versa.

The facts can be put together rather simply, albeit simplistically: the original BNA Act intended to assign to Ottawa all essential tools for successful national government, especially the power to raise all kinds of taxes and to regulate interprovincial and foreign trade and commerce. To the provinces it left the management of their own affairs, the power to levy direct taxes and, most unfortunately from the centripetal point of view, the ownership of natural resources and the economic rents therefrom.⁷⁶ The dual polarization of the Canadian economy took on dramatic forms in the 1970s when the traditional economic power of central Canada, due to the historical inequality of the staple economy, was met by the fantastic increase of revenues and economic rents in the oil producing provinces, and by the provincial efforts to curb the rapid exploitation of their already diminishing riches. As a result, the provinces and municipalities of Canada today account for two thirds of public expenditure and for 80% of public capital investment.⁷⁷ And consequently, as one observer, H.I. Macdonald, put it, a determined countervailing influence of provincial fiscal policy has rendered obsolete most central efforts of applying the "unitary state world of Keynesian economics to the Canadian federal system."⁷⁸ Or even more bluntly, as in the words of H.V. Nelles, "There are some things we can't have and probably don't need. One of them is a national energy policy."⁷⁹

On the other hand, federal government in Canada does have substantial powers. Technically, Ottawa would have the constitutional authority to out-manoeuvre the provinces in the energy field, for example by using its declaratory power over matters of general Canadian advantage, excessive use of the trade and commerce power, or by expanding emergency power.

Precedents have occurred with regard to all three possibilities, and the courts have generally been supportive.⁸⁰ However, this would amount to a federal coup d'état, and it is neither desirable nor likely to happen. Unilateral efforts to strengthen federal power as in the recent patriation of the Constitution, and in the formulation of a National Energy Program, have ended in federal-provincially negotiated compromise. If the Constitution Act of 1982 is generally interpreted as a betrayal of the Québécois provincial (or rather nation-building) interests, and the patriation as such (including a Charter of Rights) is by and large seen as a centralist victory, then it must be noted on the other hand, that provincial control over natural resources became strengthened, at least in principle, and the opting-out provision in the amendment formula may have legalized the path to a centrifugal federalism of concurrent majorities. Basically, nothing has changed except for an official judicial endorsement of the hardly original view that Canada is a classical federation with shared sovereignty on both levels of government.⁸¹ In the case of the NEP, the outcome was similar, although one can argue that the central government essentially got its way. In any case, the 10 month stalemate between the first introduction of the NEP and the energy pricing and taxation agreement between Ottawa and the three main oil producing provinces shows sufficiently that neither level of government can act unilaterally in the long run, and that the costs of stalemate are finally intolerable for both sides.⁸²

The constitutional uniqueness of Canadian federalism lies in the fact that neither level of government can be really sure of its actual powers and competences. Under the continuing constitutional ambiguity, the governments may increasingly refer their claims to the courts, as in the case of Newfoundland's off-shore resources.⁸³ On the other hand, as the outcome of judicial decision-making is so uncertain, there is a tendency on both parts to achieve compromising out-of-court settlements. Thus Canadian federalism is neither dual, with a clearly defined distribution of competences for two complete sets of governments, as in the early days of the United States, nor is it a case of functional federalism, with the legislative competence largely concentrated at the federal level, and the administrative competence at the provincial, as in West Germany. Unlike

German federalism, it also does not allow that kind of centripetally streamlined cooperative federalism which is kept in motion by a strongly centralized party system, and it is even less open for that kind of permissive federalism which makes decentralization a function of nation-wide efficiency calculations.

Asymmetrical Overlap.

In summary, the Canadian case provides examples and illustration for "all you ever wanted to know about the politics of fragmentation." The lesson is that interests are no longer -- if they ever were -- bundled into watertight compartments allowing tidy institutional arrangements and largely standardized political processes. There is considerable "asymmetrical overlap"⁸⁴ between territorial, economic, spatial and sectoral, public and private interests. The main agents of conflict are space, sector and size. If regional and sectoral interests were traditionally tied together, then it must be added that by now national economic interdependence and the quest for self-sufficiency have created more complex structures of interest overlap. As provinces try to diversify in order to survive the age of scarcity, they not only become more homogeneous as mutual competitors; they also have to take a more differentiated stand against the claims of political control in Ottawa. While this could significantly increase the incentives of consensus-building among those who are financially and politically able to keep pace with these developments, and who have elsewhere been characterized as a "selective corporatist bloc"⁸⁵, it might dangerously deepen a regionally and sectorally cross-cutting legitimation crisis with regard to the losses at the lower end of the socioeconomic structure; the ethnic fringe in the North and in the north of most provinces, the declining industries, small business, and other marginalized groups, especially in those provinces which are more or less kept alive by the handout transfers from the rich.

MODES OF INTEREST INTERMEDIATION

Organized linkages between big government and big business are common

to all advanced capitalist systems. Whether or not labour is included in these negotiations is another matter. For reasons already briefly mentioned it is not in Canada, and therefore Canada is not a corporatist case in the classical tripartite sense.⁸⁶ However, as Panitch suggests, corporatism is above all an heuristic tool for understanding certain arrangements of interest intermediation in advanced capitalist systems,⁸⁷ and so is consociationalism. An attempt could be made to translate consociational democracy and corporatism into the Canadian terms of territorial intermediation by exchanging the actors and focusing on the bargaining processes. The "small worlds" of the provinces could then become the pillars of Canadian society, and the trade-offs between the rich and poor regions would resemble corporatist arrangements. The essence of Schmitter's definition of corporatism: a limited number of actors, vertical stratification and complementary interdependence, would be maintained.⁸⁸ The criticism that federal-provincial intermediation is confined to predominantly capitalist interests, and that the provincial small worlds by no means represent equally the intraprovincial segments of society, has also been made convincingly in the case of corporatism and consociational democracy.⁸⁹

It is probably easier, though, to leave the Canadian case as it is: one case of territorially transmitted elitist interest intermediation in a highly fragmented capitalist society. Given the strong affinities between the corporatist, consociational and federal modes of interest intermediation it seems plausible, however, to keep in mind the conceptual lessons from corporatist and consociational analyses. The methodological approach must focus on issue linkages and processes rather than systems description. Canada is neither a corporatist state nor a consociational democracy, but this is also doubtful, for example, with regard to West Germany or Switzerland. It seems that the old paradigms of comparative politics are becoming obsolete under the condition of scarcity and fragmentation in all advanced industrial democracies.

Intrastate and Interstate Federalism.

Some Canadians attribute the problems of ungovernability and legitimation crisis to the shift from intra- to interstate federalism,

i.e. from the institutions of federal representation to intergovernmental relations.⁹⁰ According to the blueprint of intrastate federalism, territorial interests should be represented in federal government. A provincially based second chamber or senate should participate in the legislative process, parliament should be elected proportionally to regional party structures, and federal Cabinet should be recruited with some degree of regional and sociocultural balance in mind. Switzerland is a case in point, but even West German governments make sure that at least some ministers represent the south/north, catholic/protestant differential in German society.

None of these representative requirements are typical assets of intrastate federalism in Canada. The representative as well as legislative functions of the present Senate are "paltry" with regard to regional or any other form of representation except for that of party notability.⁹¹ Parliamentary representation suffers severely from the fact that a Westminster-type majority system has been grafted upon the country's federal structure. The "most dramatic" consequence is the "failure of the federal party system". As "both major parties have become regional ones", Ottawa's claim to represent all regions "is in question."⁹² But even a proportional system of parliamentary representation would probably fail to accommodate regional interests in a country where two thirds of the population live in the two central provinces. A final aggravating factor might be that there is little feeling for minority rights, especially among English Canadians, which is probably the result of the North American history and tradition of the "tyranny of the majority."⁹³ It is also the result of the historical accommodation between French and English Canada by which the English elite traded the French autonomy over cultural, educational and religious matters for control over economic affairs. As a consequence, no economic portfolio in federal government was given to a Francophone until the 1960s.

Many concerned observers of Canada in crisis put their hope on a reform of intrastate federalism. While political chances are slim, especially after the disappointing outcome of the constitutional review, some hope remains with regard to senate reform.⁹⁴ It must be feared, however, that

these hopes are largely based on illusion. The federal principle of shared sovereignty and overlapping jurisdictions cannot be reconciled with the maxims of majority rule.⁹⁵ In Germany, for example, majoritarian and centralized party competition has been pointed out as largely incompatible with constitutional federalism. The German "Bundesrat" by and large is a dependant variable of party rule in the West German legislative process. Conversely, it seems unlikely that any sort of senate reform in Canada would overcome the basic incompatibility of federalism and the Westminster type of majoritarian parliamentarism.⁹⁶ Precisely because of the absence of a centralized mode of party competition the senate would always remain a dependant variable of territorial conflict. As it seems, the shift from intra- to interstate federalism is irreversible. Its main characteristics have been described as "federal-provincial diplomacy"⁹⁷ and "executive federalism".⁹⁸

Federal-Provincial Diplomacy

Intergovernmental cooperation and consultation is as much a characteristic of federal states as organized interest group intermediation is a central element in advanced capitalist states. Contrary to the positivist dichotomy of federation and confederation, intergovernmental modes of interest mediation have always played an important role in regionally fragmented societies. In Bismarck's Germany, for example, usually referred to as a clear case of Prussian dominated pseudo-federalism, Prussia as the dominant power regularly sought to achieve consensus through diplomatic negotiations with the other states even when unilaterally induced majority decisions would have been legally possible. Repercussions of this tradition still have influenced the political culture of West Germany.⁹⁹ Today, the European Community is a striking, albeit unorthodox, example of a fragmented political system built on the nation-building illusion of the 50's and 60's, providing for an institutionalized shift from unanimity to majority voting, and which is now increasingly falling back on least-common-demoninator-intergovernmentalism under the condition of slow-growth and structural crisis.¹⁰⁰

With regard to Canada, it must immediately be borne in mind, of course,

that the duality of Canadian government levels does not automatically translate into the unitary kind of German federalism on the one hand, nor into the loose supranational federalism of the European Community on the other. However, from a functional point of view, it might be pointed out that the hegemonial position of Prussia in the Bismarck Empire (where the Prussian prime minister automatically became imperial chancellor) is not without resemblance of the traditional impact of Ontario-based interests on federal government, and that the Commission of the European Community does indeed have regulatory powers which in certain functional spheres exceed those of the government in Ottawa (regulations of trade barriers is a point in reference).

Federal-provincial diplomacy by definition stresses the vertical or 'fatherly' character of Canadian federalism. In comparison to the deeply entrenched and rapidly growing modes of intergovernmentalism in the federal-provincial arena, interprovincial cooperation has been largely neglected. Where it exists it seems to be confined to the cooperation among contiguous groups of provinces (with the significant exception of the near non-existence of Quebec-Ontario cooperation).¹⁰¹ Vertical federalism is also a pronounced feature of fiscal arrangements in Canada, especially with regard to fiscal equalization and shared-cost programs. A point can be made that both arrangements have increased federal-provincial conflict by increasing the federal responsibility with regard to the regulatory power of the federal bureaucracy on the one hand, and by diminishing the redistributive capacity of federal government due to the growing disparity of provincial revenue on the other. The equalization scheme requires that 'every extra dollar of provincial resource revenue in the 'have' provinces must be matched by a new dollar from Ottawa to be paid to a 'have-not' province. In the case of the Alberta oil and gas earnings, for example, this has posed a serious threat to the capacity of the federal treasury and, in the long run, to the patience of every Canadian taxpayer.¹⁰²

Not without reason, a quest for a more horizontal or 'brotherly' kind of federalism has recently been voiced by Canadian political scientists.¹⁰³ A point in reference is the German example of horizontal fiscal

equalization: contrary to Canadian fiscal federalism the German model in particular transfers equalization payments directly from the rich to the poor states, quantifies state fiscal needs, and is constitutionally entrenched. Whereas the main sources of tax revenue are shared between both levels of government according to a distribution formula which has to be renegotiated periodically, only very few shared-cost programs have been developed recently.¹⁰⁴ Since the constitutional reform of 1967, the fiscal autonomy of the German states has been curtailed with regard to deficit spending, and several federal-state "councils" have been institutionalized (for the shared-cost programs, for fiscal planning, and for economic cycle steering). Generally speaking, there has been a strongly centripetal tendency in Germany's cooperative federal system which emphasizes the importance of federal planning.¹⁰⁵

If Canada were to adopt such a model of equalization, the main difference would be exactly this: interprovincial equalization would not be matched by other means of centripetal coordination, in particular an efficient set of Keynesian tools for countercyclical policies, and an almost unitary concentration of legislative power at the federal level. Hence, the scepticism of many observers with regard to Canadian interprovincial federalism and equalization: would not a further weakening of the central enforcer result in the ultimate collapse of the Canadian nation, and does not 'brotherly' federalism at least require a significantly higher degree of nation-wide mutual benevolence than can be expected in a society of rivalling and reinforcing regional as well as economic interests? Not necessarily so, for at least three reasons.

In the first place there seems a psychological dynamic at work in western societies which attributes governmental failure to the respective political structures. Unitary systems put the blame on overcentralization and cry for devolution, and vice versa. This could mean that an effective degree of decentralization might actually help to stabilize federal systems which are criticized for their centripetalism.

Second, what has been dramatized as the specific Canadian dilemma, i.e. the reinforcing character of regional and socio-economic conflict, could

turn out to be an advantage in times of crisis and interdependence. No Canadian province can economically survive any further by itself. As far as incorporation into the American market as an alternative is concerned, it has probably dawned on respective provincial aspirations that the cure would be worse than the disease with regard to their hinterland position, not to mention ideological reasons. Hence, intra-Canadian socioeconomic interdependence would make interprovincial equalization politically plausible, even required: unrestrained growth of some provinces at the expense of others would soon become counterproductive with regard to labour migration, pauperization of markets, and industrial disequilibrium.¹⁰⁶

Third, historical evidence does not necessarily speak against the stability of political systems with a weak central enforcer even if they included an opting-out clause much more substantial than the one incorporated into the Canadian constitution. The Greek city leagues survived several centuries despite the permanent onslaught of Persian despotism,¹⁰⁷ and the Holy Roman Empire existed for a millenium.¹⁰⁸ Taken together these epochs of confederal statehood lasted longer than classical Rome and the era of the modern nation-state system. As Althusius taught at the beginning of that era: it is a weak central enforcer, and the individual strength of the component units which make a compound commonwealth hold together, as the spirit of solidarity is strengthened, and the insight of the necessity of consensus-building augmented.¹⁰⁹ Western alienation and francophone separatism in Canada have been fostered by the vertical paths of nation-building rather than by an excessive degree of decentralization.

Finally, the result of federal-provincial diplomacy is executive federalism.¹¹⁰ Its demerits with regard to legitimation problems will be discussed later. The growth of government at both levels and the subsequent rise of self-promoting interests has been described as "the other crisis of federalism,"¹¹¹ as a shift from cooperative to competitive government action at higher stakes, with increased demands for the public sectors, and counterproductive consequences as to the returns and benefits at both ends. Affluence lubricated it and opened the doors for industrial

clientelism, scarcity has now shut a number of doors, especially for consumers, but also for sectoral interests, as the recent oil price agreement revealed.

Executive federalism as the growth of big government at both levels is in part a constitutional consequence of the uncertainties of overlapping jurisdictions, of the public ownership of natural resources, and of the autocratic heritage of colonial administration reflected in the existence of the various Crown Corporations.¹¹² It is probably also a consequence of the fragmented party system which fails to mediate federal-provincial conflict. As bureaucratization breeds further bureaucratization, and the demerits of certain government programs are not usually met by their abolition but by the creation of further government programs,¹¹³ there has been a tendency to shift federal-provincial bargaining from departmental on-line negotiations to specially created intergovernmental agencies. This tends to duplicate intra-level competences and to create further complications as certain functional interests which could formerly be negotiated successfully among the departmental experts at both levels of government now become rigidly entrenched in the overall strategies of a new breed of province- and nation-builders.¹¹⁴

Fragmented Issue Linkage.

That the "asymmetrical overlap" of societal and territorial interests does not any longer allow that kind of "institutional tidiness" prognostically foreseen for European integration in analogy to the concepts of nation-building, is the somewhat distressing swan song of regional integration theory.¹¹⁵ Given global interdependence and subnational fragmentation, the lesson also seems to apply to the continued efforts of political scientists and constitutional engineers to adhere stubbornly to nineteenth century nation-state sentimentality.¹¹⁶ This seems to be particularly true for a country like Canada. Only a few years ago Canadians were almost obsessed with the question: "Must Canada Fail?"¹¹⁷ Today, they are similarly obsessed with achieving and exploring the limits of economic union as a safety belt for national political survival.¹¹⁸ The imponderables of world economics in conjunction with the certainties of domestic, regional, social and cultural discontent could

soon plunge Canada into another hot-cold bath of crepuscular national self-examination.

With regard to European integration, Ernst B. Haas held that "we must reject the likelihood that a centralized institutional scheme will develop for mastering the future." Because "there is no guarantee that a permanent cross-issue consensus will develop at all," we must "also dispense with our image of unified, authoritative, and legitimate institutional structure." If we choose "something like fragmented issue linkage as a description of what is going on," an institutional structure of "asymmetrical overlap" must be imagined which "performs more adequately than the present institutions in successfully linking the issues." Such a structure "does not resemble a federal government because it lacks a clear-cut division of competences", and it "does not resemble a federal or a confederate government because there is no single centre of authority."¹¹⁹ In the case of European integration these Cassandra calls have almost been overtaken by political reality in the meantime, as nation-state stubbornness paralyses the Community.¹²⁰ In the Canadian case, on the other hand, where a strong political will of national survival is persistent, these considerations seem to offer a promising starting point to rethink federalism and its modes of interest intermediation.

Gerhard Lehbruch has pointed out with the German political culture in mind, that there are three basic concepts of conflict regulation: the autocratic rule of a dominant class or elite, party competition for alternating majorities, and political accommodation by bargaining among concurrent or compound majorities. As typological distinctions these modes of interest intermediation exist with varying degrees in all advanced political systems. In the case of Canada, autocratic rule is entrenched in the pressure politics of domestic and multinational economic interests. Party competition does exist, of course, but it is peculiarly paralysed by the reinforcing nature of regional and sectoral cleavages: alternating majorities do not normally represent regional or cultural conflicts. So it seems that there is only one way of conflict regulation open for Canada. It is not only the only legitimate one, but also the only viable one.

Conflict regulation by political bargaining among asymmetrically fragmented, overlapping and concurrent majorities accurately reflects the vision and image of a country characterized by "divided loyalties"¹²¹ and shared sovereignty.

CONSTRAINTS OF LEGITIMACY

The Canadian elephant: a federal or provincial responsibility? In the last analysis, this joking and popular metaphor reveals once again that the conflict so deeply entrenched in Canadian federalism is not a conflict about the means of Canadian political existence. It is a conflict about the ends. At stake are two different images of the Canadian nation. As Jack Mintz and Richard Simeon put it: it is a "conflict of taste" and not of "claim."¹²² Some normative remarks are therefore in order.

Federalism is usually defined as the duplication of government at two (or three) levels, including a constitutional guarantee that neither level can substantially diminish or abolish the competences of the other.¹²³ This definition fails to address the dilemma posed by a conflict of taste: not that government is duplicated is the essence of federalism, but how it is duplicated, and for what purposes. To put it very bluntly: the purpose is either the state-wide mobilization of resources for a however defined national common good, or it is the effective control of the various segments of a society (however defined) over their own affairs. In the first instance, the federal question is: how much decentralization is desirable in order to achieve an efficient maximization of resources. Recent evidence reveals that the desirability might be a lot higher than the nation-builders ever dreamed of. In the second instance, the federal question is: how much centralization is necessary in order to survive and regulate the conflicts of external costs, and here it is probably less than what the nation-builders might have thought.

Ever since the French Revolution (rightly) denounced provincialism as feudalism, the triadic interdependence of big business, big government and

big labour has been conceived (wrongly) as inevitable. Marx himself was fascinated by the megalomania of the industrial age and could conceive of the revolution only in terms of centralized conquest. Proudhon and Kropotkin remained prophets in the desert.¹²⁴ Still today, most Marxists denounce regionalism as sectarianism, although even Lenin had at one point realized that the great revolution could very well spark from regional revolt.¹²⁵ Canadians tend to think that the domination of the various territorial segments in Canadian society by factions of big business is uniquely Canadian. It may be more pronounced, but the fact that the segments of a capitalist society are dominated by segments of the capitalist class, is really not much more than a tautology. And to say that "the absence of national unity prevents the emergence of class politics and the absence of class politics perpetuates the lack of national unity"¹²⁶ is nothing but the description of a classical catch-22 situation. Even to put the blame for multinational capital domination on provincial fragmentation is dangerously erroneous as nobody profited more from the European quest for economic union than the American multinationals.¹²⁷

The option for centripetal class politics then is a normative option for state-wide resources mobilization, albeit in the interest of the other class. However, the hope to conquer big business and big government for the benefit of the people through national unity may be an illusion, as the examples of centripetal politics show elsewhere. It seems that socialists have to rethink anarchism as a corrective force against the federal, corporatist and consociational strategies of big business and big government, especially when conservative ideologies have begun to redefine anarchism as a "logical extension of laissez-faire liberalism;" as the retreat of the state from its welfare obligations, and the subsequent marginalization of those segments in capitalist society which are unable or unwilling to compete as a natural and healthy form of "selective blindness."¹²⁸

The Union That Cannot Be Fulfilled.

Historically, the function of the nation-state has been to provide for homogeneous conditions of production and capital accumulation within a

common market. As it has been pointed out, however, it is not necessary that the state be a directly manipulated instrument in the hands of the capitalist class. The interests of state and capital are automatically intertwined for mutual benefit.¹²⁹ As various analyses of the development of the capitalist world system have shown,¹³⁰ capital accumulation has always been based on centre-periphery dependence and the exploitation of external resources. The existence of a semi-periphery has usually helped to stabilize the system. More recently, similar analytical efforts have focused on similar developments and structures within nation-states.¹³¹

For Canada, this "internal colonialism" has been the centrepiece of much political analysis.¹³² Due to the peculiarities of post-colonial development, to the uniquely ambiguous constitutional arrangements, and the unforeseen impact of the provincial ownership of natural resources on political power, the centre first shifted from the east to the central provinces, and the west rose from external to semiperipheral status. Moreover, Canada as a whole and on the North American continental fringe, fell into semiperipheral dependence of the United States. Finally, as a consequence of provincial status aspirations, the centre-periphery pattern became reproduced within the provinces. Hence, the dependency grid of Canada is threefold: intra-provincial, inter-provincial, and continental.

The political success of nation-states has been based on containment of the internal periphery, and on external exploitation. The present legitimation crisis of the advanced capitalist state essentially stems from the decreasing possibilities of external exploitation, and from the difficulty of containing the spatial as well as sectoral periphery by the spillovers of growth and the compensations of welfare. In Canada, this legitimation crisis is particularly rooted in the peculiar conditions of nationhood mentioned above. The eastern fringe depends almost entirely on welfare compensations. The west claims a greater share in accumulation. The centre becomes less willing to pay for national legitimation. As a result, provincial state power grows at the expense of national power. This is not as uniquely Canadian as Panitch suggests,¹³³ as in most European states regionalism and decentralization have become a new political perspective, in part as a protest from below, in part, however,

as a strategy ordained from above. And this is the litmus test of legitimation: is the new federalism an expression of a new distribution of collective identities, or is it only a new means to preserve and further entrench the same old interests?

Other than in most European nation-states, Canadian regionalism is constitutionally sanctioned. Its dynamic is therefore much more comparable to the recent trends of European integration. When the consensus of Canadian federalism falters, as under the economic pressures of reorganizing the distribution of economic rent, the provinces are on strong legal grounds to resist centripetalism. Apart from the inevitable federal-provincial compromises, provinces have been successful in erecting considerable barriers to the free inter-provincial movement of commodities, people and capital. In some instance, as in the automotive sector, provincial policies outrightly aim at the same time at the discrimination of inter-provincial trade, and the patronage of transnational trade.¹³⁴ This is not surprising, of course, as the price of provincial well-being has been the notorious dependence on foreign capital.

However, it would be inappropriately simplistic to put all the blame for the Canadian economic warfare one-sidedly on the comprador fraction of Canadian capitalists. In the first place, foreign capital investment has been the price for societal modernization, in Canada just as much as in other parts of the world. Secondly, the discriminating historical strategy of internal colonialism has by and large been the indigenous product of the staple economy. The existence of a Canadian two- or even three-tier economic community is only in part the consequence of the capitalist mode of production; it is also the inevitable consequence of the natural regional factors of Canadian nationhood. The "unfulfilled union" of the Canadian polity cannot therefore solely be attributed to the interests and manipulations of a fragmented bourgeoisie. The legitimacy of province-building will have to be judged from a more complex assessment of provincial identities, including the societal ramifications of something as diffuse as the political culture of "small worlds."¹³⁵

Fragmented Capitalism.

To think that small worlds are by their own virtue better worlds, is, of course, a highly romanticized view of the post-industrial age or, rather, late capitalist stage of society. This is what John Porter rightly called "hallowed nonsense"¹³⁶: that federal institutions per se safeguard the liberty of well-defined individual provincial cultures. However, he also implied that it was centralized nation-state sentimentality to assume that a strong federal central government per se would be a safeguard against the perils of provincial feudalism. This is what federalism is all about.

The details of the Canadian political economy are more than well known. The regions and provinces of Canada have highly specialized economic activities, and these are dominated by different fractions of the Canadian capitalist class. The dominance of foreign capital does not change this situation in principle, at least not with regard to the ambiguities and inequalities of a national industrial policy. A high-tariff policy discriminates between export-oriented industries and those aiming at the domestic market, whether they are indigenous or branch-plant industries. Low energy prices discriminate between producers and consumers regardless of respective capital ownership. If province-building has encouraged foreign capital investment and thus deepened transnational dependence, it does not seem to be clear how a more centripetal industrial strategy could have fared any better. West Germany is an example.

The question is, then, whether province-building has fulfilled its legitimation function. Does it one-sidedly serve the interests of fragmented capitalism, or does it perform its welfare function by means of economic spillovers and redistribution? The critics of province-building hold that the latter is not the case, and that the heavy burden of welfare redistribution can only be assigned to a centripetal politics of national unity. And indeed, this has been a crucial factor in federal-provincial conflict, as the province-builders aimed at maximizing their economic rents and left Ottawa with a diminishing redistributive capacity, both regionally and socially.¹³⁷ However again, as Banting has shown,¹³⁸ federalism does not seem to matter too much, at least as long as a

generally high degree of prosperity allows everybody to take home at least some sort of prize. Under conditions of scarcity, on the other hand, a regionally fragmented state of capitalism may indeed 'organize out' an increasing proportion of welfare interests at the lower end of the income continuum, as provincial policies will ever more concentrate on strengthening their competitiveness. However, it is doubtful whether the poor and the dependent would fare better under centripetal capitalism, as the examples of West Germany and the United States show, where winners and losers become increasingly divided by the politics of selectivity in a two-tier economy gaining strength from intra-societal redistribution. In the United States, for example, the politics of Reagonomics has paired the decrease of inflation and increase of growth with a further increase of unemployment which is overproportional among blacks and the lowest income group, and it has paired tax reductions for the top income group with tax increase for the lowest.¹³⁹

Thus the argument pro or contra province-building cannot really be based on the issues of welfare, redistribution and social justice. Can it be based on the issue of socio-cultural identities? One can deplore the misgivings of the capitalist system, but there is little hope that any kind of institutional variations will matter fundamentally. According to the "assimilation" or "diffusion" model of nation-building, capitalists have first expanded their accumulative efforts to national markets. Economic spillovers and the pacification strategies of welfare policy have then created national sociopolitical identities. The European socialists resented and fought against the nationalist fragmentation of the working class. They could not prevent it, as the shift from internationalism to nationalism showed most notably during World War I. In principle, the same dynamic of fragmentation can be suspected to be at work in federal-provincial conflict. Critical observers of the Canadian political culture tend to construe an interest cleavage between the growing resentment of the Canadian public against foreign capital ownership on the one hand, and the continuing dependence of provincial elites on foreign capital on the other hand. Pessimistically, they conclude that "policy making in Canada has rarely succumbed to popular pressure when it conflicted with elite values."¹⁴⁰ If it is true, however, that economic

initiative has substantially shifted from the national to the provincial arena, the Canadian public at large might be a doubtful indicator of preferences. The European experience with nationalist fragmentation (and more recently subnational regionalism) demonstrates that the formation of collective identities is closely related to socioeconomic structure. Although united in their struggle against capitalism at large, the European socialists identified with national structures. (In the case of regionalism the point is that national assimilation has not been successful.) Similarly, it seems plausible that Canadians increasingly resent foreign capital ownership, and at the same time support the further growth of province-building which is dependent on foreign capital and opposes a national policy of "Canadianization." This is the dilemma of "divided loyalties" which tends to be minimized by those strategists of sociopolitical reform who place their hope on the myth of national class solidarity.

At this point, something must be said about Quebec. The facts of mutually reinforcing cultural and economic conflict are notoriously known. Focusing on the cultural conflict alone, Canadians were surprised when the conflict lines suddenly and dramatically moved to the west, and the conflict of taste revealed itself as a conflict of claim. With regard to the quantitative problem of ethnolinguistic survival Quebec may be a "province unlike others"¹⁴¹ and deserve special protection. With regard to the material basis of fragmented capitalism, however, Quebecois nationalism is more like a cultural catalyst for other ends. For a Canadian society which still must come to grips with its fragmented nature, this is a blessing rather than a menace. Without Quebec the incentives to maintain and develop a Canadian national identity apart from North American monoculturalism would have been and will be considerably less. Those who plead that a more centralized Canada would be of greater economic benefit to Canadians, and that it would at the same time fulfill unity by lowering the degree of ethno-linguistic animosity through greater prosperity, seem to overlook a number of things: a) the prospects of a new age of affluence are nowhere in sight; b) the demerits of a centralized management of scarce resources have already become painfully obvious in other parts of the world; and c) the salience of ethno-linguistic conflict

cannot be stirred up or toned down strategically as a tool for centrifugal or centripetal political goals. It is not a dependent variable of prosperity alone, but of political choice as well. Thus, the conflicts of claim and the conflicts of taste are intricately woven into the Canadian mosaic, sometimes reinforcing and complementary, sometimes conflicting and counteractive. To take away the conflict of choice by reducing Canadian federalism to a zero-sum game of material claim would not only be depriving Canadian society of its best creative resources, it would also be an anachronism in a world of rising centrifugal protest against the platitudes of centripetal politics efficiently executed by bland political generalists. In the end the Canadian elephant may triumph over that decaying mastodon called nation-state.

The Other Crisis.

Another matter, of course, is what already has been referred to repeatedly as "the other crisis of federalism,"¹⁴² the survival of the mastodon at both ends of Canadian government, the provincial reproduction of the state as that "sub-system of modern and secular societies which most stubbornly eluded the rationalizing thrust of occidental reformation and industrialization."¹⁴³ As Cairns put it, the growth of independent government is a product of the political system itself. Historically, bureaucratic governments were the results of the management problems territorial lords were faced with in an increasingly complex modern age. Function follows form: to mould societies was the historical role of governments. The great American and French revolutions tried to reverse the process: form should follow function. If it must be said now, two hundred years later, that governments still mould societies, then it is not so much a consequence of the "inadequate attention to the capacity of government to make society responsive to its demands,"¹⁴⁴ but a consequence of the failure of democracy to make government responsive to its needs. Although stemming from the same roots, democracy and bureaucratic government are incompatible. In this view, it is not the consequence of a collectivist claim of disciplining private concentrations of power which resulted in the lack of community control over the public concentration of power,¹⁴⁵ but its precondition. Because democracy focused on incompatible tools of political control, it allowed the parallel growth

of big business and big government.

The growth of provincial government in Canadian federalism is the consequence of the rise of provincial economic power which is not identical with community interests. And because of this lack of provincial governmental accountability, federal government had to grow as well, as the legitimation function was shifted to Ottawa. The noble aim of disciplining concentrated power was lost in the operation.

It seems that the root of the problem lies at the provincial level. As in West Germany,¹⁴⁶ provincial governments rule their lands in the largely unrestricted fashion of territorial lords. Whereas federal government is restricted from below by the competing and overlapping provincial jurisdictions, provincial governments are not federally restricted in themselves. The Constitution Act bestows all power over municipal institutions to the provincial legislatures. Despite being supported by a strong property tax system, local governments are subject to extensive provincial control.¹⁴⁷ Moreover, as the geographic and social peculiarities of Canadian nation-building have resulted in tremendous urban concentrations, the interests of regional cities dominate "not only its surrounding countryside, but also other cities and their countrysides, the whole area being organized by the metropolis."¹⁴⁸ In other words, rural regional interests are under-represented unless they form part of centrally controlled trade and finance. In the last analysis federal systems suffer from their one-sided and unbalanced construction from above. The federal paradigm of government duplication is not repeated on the provincial level. This allows the feudal power of provincial governments which in return trigger federal government growth (intergovernmental agencies) as a countervailing force. In centripetal or 'unitary' federal systems the duplicated growth of governments can be contained by the federal prerogative. In West Germany the centralized party system serves as the transmission belt for the federal legislative supremacy. In the United States it is the abyss of conditional grants which transmits the claims of the supremacy clause to the state and local levels of government in the name of national interest. In centrifugal or societal federal systems, on the other hand, such as Switzerland and

Canada, the subnational levels of government cannot be contained by federal legislative supremacy. In Switzerland, however, intergovernmental conflict is contained by the overarching bond of economic and military interests. As these are far from reinforcing the ethno-linguistic and regional cleavages, Switzerland is much more a case of symmetrical and centripetal federalism than Canada.

Canada, then, remains as the most conspicuous case of asymmetrical federalism. With respect to reinforcing territorial, economic and sociopolitical cleavages it is comparable at best, to such atypical quasi-federalisms as the European Community and, perhaps, Belgium. The overall assessment of the legitimation crisis in practically all advanced capitalist states disqualifies much of the Canadian discussion on constitutional reform, Canadianization, and popular control through centripetal class struggle as window-dressing. To take a decisive step towards democratic legitimacy, institutional reform in Canada would have to be much more thorough-going. One strategy would be to make provincial governments more responsive to intra-provincial interest cleavages, for example, by the introduction of provincial bicameralism which would contribute to the accommodation of regional disparities and conflict within the provincial territories. At the same time an effort should be made to improve industrial relations at the provincial level by the parallel introduction of new modes of interest intermediation which would cease to favor one-sidedly "the best educated, most affluent, and well-organized people in a province."¹⁴⁹ Another strategy would have to give institutional expression to the nation-wide overlapping levels of regional and economic interest. Advocates of a democratic European union have suggested a system of tri-cameral interest representation with a proportionally elected national chamber, a regional chamber with weighted provincial representation, and a chamber of industrial-economic relations on a regional and functional basis.¹⁵⁰ Finally, as the various conflict areas are cross-cutting to a considerable extent, one could take into consideration a system of "corporate federalism," as it was conceptualized by the Austro-marxists Otto Bauer and Karl Renner, and indeed practiced to some extent during the last phases of the decaying Habsburg Monarchy.¹⁵¹ According to the principle of "personal autonomy" individuals

could choose to which nationality they wanted to belong. The concept of "settlement community" thus became replaced by one of "cultural community." In the Canadian context this would mean, for example, that French speaking minorities in Anglophone provinces could register to vote with Quebec in provincial elections for the regional chamber. The system could be extended to other areas of non-territorial interest fragmentation such as industrial relations and their representation in the economic chamber as well. Admittedly, this is an only remotely realistic option of reforming the Canadian political system, but as a distant focal point it could help to revitalize the largely stale discussion of the Canadian legitimation crisis narrowly focusing on federal-provincial conflict.

THE OBSOLESCENCE OF THE NATION-STATE

Political science follows the example of politics in its fixation on success and the curse of bigness. Because the Roman Empire succeeded over the world of the Greek city states, little attention is given to the fact that this world of local government and regional leagues essentially stayed intact for some 400 years. And because the Holy Roman Empire finally collapsed under the pressure of modern nation-state formation, the reasons for its millennial survival are seldom studied as a source of valuable information on the nature of a successful political architecture for deeply fragmented societies. Likewise, the political study of large empires has prevailed over the interest in the small actors on the political stage. Institutions and political culture of countries like France and England are infinitely better known than those of the Venetian Republic, for example, which possessed volumes of codified law at a time when most northern Europeans were still running around in bear-skins, and which in 1508 successfully withstood the combined onslaught of the Pope, the Emperor, and the Kings of France and Aragon.¹⁵² Today again it is the political architecture of the small countries which is generally less studied and known than that of the large.

The political bias for bigness lies at the root of the relative failure to come to grips with the 'ongoing capacity of the federal system to

manufacture the conditions necessary for its continuing survival."¹⁵³ Only some twenty years ago the firm belief in centralization as the inevitable consequence of progress was unshakeable. Technological necessity would at best leave to the provinces a limited "freedom for minor adventure"(J.A. Corry). Provincialism was seen as a regrettable backwardness when industrial modernization had to be based on the creativity of centripetal class politics (Porter).¹⁵⁴ All these forecasts proved wrong with regard to the undeniable relative success of the Canadian state despite the survival and growth of provincial governments. Moreover, there is no empirical evidence that Canada as a "community of communities" would have to become less of a "truly independent nation"¹⁵⁵ than under the conditions of (forced) centralization. The centripetal nation-state model is a simplistic hierarchical form of organization designed for the limited purpose of nation-wide resources mobilization. Historically, it has worked where national economic elites succeeded in centralizing the political management of accumulation, legitimation and coercion. Historically limited to the relatively short period of industrial modernization this success has by no means been universal. As societies move from the industrial stage of growth to the post-industrial stage of scarcity, or at least from unrestricted resources mobilization to ecological preservation, the nation-state model may become obsolete very quickly, when its simple tools of political management prove insufficient and even counterproductive under a novel degree of societal complexity.

Systems Regulation In Highly Complex Societies.

"Big government now joins the lengthening queue of gods that failed."¹⁵⁶ Canada shares with the rest of the modern industrialized world the growing incapacity of generating public consent for the attainment of a common good. It shares with most federal states a tendency to generate big government at both levels. It may be unique with regard to the actual quantitative and qualitative extent of power duplication. This additional "other crisis" might turn out to be an additional advantage, a practicing prelude to the highly complex era of interest intermediation in deeply fragmented societies.

The modern nation-state is the organizational response to the regulative

needs of complex societies. Its historical task has been to provide the framework of institutional and legal security for competitive economic activities. In a second stage the growing social inequality necessitated the state taking over the task of regulating redistributive and equalizing policies as well. In order to fulfill its legitimation function the state moved on to the stage of welfare interventionism. The result was a new level of political, economic and social interdependence. Today there is hardly any sphere of sociopolitical existence which has not become subject to controversy and regulation. The distinction of private and public itself has faded; the state has become merely one of the various variables of systems regulation. The regulative crisis of the state became a legitimation crisis precisely because it: a) continued to claim a regulative monopoly; and b) retained the simplistic rationalist tools of systems regulation vis-a-vis a societal world increasingly characterized by irrational turbulence. The modern nation-state is not obsolete because it has failed to develop a more sophisticated set of rationalist tools for systems regulation. It is obsolete because the very nature of this kind of rational management is becoming outmoded as societies move from the merely complex to the highly complex stage.¹⁵⁷

The rationale of regulating complex societies has traditionally been hierarchy. Hierarchical regulation allows the compatibility of input-output oriented interdependence with an operational degree of independence among the component units which are vertically grouped according to their degree of differentiation and complexity. As hierarchies grow by their own capacity of success and efficiency, however, the incorporation of more and more functional subdivisions generates more and more cross-cutting or intra-systemic complexity. The stage of high complexity is reached when organizational structure and problem interdependence are no longer congruent. Systems maintenance then requires lateral relations and a degree of intra-systemic self-regulation which are no longer primarily geared to input-output efficiency. The options of systems management are no longer primarily induced by the environment but are to a large degree internally conditioned. The structural nature of the system moves from a nearly decomposable stage to the characteristics of a deeply intertwined network. Such systems are no

longer mechanistic but highly organic. Their success and survival is no longer primarily determined by external competition but by internal coordination. Where they fail to achieve this coordination the amount of intra-systemic external costs becomes counterproductive.

The "trick" of the decaying state is to co-opt the other subsystems of highly complex societies into the system of rational hierarchical systems regulation. It does so either by fragmented, asymmetrical and incremental 'muddling through' or crisis management, or by organized schemes of centripetal bargaining processes known as corporatist, consociational and federal interest intermediation. Society's "ruse", on the other hand, is to autonomize these schemes. Manifestations of this new societal anarchism are already visible: regionalism is its spatial manifestation, single-issue movements, networks of social cooperation, grids of illicit work associations, black market economies and organized anti-consumerism are some of its societal expressions.

The confrontation of small-is-beautiful vs. the survival strategies of organized bigness is counterproductive and costly. As the state cannot any longer do without the dynamic and intelligence of its differentiated parts, new modes of highly complex and "reticular"¹⁵⁸ interest intermediation must be developed. These consist in systems regulation by collective bargaining processes among subsystems which are capable of developing and sustaining an innovative and creative degree of collective identity. The costs of decision making will be high, but the costs of decision implementation can perhaps be lowered. In highly complex and fragmented societies this may, in any case, be not a perspective of choice but the only viable way of systems maintenance. If the signs are not deceptive, Canada might be comparatively far along this road, precisely because its duplicated structures and loyalties do not allow any other option. To sit back and deplore this as a cruel handicap of further progress, in any case, would reveal an alarming absence of political initiative and academic fantasy.

NOTES

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1. A. Lijphart, *Democracy in Plural Societies*, New Haven, 1977:3-4.
 2. For the empirical and conceptual links of federalism, consociationism and corporatism, see my "Yet the Age of Anarchism?" forthcoming in *Publius*.
 3. P. Schmitter, "Still the Age of Corporatism?" *Review of Politics* 36/1, 1974; G. Lehmbruch, "Liberal Corporatism and Party Government," *Comparative Political Studies* 10/1, 1977; a useful discussion of the various definitions can be found in A. Dorscht's forthcoming dissertation on the "Concerted Action" in West Germany (Carleton University, Ottawa).
 4. The dilemma of "hiererchical regulation" in highly complex systems is elaborated in H. Willke, *Entzauberung des Staates*, Koenigstein, 1983:119-128.
 5. Compare D. Elazer's distinction of the Jacobin, managerial and matrix model of government in "Harmonizing Government Organization with the Political Tradition," *Publius* 8/2, 1978.
 6. C. Offe, "The Separation of Form and Content in Liberal Democratic Politics," *Studies in Political Economy* 3, 1980:7.
 7. G. Ionescu, *Centripetal Politics*, London, 1975:1,8,120.
 8. See L. Panitch, "The Role and Nature of the Canadian State" *The Canadian State* ed. L. Panitch, Toronto, 1977:8
 9. Offe, "The Separation", 7-8.
 10. *Ibid.* 11.
 11. This point has especially been emphasized by Richard Simeon; see for example: "Federalism and the Politics of Industrial Strategy"; paper

for the Science Council of Canada, 1977.

12. This was the upsetting and influential critique of the West German parliamentary system during the 1966-69 period of grand coalition and concerted action: J. Agnoli, P. Brueckner, *Die Transformation der Demokratie*, Frankfurt, 1968.
13. F. von Krosigk, "Zwischen Folklore und Revolution: Regionalismus in Westeuropa," *Aufstand der Provinz*, ed. D. Gerdes, Frankfurt, 1980:25.
14. C. Offe, *Contradictions of the Welfare State*, London, 1984:52.
15. *Ibid.* 43-44.
16. R. Dahrendorf, "Ein paar zarte Silberstreifen am duisteren Horizont," *Trendwende*, ed. R. Dahrendorf, Wien, 1981: 334-340.
17. See E. Krippendorff, "Minderheiten und Regionalismus - die politische Perspektive," *Aufstand der Provinz*, ed. D. Gerdes, Frankfurt, 1980:235; and K. Dyson, "West Germany: The Search for a Rationalist Consensus," *Policy Styles in Western Europe*, ed. J. Richardson, London, 1982:21.
18. See my *Regionalism in Western Europe: Conceptual Problems of a New Political Perspective*. SNID Occasional Papers No. 84-202, Programme of Studies in National and International Development, Queen's University, Kingston, 1984.
19. D.V. Smiley, "The Political Context of Resource Development in Canada," *Natural Resource Revenues*, ed. A. Scott, Vancouver, 1976:61-63; the last point (continental integration) refers to the particular U.S. - Canadian economic relations. While addressing a highly specific issue it nevertheless highlights a general phenomenon: the declining faith in integration.
20. For an excellent account of the various theoretical approaches and their application to the Canadian situation, see R. Mathews, *The Creation of Regional Dependency*, Toronto, 1983.
21. M. Hechter, *Internal Colonialism*, London, 1975.
22. Krosigk, "Zwischen Folklore".
23. J. Blaschke, "Einleitung." *Handbuch der westeuropaeischen Regionalbewegungen*, ed. J. Blaschke, Frankfurt, 1980.
24. C. Enloe, "Internal Colonialism," *Publius* 7/4, 1977.
25. Offe has shown, however, that there are coinciding elements in the leftist perception of 'crisis'; see "The Separation."
26. See R.J. Gordon, J. Pelkmans, *Challenges to Interdependent Economics*, New York, 1979.

27. Ionescu, *Centripetal Politics*, 3.
28. P.E. Trudeau, *Federalism and the French Canadians*, Toronto 1968:XXIII; and in *The Globe and Mail*, April 2, 1984:1-2; although Trudeau's visions of a centralized federal system hardly fit the Canadian reality, one cannot deny a certain degree of admiration for his political style of "macho-federalism."
29. Ionescu, *Centripetal Politics*, 1-2, 123,127.
30. *Ibid.* 6.
31. P. Schmitter, G. Lehmbruch (eds.) *Trends Toward Corporatist Intermediation*, Beverly Hills, 1979; K. McRae (ed.) *Consociational Democracy*, Toronto, 1974.
32. See L. Panitch, "Corporatism in Canada," *Studies in Political Economy* 1, 1979:46.
33. J. Esser, W. Fach, "Korporatistische Krisenregulierung im 'Modell Deutschland'," *Neokorporatismus*, ed. U. von Alemann, Frankfurt, 1981.
34. See the various contributions in McRae, *Consociational Democracy*, especially pp. 79-85; 130.
35. *Ibid.* 122.
36. See I. J. Scholten, "Does Consociationalism Exist?" *Electoral Participation* ed. R. Rose, Beverly Hills, 1980.
37. M.D. Reagan, J.G. Sanzone, *The New Federalism*, New York, 1981.
38. E.R. Black, *Divided Loyalties*, Montreal, 1975:16.
39. As in the case of the National Energy Program; see J.F. Conway, *The West*, Toronto, 1983:204-226.
40. A. Cairns, "The Other Crisis of Canadian Federalism." *Canadian Public Administration*, Summer 1979.
41. For one example of many, see G. Stevenson, "Federalism and the political economy of the Canadian state," *The Canadian State*, ed. L. Panitch Toronto, 1977:73.
42. Probably first: R. Simeon, "Regionalism and Canadian Political Institutions," *Canadian Federalism: Myth or Reality*, ed. J.P. Meekinon, Toronto, 1977:294.
43. See my "Yet the Age."
44. See for the general tenor: K. Banting, R. Simeon (eds.) *And No One*

Cheered, Toronto, 1983.

45. J. Richards, L. Pratt, *Prairie Capitalism*, Toronto, 1979:11.
46. W. Clement, *Class, Power and Property*, Toronto, 1983:165.
47. Stevenson, "Federalism", 92.
48. G. Stevenson, *Unfulfilled Union*, Toronto, 1982:47-48.
49. Quoted from Richards/Pratt, *Prairie Capitalism*, 7: incidentally, a similar view had already been expressed by Lenin; see R. Dutschke, *Versuch, Lenin auf die Fuesse zu stellen*, Berlin, 1974.
50. Clement, *Class*, 55,83.
51. W.C. Wonders, "Regions and Regionalisms in Canada," *Zeitschrift, der Gesellschaft fuer Kanada-Studien* 2/1, 1982:18-19.
52. All figures taken from "Report on the Nation", *The Financial Post*, Winter 1983/84:74-80.
53. *Ibid.*
54. M. Jenkin, *The Challenge of Diversity*, Science Council of Canada, Ottawa, 1983:30.
55. Wonders, "Regions", 25.
56. See J.N. McDougall, *Fuels and the National Policy*, Toronto, 1982.
57. Clement, *Class*, 162.
58. *Ibid.* 160.
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