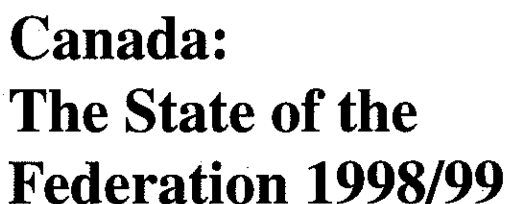

Canada: The State of the Federation 1998/99

How Canadians Connect

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FOREWORD

This year's *Canada: The State of the Federation* provides an overview of the political health of the Canadian federation. It is concerned with whether Canadians are becoming more or less attached to their country. In an age characterized both by global and continental integration and renewed nationalism, this is an issue that merits systematic analysis.

The issues raised here are not unique to Canada. All over the world, nominally sovereign countries are attempting to cope with challenges from within and without. In the Canadian case, the domestic pressures include the ongoing failure to effect a reconciliation between Quebec and the rest of Canada and the seemingly growing alienation of many aboriginal groups from the mainstream of Canadian society. The pressures from without reflect the increasing integration of the Canadian economy into the world and especially the United States economy. But environmental, cultural and social integration is also occurring, and seemingly at an accelerating pace.

Our purpose here is to shed some new light on how these change pressures are affecting the bonds that have made Canada such a successful political nation. Have our east-west economic links been shattered in the face of the growth of north-south trade and investment? Are our distinctive cultures being eliminated by a global cultural juggernaut? What about our social ties and trends in civil society? And is the fragmentation of our national party structure the harbinger of a regionalization of political loyalties? Is the Canadian state still up to the task of nurturing an ongoing loyalty to Canada?

These are some of the questions that we tackle in this volume. The volume is different from more recent ones in that it is not focused on the conduct of intergovernmental relations in Canada. Rather, it deals with the state of the federation in a more overarching way; and it does so by examining what is happening to linkages within Canada that have been created through the economy, culture, civil society, the state, citizenship, and political institutions. The authors of the different chapters are from a variety of disciplines. They thus bring different skills and perspectives to the task, contributing to the richness of the volume.

As in other years, a chronology of major events in the federation is provided. It covers the period from July 1997 to June 1998.

The production of this volume was made possible by the contributions of several people. Patti Candido and Mary Kennedy of the Institute of Intergovernmental Relations provided assistance and organizational expertise both in the conference that preceded this volume and in the preparation of the manuscript. Alan Kary and Charles-Henri Warren contributed research and translation assistance. The conference participants, the discussants and anonymous reviewers furnished the authors with valuable feedback on their work at important junctures in the process. Valerie Jarus, Mark Howes and Marilyn Banting managed the desk-top publishing, design and copy-editing assistance that helped turn a collection of pages into a book. Finally, we would like to thank the Canadian Heritage Department for their sponsorship of the initial conference. Its financial support and the participation of officials from the department in the conference proceedings are greatly appreciated.

Harvey Lazar and Tom McIntosh
April 1999

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Overview

1

How Canadians Connect: State, Economy, Citizenship and Society

Harvey Lazar and Tom McIntosh

Ce chapitre offre une analyse de la nature mouvante des liens unissant la fédération canadienne. Il est clair que l'État canadien est aujourd'hui plus petit que lors des décennies précédantes, à tous le moins sur le plan des programmes de dépenses et de la propriété publique. Alors que certains de ces changements sont le résultat des pressions de l'intégration continentale et mondiale, d'autres sont le reflet des leçons tirées des erreurs passées des gouvernements canadiens. Il reste qu'un État de taille réduite n'est pas nécessairement condamné à être moins efficace en matière de nation-building. *Bien que l'État canadien soit moins efficace aujourd'hui que dans les années 1950 et 1960, il l'est peut-être plus qu'il y a cinq ou dix ans en raison de l'amélioration des finances publiques et de la décentralisation. Malgré la croissance des échanges commerciaux nord-sud, les liens économiques demeurent forts. Malgré certains doutes quant à la capacité de l'État à la promouvoir et à la protéger, la culture canadienne est vibrante. Quant à l'union sociale, elle pourrait raffermir les liens sociaux. De l'autre côté de la médaille, le système national de partis politiques s'est effondré et les divisions ancestrales entre les groupes linguistiques n'ont pas été réduites. En bref, certains des liens ayant toujours unis les Canadiens demeurent solides et de nouveaux liens émergent entre eux (ce qui donne évidemment naissance à de nouveaux défis). Cependant, certaines divisions depuis longtemps au coeur de la politique canadienne sont toujours aussi présentes.*

This volume is motivated by a series of related questions concerning the current state of the ties that have traditionally linked Canadians into a shared political community. Are these ties weakening? Strengthening? Have they been changing in more complex ways that do not fit nicely on a simple "strengthening-weakening" continuum? The volume's contributors attempt to wrestle with these questions in several ways. The essays that follow examine the changing role and nature of the Canadian state, transformations in both the domestic and international economies, new conceptions of citizenship, and changes within civil society.

The chapters focus, to varying degrees, on the importance of traditional connections between Canadians, how those connections have changed, and what new connections are developing. What emerges is a complex picture that involves both continuity and change. We see a country that is being redefined in important respects as a result of domestic and international forces. We also observe much stability notwithstanding the pressures for change.

Our initial premise was not an especially optimistic one. We were more than aware that Canadian trade and investment were becoming increasingly north-south, which perhaps suggests that economic ties among Canadians were weakening. Many of Canada's largest public cultural institutions were being scaled back even while modern technology was making foreign cultural output increasingly available to Canadians, often at very low prices. The national political party system was fragmenting. The Canadian state appeared to be under assault from many quarters, including an agenda of deficit reduction and "marketization." The future of the Canadian polity was being challenged by Quebec secessionists, while important voices from mainly English-speaking regions of Canada were demanding a major transfer of effective authority from the federal government to the provincial level.

In a country where the state has played such a large role in creating the political nation,[1] these developments demanded a more systematic analysis. What were the forces of change? Did they mean inevitable long-term erosion of the Canadian state? If the state were to erode, what would this mean for the future of Canada as an independent polity? Although the state was fundamental in the building of the Canadian political nation, might the political nation now be strong enough to remain healthy and intact with a smaller state apparatus to nurture it? Are the bonds in civil society firm and the market economy robust enough to counteract a diminished role for the federal government?

We approached these questions with some trepidation, fearing that the answers would lead us to the conclusion that Canada was indeed more fractured than it had ever been in the past. Indeed, there is a long history of pessimism amongst academics about the ability of Canada to survive, let alone overcome, such challenges. Canada has been described as an "unequal union" and an "unfulfilled union." Academics have probed the nation's "divided loyalties," asked "must Canada fail?" and lamented its "silent surrender" to international economic forces. This volume covers both old and new concerns in an attempt to understand the contemporary state of these connections. The chapters cover a wide, but not exhaustive, range of questions and provide some contradictory answers. Some authors are pessimistic. Others are not. When taken together, they provide a picture of a nation that is wrestling with its understanding of itself. Some traditional connections remain strong, while some traditional disconnections just remain. Some new connections may be emerging and some new disconnections will provide serious challenges to the governance of the federation in the coming years. Although we draw on the different contributions to this volume, this introductory chapter conveys our

sense of the state of the Canadian federation, not a summary of what the other authors have written.

THE CHANGING ROLE OF THE NATION-STATE

Our starting point is the global context within which all states, federal and unitary, find themselves. The backdrop to our inquiry was one of growing global and continental integration, both economic and non-economic, propelled by, among other things, the rapid advances in communications and information technologies and government policies aimed at liberalizing trade and investment flows. There is an extensive literature that suggests that the modern nation-state has passed its peak as a way of organizing, integrating and exercising power.[2] In particular, the overarching nation-state that emerged in the early post-World War II decades, with its vast powers of coercion, taxation, and regulation has begun to unravel. What were seen as state powers during those decades are being progressively moved out from under central governments. Authority is seen to be shifting upward to supra-national and international authorities, downward to regional and local governments and, perhaps most importantly, outward to the private sector and marketplace.

Those who write about these matters have differing opinions regarding the necessity and impacts of these shifts. For Kenichi Ohmae, the nation-state is "an unnatural and even dysfunctional unit"[3] for managing the modern economy. He asserts that there is "only one strategic degree of freedom" available to central governments. This is "to cede meaningful operational autonomy to the wealth-generating region states that lie within or across their borders, to catalyze the efforts of those regions to seek out global solutions, and to harness their distinctive ability to put global logic first and to function as ports of entry to the global economy."[4] Peter Drucker believes that the "mega-state in which this century indulged has ... not delivered on a single one of its promises."[5] The policy of any country "will have to give primacy to the country's competitive position in an increasingly competitive world economy."[6] Neither Ohmae nor Drucker completely dismisses the role of government. What they do discard, however, is the idea of the overarching nation-state as a functional approach to the issues of governance in the world that lies ahead.

Susan Strange sees a disconnection between what the state attempts to do and its accomplishments. In the opening passage of her *Retreat of the State,* she declares:

> Today it seems that the heads of government may be the last to recognize that they and their ministers have lost their authority over national societies that they used to have. Their command over outcomes is not what it used to be. Politicians everywhere talk as though they have the answers to economic and social problems, as if they really are in charge of their country's destiny. People no longer believe them.[7]

Richard Barnet and John Cavanagh use similar language: "Leaders of nation-states are losing much of the control over their own territory they once had."[8] They too observe that as "the world economy becomes more and more integrated, the processes of political disintegration are accelerating."[9] Wolfgang Reinicke refers to the growing misalignment between economic geography and political geography.[10]

Not all of these observers applaud what they see. And indeed some offer an agenda to right the balance. In his *Work of Nations*, Robert Reich makes the case that the challenge to government is to help reconnect the four-fifths of the American people who are being left behind by the global information economy. He argues for a more activist state that encourages "new learning within the nation, to smooth the transition of the labor force from the older industries, to educate and train the nation's workers, to improve the nation's infrastructure, and to create international rules of fair play for accomplishing all these things."[11] Reich's agenda includes a broad view of how the state would nurture learning, including programs for pre- and postnatal care, child care, and preschool preparation. Dani Rodrik worries that social disintegration will be the price of economic integration. Global integration not only produces many "losers," but the mobile "winners" may have little interest in the political compromises required to find solutions to the uneven impact of economic integration on the citizenry. He emphasizes the need to strike a balance between openness and domestic needs, including the necessity of preserving social insurance as a social buffer as well as a larger role for international institutions.[12]

In Canada, there is also an influential literature that sees a smaller nation-state as a normal and natural consequence of changing technology and the economic restructuring that accompanies such developments. Gilles Paquet regards centralized and hierarchical organizations, including governments, as dysfunctional "because of their poor capacity to respond quickly and effectively to fast changing circumstances." He writes of "a more distributed governance that deprives the leader of his or her monopoly on the governing of the organization."[13] And he suggests "decoupling of the nation from the state ... as one of the central features of the recent evolution."[14] Sylvia Ostry declares that "many of the arguments about the natural forces of (technological and economic) integration are intellectually persuasive and suggest that globalization may well be a positive force in sustaining liberalization and that business will play an increasing role in the evolution of the global market."[15] Tom Courchene aligns himself with "Daniel Bell who ... asserted that nation states had become too large to tackle the small things and too small to address the large things."[16]

As in the foreign literature, there is also a range of views in the Canadian literature regarding the desired role of the state. Mark Zacher observes that it is "absolutely crucial for TNCs [transnational corporations] that there are political authorities throughout the many regions of the world that can enforce

international regimes on commercial actors."[17] But he also argues that the state has a parallel obligation to its citizens with regard to social matters and that states collectively, at least the advanced industrial democracies, will eventually grope toward an international social covenant. He anticipates NGOs initially playing an important role in this process, but in the end it will have to be "states that have legitimacy and power to make it effective."[18] For his part, Charles Taylor observes that the state is essential because it is the only existing instrument of democratic control — the only way people can hope to have some control over their destiny. Even decisions that have to be made at the international level can only come close to being democratic, he argues, because they are made between democratically elected governments and then must be implemented by them.[19]

While these Canadians come from different ideological perspectives and varying disciplines, many would probably agree with Ostry that the fundamental question for the future is whether "there is the political will and skill to re-invent government and global governance."[20]

Although much of the literature relating to global and regional integration is focused on economic issues, these developments are much more than an economic phenomenon. The information and communications technologies have also opened up the world to "real-time" coverage of global events and have facilitated the emergence of popular culture with worldwide audiences. For some, this is an unparalleled opportunity to spread knowledge and sell "cultural products" at good prices in a free market. For others, such cultural competition offends the idea of the nation-state as protector of cultural space as a "defence of shared values and identity against alienation and anonymity, of the sacred against the profane, and of citizenship against consumerism."[21] Barnet and Cavanagh remark that "television is the most powerful force for mass education in most poor countries"[22] and that American television and film products dominate the airways in many of these countries. This is also the case in Canada.

International rates of migration are still substantial, although not as high as they have been at some points in the past. As the sources of immigration have become more diversified, many nation-states are becoming more divided ethnically and religiously. This is particularly true in the Canadian case. The change in immigration patterns in Canada over the last few decades has made Canada a much more diverse — especially a more visibly diverse — nation than it was during its first century. Canada's old multiculturalism reflected the diversity of Europe, whereas its new multiculturalism reflects a wider ethnic and religious spectrum. As a result, what Kymlicka has called the "fair terms of integration," or the contract between immigrant and adopted country, has also changed. Both Eisenberg and James argue in this volume that Canadian notions of citizenship are undergoing important changes that, while they may have positive effects, require Canadians to confront traditional understandings

of what it means to be a Canadian. The process is essentially dialectical, an ongoing transformitory process.

These developments require policy responses that cross borders. In *non-economic* areas like disease control and the fight against international crime, international cooperation is growing, but with national governments retaining substantial *de facto* sovereignty. More often than not, in the *economic* sphere, the responses entail a process under which nation-states accommodate to the demands of the market.[23] This is seen in the prominent role played by the international economic institutions, especially the International Monetary Fund and World Bank, in promoting market solutions as the condition of their support for poor countries, for transition economies, and for economies undergoing temporary difficulties. The rules of the World Trade Organization and major regional trade agreements like the North American Free Trade Agreement not only limit the freedom of participating governments to restrict trade flows. Increasingly, they aim at "deep integration," seeking to persuade governments to harmonize domestic policies (as with various types of standards, national treatment for foreign investment, common approaches to rules on intellectual property).

There are also parallel developments in civil society, often prompted by a need to respond to economic integration pressures, whether they be economic, cultural or social. Zacher claims, for example, that there are approximately 5,000 international non-governmental organizations today and that many of them participate in the rule-making activities of intergovernmental institutions.[24]

As already noted, ideologies divide commentators regarding what can and should be done about the pressures transforming the nation-state, including the Canadian state. For critics, the events of the last two decades have begun to raise questions about the legitimacy of both the outcomes and the processes through which they are reached. In his chapter in this volume, Reg Whitaker describes a diminished domestic state that serves the interests of the marketplace and the security needs of the economy, but with a declining role in economic redistribution or in serving social ends. Claire Sjolander's chapter presents a picture of the Canadian state that increasingly sees its role as an economic cheerleader for Canadian capital in the international marketplace or for attracting international capital to Canada. It is less and less a (relatively) autonomous actor in its own right pursuing its own political economic agenda. In a sense, Whitaker and Sjolander's understanding of the state constitute the two sides of a single coin — a different kind of state for a different international and domestic political economy. Whether this rather pessimistic outlook for the Canadian state is widely shared in Canadian society is a different issue, one to which we shall return.

Against this background, it is normal for individuals, even while embracing, or perhaps just tolerating these changes, to feel some loss of power. They perceive their capacity to influence international institutions to be non-

existent, if only because they play no direct role in electing their executives or legislative bodies. Even national governments can appear captives of the "globalization" ideology ("we have no choice"), and thus, either distant or ineffective in providing to individuals traditional safeguards and services. In a Canadian context, Sjolander argues that these "representations of globalization as a necessary and inevitable reality of the late twentieth century have exacerbated the existing tendency to de-politicize foreign economic policy (and economic policy more generally)." She postulates that while "Canadian ... economic policy in an era of globalization attempts to present a homogeneous view of the world 'out there' and of the way Canadians need to adjust to it, there is a consequent fragmentary impact on the way Canadians 'connect'." Those who do not or cannot accept this world view are marginalized from the political process, while those who accept it are "driven" to act according to its dictates.

This loss of domestic control may help to explain the urge to bring any issues that do not absolutely demand international or national attention to the local or regional level. The popularity of "subsidiarity" as an operating principle reflects less an empirical analysis of the merits of local decision making than it does a political response to the anonymity of seemingly distant authorities. It also provides a convenient rationale for distinct peoples or nations in binational and multinational states to argue for a shift in power toward the constituent units where they are in the majority. More than one observer has noted that the left-right politics of earlier decades are being replaced by a "politics of identity." This is a central argument in Reg Whitaker's chapter. He declares:

> Canada has been particularly exposed because the Canadian state as a political space has been under severe pressure, from both within and without, for an extended period of time. Global market forces have eroded the capacity of the Canadian national state to act effectively as an economic manager, while the rise of the Quebec sovereignty movement has brought the political legitimacy of the state and constitution into question.

Jane Jenson has conveyed a somewhat different perspective. She has argued that all politics are essentially about the promotion of identities and that it is just the identities that have changed, not the politics.[25] However, the extent to which more traditional left-right politics, rooted in a materialist conception of society, are in fact being replaced by an "identity politics" more rooted in a non-materialist understanding of the socio-political order, is not a debate we propose to resolve here. Whatever the extent of this transformation, it is certainly true that much of the content of political discourse has altered over the past few decades. Thus, as Whitaker rightly asserts, the role of the state in the promotion of pan-national connections — be they economic, cultural or societal — has similarly changed.

Within the Canadian political arena, these trends have been noted by the Bloc Québécois. In recent months the party has launched a process of reflection and reexamination of its sovereignty project. The intention is to examine the role of the nation-state in the context of globalization, and how this relates to its conception of an independent Quebec. As global and continental forces narrow the scope for the exercise of *de facto* sovereignty, it becomes progressively more important for the Bloc to ensure that such powers as remain domestic are reserved for Quebecers.[26]

The argument to this point is that the Canadian federation is being buffeted by two kinds of forces. One set reflects global trends and would be present regardless of domestic developments. To be sure, Canada may be experiencing these global pressures somewhat differently than other countries. For example, a higher proportion of Canadians are born outside Canada than is true of almost any other country. The prevalence of divided loyalties may therefore be more widespread here than in many other countries. Also, given that Canada shares a very long border with the world's most powerful state, and imports much of what globalization has to offer via the United States, Canada's room to manoeuvre is considerably different than that of similarly sized countries in Europe or indeed even smaller ones. Moreover, among industrialized democratic federations, Canada is close to being unique. Like the United States and Australia, Canada is continent-sized. Like Belgium and Switzerland, it is home to more than one major language group. For both reasons, it has become quite decentralized.[27] Yet it would be unwise to see the magnitude of the challenges facing the Canadian state as unusual, even if in some respects they are unique. As Vincent Cable observes, in writing about broad global trends in relation to the future of the modern state, "nation-states are under pressure from within and without."[28]

WHAT HAS BEEN HAPPENING TO THE CANADIAN STATE?

The remainder of this chapter examines more closely what has been happening to the Canadian state and to the linkages among Canadians. We explore economic, social, cultural, and political connections, as well as those that reflect trends in citizenship and civil society. In some cases, it is the actions of the state that are directly responsible for changes in connectedness. In other situations, the state is not the originator of the change pressures, although questions do arise about whether the state can or should become more involved in responding to those pressures.

Several questions kept arising as we considered the changes to the Canadian state in recent decades. One question was whether what has been happening is better understood as diminishing the state or redefining it or what the balance has been between these two types of change. A second had

to do with whether these changes are part of a long-term continuous process or whether they will be seen, with the benefit of hindsight, as a large one-time adjustment. Whether a diminished and redefined state would matter for the connections that bind Canadians together was yet another question. Having successfully built linkages in the past, a weakened state today may not necessarily signal a weakened political nation. As John Helliwell points out in his chapter, borders still matter. Concepts of loyalty and citizenship are also evolving, as the chapters by Avigail Eisenberg and Matt James observe. And Frank Graves documents that, by many standards, Canadians have remarkably high levels of attachment to Canada. These issues suggest that there is not necessarily a one-to-one correlation between a changed state and the connections that bind Canada.

At the same time, few would dispute the notion that what the state does has some effect on the well-being of the nation and the sense of shared purpose among its citizens. In this section, we try to shine some light on what has been happening to the Canadian state — both its effect on desired outcomes (public goals) as well as the instrument regime it uses for that purpose. We consider what the transformation that has occurred may imply for connectedness among Canadians.

The desired outcomes from state activity involve some combination of peace and security, law and public safety, protection and advancement of freedoms and rights, sustainable economic growth, and some sense of fairness about how the fruits of this growth are to be shared. Similarly, there is (or at least was) a consensus that the state had an important role to play in the protection, promotion, and inculcation of a civil society that was both "civil" and "social." The state is, to some extent, the final guarantor of that public space in which the organizations and relationships that constitute many of Canadians' connections grow.

The instrument regime employed by the state has entailed taxation, spending, regulation (both economic and cultural), diplomacy (both internal and external), information sharing and the "bully pulpit" as well as the means to enforce law and protect order (through the police and the armed forces). In recent years, this instrument regime has been modified through a more intensive use of market-related and softer instruments.

By and large, the desired outcomes of state activity themselves have changed little over the last 50 years. Indeed it is remarkable how stable those objectives have been. Despite a history of self-doubt about the nation's survival, Canada has displayed a remarkable level of political stability over the last 132 years. In more recent years, civil, political, and social rights have been expanded and constitutionally entrenched. The rule of law and democratic practices, even for those who wish to break up the country, are the norm for Canada's political discourse. Whatever the public's perception, violent crime is on a consistent downward trend and, at least in comparison to the United

States, Canada remains a relatively safe country even in its largest urban centres. In short, Canadian civil society is, for the most part and in relation to many other parts of the world, remarkably civil. And while the choice of instruments will always matter, in this context what matters most is the state's effectiveness in achieving the desired outcomes.

This, of course, does not suggest that the state's effectiveness in relation to the above goals has been achieved or distributed in a way that satisfies all interests or viewpoints. For example, there are few that would argue that the poor are as well treated by the justice system as are the rich. The socio-economic conditions endured by many of Canada's Aboriginal peoples are horrifying. There remains great controversy about the state's performance over the last 20 to 25 years in promoting and redistributing economic prosperity. Its relative lack of success here is symbolized by a quarter-century of weak productivity growth, unstable public finances, high and rising levels of taxation and of unemployment, and widening economic disparities.

Whatever the combination of market influences and government performance that led to this undesired set of outcomes, it has contributed to a sense that the Canadian state has been falling well short of the mark. It has detracted from the sense of shared pride in a noble common purpose. Part of this failure may be linked to the forces of global integration discussed above and the sense that Canadian governments were finding it increasingly difficult to protect and advance Canadian interests in ways that had worked in the decades following World War II. But mistakes and mismanagement by successive Canadian governments over more than two decades beginning in the mid-1970s have contributed even more heavily to these outcomes.

By the early 1990s, in at least some respects, the Canadian state had become enfeebled. The Canadian government was delivering less and taxing more. Average living standards had not improved for a long time and many Canadians were worse off than they had been 20 years earlier. A sense was emerging that the children of the working age population would have lower living standards than their parents.

What about the Canadian state today? By several important criteria we know it is smaller. Public ownership has been reduced. Program spending has been cut sharply. Federal spending as a share of Gross Domestic Product is in the process of falling by about one-third from over 18 percent to perhaps 12 percent. Federal outlays are now at levels that have not been seen since the early 1950s. While taxation remains high, in large measure because of heavy interest charges on the public debt, the political momentum for tax cuts is rising. It is true that the regulatory role of the federal state remains huge, but deregulation has removed some safeguards, notably in labour markets where "flexibility" has been eroding traditional social protections. This smaller state, with its changing instrument mix, has not yet found the winning formula for enhancing productivity growth or controlling the growth in disparities.[29] The

Canadian state today is a less effective state than was the case from the 1950s through to the early 1970s.

Compared to five or ten years ago, however, the Canadian state is in some respects more effective. For example, in the run-up to the 1999 federal budget, there was a lively public debate about whether to enhance health spending, cut taxes or reduce public debt. It has been many years since this kind of choice was a part of the public discourse. Restoring public finances has been painful. The outcome, however, contributes to a stronger Canadian state, not a weaker one, at least in relation to budgetary matters.

It is also important to recognize that, on the basis of expenditure, the smaller Canadian state — as we approach the millennium — bears little resemblance to the state of 50 years ago. From a program-spending perspective, the federal state has become a *social* state. In the early 1950s, defence spending constituted more than one-quarter of federal program outlays. Spending for social purposes was smaller. Today, even after federal cutbacks, social spending makes up more than three-fifths of federal program expenditures, whereas defence represents less than one-tenth. This transformation is not at the expense of the provincial governments. At that level, social spending has also risen and now constitutes around three-quarters of all program spending.

ECONOMIC CONNECTIONS

One of the central features of federal government policy since World War II has been its support for an open and liberal international system of trade and payments. The result contributed to Canada's economic prosperity, at least until the 1970s. It also implied a limitation on Ottawa's freedom to intervene in matters of international trade and payments; and it, of course, increased economic ties between Canada and the rest of the world.

Over the last 15 years, Canada and other advanced industrial countries have placed increasing emphasis on market-based policies in the expectation that they would result in strong economic growth and that the benefits of this growth would more than offset any additional disparities that the market generated.[30] This policy paradigm not only requires the continuing elimination of border measures by national governments. It also entails "deep integration"; that is, a growing harmonization of domestic policies, including microeconomic policies, across these countries in an effort to level the competitiveness playing field. This agenda does not detract from the *de jure* sovereignty of the Canadian state. Indeed, it can be argued that negotiating and signing international agreements is as much about the exercise of sovereignty as it is about self-imposed restrictions on the way that sovereignty is used. But in the world of *realpolitik*, the great powers and important non-state corporate actors play a very large role in dictating the terms of the harmonization policies, with the result that *de facto* operational sovereignty is squeezed.

In the context of this volume, what matters is how these policy trends, and their results, impact on economic linkages among Canadians and whether, and to what extent, they constrain the Canadian state from acting to protect and promote these connections. In this regard, the chapter by John Helliwell is of particular interest.

Helliwell's analysis indicates that the closed economies of the developing world stand to benefit hugely from the flow of technology, ideas, and capital, if and when they open up. But once an economy is substantively open and effectively able to draw on the best of what the world has to offer, as is the case for Canada, the incremental gains to productivity from further openness may be very small. Indeed, he suggests that the gains may be more than offset by the losses in policy autonomy that accompany such additional openness. This view is supported by Dani Rodrik, who argues that "as policy makers sort economic and social objectives, free trade policies are not automatically entitled to first priority."[31]

Within the Canadian intellectual community, economist Thomas Courchene is the most prominent in drawing attention to the rapid increase in bilateral trade with the United States and the fact that international trade has grown much more rapidly in recent years than has interprovincial trade. Whether Courchene applauds this development, or simply sees it as inevitable, his writings make clear his belief that this process has profound implications for how Canadians govern themselves, the relative role of the two orders of government and what he has called the "social policy railway" that connects Canadians.[32]

The facts that underlie Courchene's analysis are not in doubt. Nor is the seriousness of the issues that he has brought forward. Yet there is more than one way to interpret the trade and investment data. It may be a case of someone seeing the glass as half-empty while another sees it as half-full; but drawing heavily on John Helliwell's chapter, and his related research reported elsewhere, we find good evidence that borders continue to matter.[33] Path dependency is real. What has happened in the past in the northern half of North America profoundly affects who and what we are today. Without denying the vast growth in Canada's trade, investment, and other linkages with the United States, and the smaller increase with the rest of the world, the data presented by Helliwell indicate that our historical experience has created a rich network of domestic connections that is remarkably durable.

Building on work first started by John McCallum,[34] Helliwell has found that merchandise trade among Canadian provinces is 12 times greater than trade between Canadian provinces and US states, when taking account of differences in population size and distance. For trade in services, the density of Canadian transactions is 30 to 40 times greater among Canadian provinces than with their American neighbours. The multiple for merchandise trade has fallen relative to where it was prior to the Canada-US Free Trade Agreement. With regard to services, the data do not show the same evidence of a sharp

reduction following on the free trade agreement. Helliwell observes that the large post-FTA increase in merchandise trade between Canada and the United States was "to some extent linked to decreases in interprovincial trade" but even after this displacement effect, the density of Canadian connections remains much denser than continental density. He reinforces his argument by noting that there is no evidence of cross-border price arbitrage for city pairs of any distance. In other words, the impact of the border remains very large. Helliwell suggests that the existence of separate national institutions, cultures, and information networks lowers the uncertainty of operations within the national economy. Given differences in national tastes, the result is to reduce transaction costs within national economies relative to costs among economies.

The chapter by Vachon and Vaillancourt shows that the rate of internal migration has declined significantly since the early 1980s, falling by almost one-third. While this may have something to do with aging, they indicate that this drop-off is true within various age, gender, and education groupings. This might suggest that the border effect is of declining importance. But even with the results that Vaillancourt and Vachon report, Helliwell finds it is 100 times more likely that an American will move to another US state than to Canada, once again taking account of population, distance, and the economic incentives for migration. The border effect on Canadian migrants is considerably smaller but nonetheless still very significant.

It is important to put Helliwell's findings into context. What they emphasize is the density of the economic ties within Canada, ties which doubtless spill over into the social, cultural, and political dimensions of Canadian life. This finding is not inconsistent, however, with Canada's growing economic linkages internationally and especially the United States. For one thing, Helliwell's results take account of differences in levels of population. And since the United States has roughly ten times the population of Canada, even with Canadian internal trade densities being high, the actual volume of Canadian trade with the United States now substantially exceeds the volume of interprovincial trade. Whether Canada's dependence on access to the US market stabilizes at roughly current levels, or whether it continues to grow, it will remain in Canada's interest to maintain good commercial and political relations with our southern neighbour. This has had implications for the state's room to manoeuvre on the policy front, an issue we return to below. Our main observation here, however, is that notwithstanding the growth of north-south ties, the economic bonds among Canadians remain far tighter than is commonly assumed.

SOCIAL CONNECTIONS

The post-World War II decades saw a vast expansion in the Canadian welfare state, as reflected in the spending data noted above. With this came the idea of

the social rights of citizenship. Canadians, wherever they lived in the country, would have broadly similar social benefits. Over time, the myth emerged that there were national standards for social benefits in Canada.[35] In conjunction with mobility rights, these national standards became a part of the idea that Canadians were connected by a shared sense of social purpose, by the bonds of reciprocal obligations that are entailed in a social contract.

The size of the social state, and the extensive network of intergovernmental and personal transfers, reinforced this sense of social connectedness. Thus, it was not surprising that the large cuts in federal government transfers to the provinces, which accompanied the Canada Health and Social Transfer (CHST) legislation announced in the 1995 budget, were widely interpreted as threatening to weaken the social connections among Canadians in relation to health, education, and welfare.

By 1999, however, some of the damage to this social connectedness was in the process of being repaired. In early 1999, Ottawa and nine provinces, all but Quebec, signed a framework agreement on the social union. Among other things, this may help over time to clarify the role of each order of government in the design, delivery and financing of existing and new social programs. It may also facilitate a more collaborative approach among governments in setting social-policy priorities and improving accountability for program outcomes. Simultaneously, in its 1999 budget, Ottawa agreed to restore some of the cuts made to the CHST in exchange for unanimous provincial agreement to spend those "new" dollars on health-care programs. Ottawa's current tentative shift in emphasis from fewer intergovernmental transfer programs to more direct transfers to individuals held the prospect of enhancing the sense of social connectedness among Canadians.

These developments suggest that the social dimension of Canadian citizenship has sunk deep political roots within Canada. The view that Canadians appear to hold about themselves as constituting a "kinder, gentler" society, and as a country of national standards in social policy, may be more myth than reality. But this view helped to mobilize Canadians politically during the years of severe fiscal restraint earlier in the 1990s. Political leaders read the poll results telling them the public wants both orders of government to work together on social issues. Political leaders read polls about the weight Canadians attached to national social programs, especially health care. In responding as they have in early 1999, governments have acted on the public's wishes. Equally important, in formalizing the social union, they have also created an instrument that could further encourage a stronger sense of shared social rights among Canadians. Myth may have begot reality. But the result could be growing social connections among Canadians.

There is also a risk in the formalizing of the social union. They could potentially enhance social bonds among Canadians outside Quebec but at the

price of creating a new and large irritant between the Government of Quebec and other Canadian governments. How the framework agreement on the social union plays itself out will be crucial. Will Quebec effectively abide by the rules even though it has not signed? Alternatively, will the signatories behave in a way that makes it easy for Quebec to accommodate to what occurs within the social union framework? More generally, how signatory governments behave will go a long way toward answering these questions and others relating to social connectedness.

CULTURAL CONNECTIONS

With respect to cultural matters, the Canadian Broadcasting Corporation (CBC) was the only large federal government commitment 50 years ago. This has clearly changed. The original CBC/Radio Canada radio networks have expanded to include English and French television. The National Film Board was created during World War II and has since transformed itself from a wartime propaganda instrument into a purveyor of high-quality short and feature-length documentaries chronicling all aspects of the Canadian identity(s).[36] The Canadian Film Development Fund and its successor, Telefilm Canada, continue to finance and nurture a domestic feature film industry and finance much of Canada's independent television production.[37] At present the Canadian government is moving to a major restructuring of its financial commitments in this area which, if successful, would increase the amount of monies available for domestic producers. Yet, in recent years the cut-backs to the already limited funds available for cultural production have made Canada not only more vulnerable to the importation of cultural products but increasingly unable to present Canada to Canadians in a consistent and meaningful manner.

Direct government spending in the cultural sector is but one element of the state's cultural policy and it seems unlikely that spending on the arts will ever meet the demand that exists for funding within the arts communities. As well, this spending will always be controversial insofar as it necessitates choosing particular kinds of cultural product over others. Thus, the Canadian state has chosen to integrate its direct funding of some cultural industries within a broader regulatory framework covering both public and private cultural enterprises. Indeed, it has been the Canadian state's regulatory role that has been the most visible, and arguably the most successful, element of its cultural policy. This can be seen in the role of the Canadian Radio and Telecommunications Commission (CRTC) and its enforcement of "Canadian content" regulations in the area of radio and television broadcasting. In terms of the current processes of trade liberalization, the challenge faced by the Canadian state is embodied in a number of political disputes in which issues of cultural policy, and specifically regulation of cultural industries, have become issues of trade and economic policy.

It is also shown by the current efforts of the federal government to protect the domestic magazine industry against split-run editions of American magazines that are aimed at the Canadian market; and in the efforts to remove the practical restrictions on the distribution of Canadian feature films within Canada, which has involved the federal government in disputes with the powerful Motion Picture Association of America (MPAA), the lobbying arm of the Hollywood film industry. The CRTC is struggling with how to preserve the relevance of Canadian-content regulations in broadcasting in the coming 500-channel television world. In these and many other examples, it is almost certainly the case that the techniques that the state uses, or would like to use, in these and related areas will need modifying in the face of technological change and the challenges from trading partners.

These challenges to the state's regulatory role vis-à-vis cultural policy, come, ironically, at a time when Canadian culture appears to be flourishing. Canadian writers such as Michael Ondaatje, Rohinton Mistry and Neil Bissoondath, have created a "new Can-Lit" *oeuvre* with unprecedented domestic and international sales and critical appreciation. Performers as different as k.d. lang, Bryan Adams, and Ben Heppner have achieved widespread international and domestic success. Film and television production is, on balance, improving, though much of the economic benefits of this come from foreign productions made in Canada or through international co-productions. At the same time, film-makers such as Atom Egoyan, David Cronenberg, and Denys Arcand live and work in Canada which is something that few before them could easily do.

Thus, whatever position one takes on the Canadian state's regulatory role, it seems that there is more "Canada" in both pop and high culture, both domestically and internationally, than ever before. At the same time, it is increasingly easy for Canadians to consume cultural products from elsewhere. And the very act of that consumption changes the cultural output of Canadian artists. Unlike in the past, domestic popular culture is increasingly mediated through a global popular culture that, in some instances, blurs specific national identities, but which can also create space for smaller, regional cultural outputs. Ultimately, as Canadian culture permeates other domestic cultures, it becomes more permeable. The result is not the development of a "Canadian pop culture" but, as Pevere and Dymond argue in *Mondo Canuck*, the integration of Canadians, in a variety of ways, into that global pop culture.[38]

This mediation can, thus, change the manner in which culture serves as a form of connection between Canadians. Canadian artists reach Canadians increasingly through non-Canadian, and especially American, vehicles, particularly in the areas of film, television, and music. This mediation may be less important, or less apparent, with regard to Canadian authors. Insofar as popular artists aim their art at that global audience, this may increase the distance between the Canadian artist and Canadians. Yet insofar as Canadians see Canadian artists within that global popular culture, we appear much more

willing to embrace them as our own and to proclaim their "Canadian-ness." To some extent this may assuage Canada's cultural insecurity which traditionally manifested itself as being both fiercely defensive of Canada's cultural products and yet convinced that those products never quite measured up on the international stage.

Canadians are now more able to sample a much wider array of cultural products from around the world. At the same time, Canadian cultural products, whether mainstream or not, are both more available to the world and to other Canadians than ever before. If the political and economic processes of globalization produce both integration and fragmentation, then the globalization of culture surely has the same effects. The technological and economic changes that have produced a global popular culture, rooted in but not merely the equivalent of American popular culture, have also created the vehicles for more local cultural expressions to find their voice and their audience — an audience that may be thousands of miles away or may be next door.

These changes have at least as much to do with developments in the artistic community and the marketplace as they do with government interventions. But some also have to do with opportunities and inducements that reflect past and current government interventions. As for the future, given the raw power that the United States government has in crafting the rules of international trade, and the power of the American entertainment and cultural industries, it will be increasingly difficult for the Canadian government to preserve even its current limited room to manoeuvre. The more that "cultural products" are perceived as any other set of goods in the marketplace, and cultural industries as any other industry, then the harder it will be for other states to resist the process of commodifying cultural production. Every time Canada raises the issue of the lack of screen space available for Canadian feature film, the government can be assured a phone call from the MPAA threatening the withdrawal or restriction of the American product from Canadian theatres.[39] The most viable option, perhaps, will be for Canada to build alliances with the governments of other countries that also wish to see special international trade rules on culture to enable governments to meet domestic cultural goals.

Whatever one makes of Canada's place in the international cultural marketplace, on the domestic front the greatest failure has been in bridging the language divide among Canadians. The cultural output of English-speaking Canada remains largely unknown in Quebec and vice versa. At all levels, but especially in the realm of popular culture, there appear to be few common points of reference. Pevere and Dymond's tongue-in-cheek history of Canadian popular culture is, the authors admit, a history of English-Canadian popular culture. French-speaking music, television and film (and to a lesser degree books) are simply horses of different colours. The chapter by Sauvaugeau and Pritchard in this volume is but another reflection of this continuing chasm. The irony in their study is that French- and English-speaking

journalists practise the same kind of journalism, but do so in what appears to be complete isolation from each other. The irony turns to concern in the context of the ongoing political tension between Quebec and the rest of Canada. This inability to bridge the language barrier can only bode ill for our future ability to overcome this particular disconnection.

CIVIL SOCIETY AND CITIZENSHIP

A possible qualification to earlier observations about the ongoing economic linkages within Canada emerges from the literature, which suggests that the "new economy" is creating a divide between well-educated and technologically adept people and the semi-skilled, unskilled, and those with skills that are out-of-date.[40] The first group is in short supply and becoming relatively more prosperous, whereas the second group is falling behind economically. More important, the first group is seen to have many connections outside national borders and to be highly mobile internationally, whereas the second group has few linkages of this kind. The self-interest of the first group is to further liberalize the national and world economies as it improves their opportunities economically. They are also easily able to absorb the adjustments that such changes impose. The less skilled and less mobile group is the loser.

This qualification in turn leads to questions about the extent of ties among Canadians in civil society. This volume has several chapters that touch on these connections. Tom McIntosh assesses the situation and prospects of the Canadian "house of labour." On the one hand, he acknowledges its difficulties and setbacks. These include the retrenchment of the state. This has had two effects. It has damaged public sector unions directly, as a result of government downsizing and extended freezes on public sector wages. It has also reduced the bargaining power of the private sector as a result of "flexible" labour market policies. The labour movement has also experienced difficulties in maintaining effective coalitions with other groups on the political left (including environmentalists and feminists) and has been hurt by the strains between the private and public sector unions.

On the other hand, unions continue to represent a large share of Canadian workers, and the size of the Canadian unionized workforce has remained relatively constant. Furthermore, one of the consistent characteristics of the labour movement's history, both in Canada and elsewhere in the western world, has been that it grows during periods of increasing prosperity. The length (if not the intensity) of the current economic expansion and the improvements in public finance have provided some new opportunities for organized labour to again make itself a voice for Canadian workers as seen in increased strike activity and activism, especially on the part of white-collar unionists.

Maintaining this momentum requires, however, that it deal with a membership whose interests and expectations are more diverse than was the case in earlier parts of this century.

McIntosh's cautiously optimistic observations in this regard do not, however, extend to the relationship between the Canadian Labour Congress and the Quebec unions. Here, as in the area of culture discussed above, the labour movement has "never managed to bridge the gap except in the most formal manner." The arrangement is one of sovereignty-association and his analysis does not suggest the likelihood of closer ties in the future.

The opportunity and desire of postsecondary students to pursue their education outside their home province is another avenue for building pan-Canadian consciousness. Over the last quarter-century, the proportion of full-time undergraduates studying outside their home province has been relatively constant, at between 7 and 9 percent. In their chapter, Kathleen Day and Quentin Grafton indicate that over this period 150,000 Canadian undergraduates have studied outside their home province. This typically entails four years away from home at a formative time in their lives. And since the leaders of the private and public sectors come almost exclusively from the university educated, they suggest that the impact of this experience can have a disproportionate effect on Canadian connectedness over time. Their point in this regard is no doubt one channel for forming the information networks that Helliwell points to and which help maintain the density of economic linkages among Canadians. Day and Grafton also show that student mobility is affected by differential costs between provinces, including accommodation and tuition costs, so that recent provincial and federal policies that affect access to postsecondary institutions will have an effect over time.[41]

Interprovincial family connections also help to build a sense of shared consciousness among Canadians. In this regard, we saw above that Vachon and Vaillancourt have noted the decline in mobility within Canada. Their chapter also shows, however, the cumulative effects of internal Canadian mobility over many years; that is, the proportion of residents living in any one province who were born in another province. In the economically more prosperous provinces of British Columbia, Alberta, and Ontario in the early 1990s, the percentage of residents who had been born elsewhere in Canada were approximately 33, 33, and 11 respectively. From the opposite side of the coin, about 27 percent of those born in Atlantic Canada had migrated to other regions of Canada. Across the mainly English-speaking areas of the country, therefore, thanks to internal migration, family ties are considerable. The same is not true, however, about family ties between francophone Quebecers and other Canadians.

Taken together, these contributions demonstrate the ebb and flow of the connections within civil society, especially with regard to English Canada. Yet the very nature and make-up of that civil society has itself changed

profoundly in recent decades. The ethnic, racial, and religious profile of the Canadian citizenry has been significantly altered as immigration patterns have shifted. The adoption of the *Charter of Rights and Freedoms* gave Canadians, new and old, a different way of viewing the citizen-state relationship, one articulated in a language of rights. Postmaterialist and social movement politics shifted the political discourse away from its traditional concerns with federal-provincial, east-west, and metropolis-hinterland debates rooted as they are in territorial notions of citizenship. All of this has resulted in the articulation of different conceptions of citizenship rooted in non-territorial identities such as ethnicity, sexuality, rights-holder, etc.

Avigail Eisenberg's chapter in this volume points to the challenges of balancing territorial and non-territorial identities. The territorial pluralism that is inherent in a federal state must make room for a different kind of pluralism, one that is often centred around claims to rights and the enhancement of cultural identities. This need not be a zero-sum equation, though the politics of such confrontations may often present the choice in this manner. Like so many of the authors collected here, Eisenberg's analysis does not fall easily into a simple categorization around the effects that such developments have had on the connections that bind the country. Non-territorial identities, based in common rights, common ethnicity or sexuality, may create new bonds between Canadians previously disconnected from each other. At the same time, such connections may sever bonds based on territoriality or between those who are members of a particular group and those who are not.

Eisenberg leaves the reader with something of a dilemma. Territorial pluralism was designed as a means to limit state power through the division of state sovereignty as reflected by two orders of sovereign governments. Non-territorial pluralism, in its efforts to enhance the political and social cohesion of cultural groups, often requires increased state intervention to effect its aims. The tensions between these different pluralist approaches necessitate political trade-offs between proponents of each view. What Eisenberg suggests is that proponents of each type of pluralism have overlooked the advantages that both views offer to what she calls a "resuscitation" of a serious discussion of both "group life and local participatory politics."

In his chapter, Matt James presents a case study of how a particular group's conception of themselves as Canadians underwent profound change as a result of a process of reconciliation with a Canadian state that had, in the past, treated them as decidedly un-Canadian. James argues that the apology and compensation offered Japanese Canadians for their treatment during the Second World War can be understood as a bid on the part of a marginalized group to garner civic respect. Although what James calls redress politics has been criticized as a threat to a common Canadian citizenship, it is argued here that such processes of reconciliation have important integrative effects and that they result in a more robust and inclusive understanding of citizenship. In

short, seeking redress should be understood as an attempt to build a social identity that facilitates participation in the civic arena and, ultimately, strengthens civic solidarity.

This model of reconciliation has important implications not only for redefining a common citizenship in a multicultural society, but may also point to a means of reconciling Canada's "other solitude" — namely that which exists between aboriginal and non-aboriginal Canadians. The recent steps taken by both government and non-governmental actors in the recognition of the harm done to aboriginal nations (the apologies from those who ran residential schools and the creation of a "healing fund" for those who suffered under such systems) may be the beginning of a process that could ultimately integrate aboriginals and other Canadians into a common understanding of a shared citizenship. Of course, the damage done to aboriginal cultures goes far beyond that done to those the government interned during World War II and, thus, the reconciliation process will be decidedly more complex. The healing fund and the limited apologies from both religious and state officials are a beginning, not an end. Yet, as James argues, the result could be a more robust, more comprehensive understanding of citizenship and not only stronger, but deeper, connections between citizens.

POLITICAL CONNECTIONS

We have acknowledged that the ties that have bound Canada together have been under challenge from without and within. From outside our borders the impacts of forces that are integrating Canada more and more into the wider world are both economic and non-economic. One result is that policy challenges increasingly require transnational responses. *De facto* authority therefore increasingly resides in supranational and international organizations. For this reason, and perhaps even more because of domestic mismanagement, the Canadian state has been redefining its role and instrument regime. We also suggested, however, that the Canadian state has made at least the beginnings of a recovery with its improved finances; and its efforts to re-tool in a way that reflects the impact of changes in technology may be a step to becoming a more strategic and nimble actor. The state may be a less effective nation-builder than it was in the 1950s and 1960s but it is not only premature but also wrong to write it off as an important actor in creating ties among Canadians.

We also saw that while the cultural outputs of the world have never been more available to Canadians, Canadian culture is itself flourishing. The social rights of citizenship have been adversely affected by expenditure reductions. But the reductions in turn have created something of a backlash, suggesting that there is indeed a widely shared social contract, or at least the mythology

of such a contract, among Canadians and that this myth can be a potent force for reinforcing these connections. Economic bonds with the rest of the world and especially the United States have grown, but the economic linkages within Canada are dense. The border that defines the Canadian political space is wider that the thin line on the map. Ties within civil society, including a distinctive set of institutions, culture and interpersonal connections both reflect and nurture the border effect.

Yet it is all too obvious that such an optimistic note does not reflect the Canadian reality. Throughout this chapter, we have observed that the two language solitudes remain intact. Much of our discussion above was on the changing role of the state. We did not discuss, however, the expansive role the Quebec government took in both leading and responding to the Quiet Revolution within that province. One result has been that many people who might have once been described as French-Canadians now view themselves as Quebecers. If opinion polls are to be believed, a significant majority of French-speaking Quebecers have attachments to Quebec and to Canada, but the stronger emotional tie is to Quebec. Quebec is homeland (*patrie*); Canada is country (*pays*).

Moreover, many Canadians living in the four western provinces have long been voicing their sense that Canadian governments too often leave them on the outside. Over a decade and half ago, historian Doug Owram referred to the west as a "reluctant hinterland."[42] Though hinterland may no longer be an apt description of the west, the sense of frustration with the political institutions of the nation remain. The west has consistently felt that its political power, especially in federal institutions, did not equal its economic or social importance in the federation. The west has regularly sought either significant intrastate restructuring (e.g., a Triple-E Senate) or the devolution of federal powers to the provinces. It should be made clear that this is a desire to either restructure or restrain the federal government and federal institutions, which should not be seen as a lack of attachment to the Canadian nation. At the same time, the current sympathy that many Quebecers have for a decentralized federation comes not so much from a sense of being excluded from the exercise of power on the federal scene, but from a desire to limit federal powers over provincial areas of concern. Thus, many Quebecers are searching for an accommodation with the rest of Canada that would leave them with ample room to do much of their nation-building within Quebec while retaining a more limited attachment to the Canadian family.

These cleavages are reflected in the growing fragmentation of the Canadian political party system. The 1993 election saw regionally-based parties from Quebec and western Canada emerge as the second and third largest parties in the House of Commons. By 1997, the splintering of parties along regional lines had advanced even further. The Liberals were strong only in Ontario, the New Democratic Party in Atlantic Canada, while the Reform Party gained

official opposition status without winning a seat east of the Manitoba border and the Bloc Québécois won a sizeable majority of Quebec constituencies. Whereas national parties had once served as brokers and mediators between regional, linguistic, and economic interests, by the 1990s, they were no longer trusted in this role.

In Brian Tanguay's chapter, he argues that this transformation has several explanations. In part, it has to do with the globalization phenomenon. He maintains that the room for manoeuvre that remains for political parties has been seriously compromised by the structural changes under way. The result is convergence among parties. He quotes Stephen Harper and Tom Flanagan to the effect that the "Conservative voters are getting better results as outsiders influencing a Liberal government than they did as an inside influence within a Progressive Conservative government." He notes also a decline in deference among voters associated with this gap between party electoral promises and performance, which has helped to fuel voter cynicism that anti-parties like Reform have been quick to exploit. Tanguay also argues that the explicitly pan-Canadian political vision embodied in Trudeau government policies alienated governments in both western Canada and Quebec, which served as a catalyst to the regional responses reflected in the Reform Party and the Bloc Québécois. In addition, the first-past-the-post electoral system often deprives parties of any representation in the House of Commons even when they garner a significant minority share of the regional popular vote. The result is the erosion of national parties.

FINAL THOUGHTS

Our analysis leads to both positive and negative conclusions about the connections that link Canadians. On a positive note, the Canadian state has been taking some of the steps that are necessary to once again become a more effective force for strengthening the bonds among Canadians. Its fiscal outlook has improved markedly and it has been modernizing the delivery systems for its programs. Within much of civil society there is evidence of new connections being forged, without a noticeable deterioration in old ties. Economic connections are denser than many have appreciated. With important qualifications relating to Quebec, social connections appear strong. Canadian cultural output remains a source of pride and, in some respects, is flourishing.

On a more troubling note, some older sources of tension, namely between French- and English-speaking Canadians and between aboriginal and non-aboriginal Canadians have not lessened and may have become more entrenched in some respects. Globalization and technology has perhaps made some cultural industries and pursuits more vulnerable. The political party structure is fragmented badly and with few signs of imminent healing. But for all this, the picture painted above is not one of a Canada fast eroding in the face of a global juggernaut.

How then does one explain the marketization trend of the last 15 years? To some extent, the conventional answer is correct. It is the belief among many governments around the world, including Canada's, that they do have to focus on competitiveness. In an age of footloose factor inputs, this necessitates creating an attractive environment for the capital, know-how, skills, and technology which is mobile. But we also believe that the historical ebb and flow in the relative roles of the market and the state, which has characterized much of this century, constitutes a good part of the answer. The politics of the1920s, 1950s and 1980s/90s were dominated by a strong orientation to the market. The 1930s and 1960s were periods when the state was given primacy. In democratic societies, where citizens may periodically be disappointed by what both the market and the state have to offer, there are shifts back and forth, at least in relative emphasis, as reality falls short of the political promises made by both the political right and left. Whether the early part of the next century will again be marked by such a reaction remains to be seen. But the election of numerous social democratic governments in Europe, the content of President Clinton's 1999 State of the Union address in the United States and the 1999 Canadian federal budget all suggest this as a possibility.

If this turns out to be the case, we would not expect the Canadian state to return to the instruments and methods of the 1960s and 1970s. Lessons have been learned as a result of the experience of the last several decades. The tool kit has been revamped. For one thing, there is considerable support for the idea that the state must be suppler and faster acting in a world of frequent surprises and rapid change. Very large organizations do not easily acquire and retain such qualities. This suggests that even with improvements in the federal government's fiscal status, there may be reason to control the sheer size and complexity of the federal state. In this modified approach, the federal focus might be more on framework policies and the establishment of more transparent accountability frameworks for measuring achievements. And as will be discussed more below, we anticipate a much larger role for the federal government in the international arena. This would leave provinces, other governments, the third sector, and other partners with more scope to design and deliver programs.

Turning to the connections between Quebec and the rest of Canada, it is our sense that the political chasm is as wide as ever. Economic connections remain thick, but there is little cross-pollination in culture. Connections within civic society are uneven. In labour they are formal but not strong. French-speaking Quebecers generally do not move to other regions of Canada. Business ties between English- and French-speaking Canadians are substantial but many of the pan-Canadian social movements are poorly represented or not represented at all in Quebec, where Quebec-based groups may have entirely separate organizations.

The chapter by Frank Graves, drawing heavily on his ongoing research into Canadian attitudes and opinions and related comparative research, lends support to both of the elements in our analysis. Graves finds that, among Canadians overall, levels of attachments to Canada are high. They have been strengthening over the last 30 years while more local attachments have been weakening. In fact, levels of national attachment in Canada are the highest among the countries tested in the World Values Survey. Graves reports further Canadians' belief that there is a distinctive national identity that is a source of pride and belonging. His analysis also suggests that government in general and the federal government in particular is a key player in creating this sense of national attachment.

Graves also finds, however, that patterns of attachment in Quebec are different. The people of that province reveal significantly lower levels of attachment to Canada than do Canadians in other provinces. According to his survey instruments, the attachment of Quebecers to Canada has also fallen a little in recent years. At the same time, Quebecers' attachment to Canada remains substantial compared to reported levels of national attachment in other countries. Perhaps surprisingly, attachment to province has also declined among people in Quebec. These observations are consistent with the argument by David Cameron that Quebecers are less intense about politics and political commitments today than they were in the 1970s and 1980s. Cameron sees in this transformation within Quebec the seeds of an opportunity for all Canadians to make progress toward national reconciliation.[43]

While the intensity of Quebecers' politics may have cooled somewhat, it seems equally clear that the intensity of aboriginal politics is much higher now than a few decades ago. The promises of the 1980s that were linked to the constitutional reform package of 1982 have gone unfulfilled. The recommendations of the Royal Commission on Aboriginal Peoples in the mid-1990s have yielded only minor policy innovations. The country is well aware of the devastating social and economic conditions of its First Nations' people. For them the healing fund noted above is only the first step that Canadians need to take in a process of reconciliation. The controversy over the treaty concluded between the governments of British Columbia, Canada and the Nisga'a is but the most recent manifestation of the depth of this divide.

Recent trends in the federation indicate a new pattern may be emerging in intergovernmental relations. There is evidence of, at one and the same time, enhanced collaboration among governments and growing disentanglement. The enhanced collaboration is reflected in several formal federal-provincial agreements reached over the last several years. These include, but are by no means limited to, the Agreement on Internal Trade, the National Child Benefit, the Canada-Wide Accord on Environmental Harmonization and, most recently, the Framework to Improve the Social Union for Canadians. They signify a more

collaborative federalism in that they entail governments working together to identify national objectives. These arrangements, none of which involve constitutional amendment, are also the beginning of a renewed cooperative effort over the last decade to clarify the roles and responsibilities of both orders of government in relation to these objectives. Within these broad agreements, individual governments have the responsibility to design and deliver their own programs. And it is in that sense that they also signify a disentangled or classical federalism. There is also a growing commitment at both levels to better and more transparent accountability frameworks.

To be sure, much remains to be done, especially around the development of mature processes for establishing national objectives, clarifying roles and responsibilities and enhancing public accountability. But this approach has much to be said for it. It combines the attractive aspects of classical and collaborative federalism by recognizing the sovereignty of both orders of government as well as the growing interdependence between them in a world of increasing independence. It could also give rise to a more democratic process to the extent that the more open approach to accountability enables citizens to be informed about the relative value of different programs. And with the expanding need for more international governance, the requirement for national mechanisms to establish and re-establish a sense of national purpose and, with it, the respective roles of both federal and provincial governments can only rise. This process will require continual ongoing adjustments as the world unfolds.

Given the necessity of enhanced international governance, representing Canadian interests at that level may well be one of the largest roles of the federal government in the twenty-first century, although not necessarily on its own. In this regard, the broad scope of provincial powers within Canada suggests that it will become more important than ever that Ottawa develop new techniques of working with the provinces so that Canadian interests can be more effectively served.

This may alter the nature and scope of the debate between Quebec nationalism (in both its federalist and secessionist guises) on the one hand and Canadian nationalism on the other. As the roles and responsibilities of both orders of government are clarified, Ottawa's role may increasingly be to protect and advance Canadian interests in the international arena. The federal government will have to be in continuous dialogue with provincial governments and other Canadian actors concerning Canadian negotiating positions. And it will need to be in ongoing negotiation with representatives of other governments. Negotiation will not be a one-time event. Implementation tasks associated with international arrangements may often be as important as the negotiation themselves, as the example of the follow-up to the Kyoto Agreement on Climate Change illustrates.

In such an environment — one where the lines between domestic and foreign have effectively disappeared and where the linkages between federal and provincial jurisdiction have inevitably grown — it will be essential to the effective functioning of the Canadian political system that there be a more mature set of working relations between federal and provincial governments than the relations of recent decades. To be sure, pontificating that the governments must work out a more trusting and effective set of understandings will not make it happen. In this scenario, however, what could make it happen is simply a new set of international conditions that effectively impose a need on all governments within Canada for a more smoothly functioning federation. We are not yet at the point where sheer necessity creates the political will for such action, although we are moving incrementally toward it. The pace of change being set by new technologies and market forces may well help us reach that point in the first decade of the next century. When it is reached, the price of failure will help to bring about such an outcome. (As an addendum here, we do not remotely imagine that such a scenario means the end of political disputes among governments within Canada, but it does anticipate negotiated mechanisms and channels for resolving them.)

It is implicit in this approach that Ottawa will find it necessary to make a significant shift in the way it deploys its political energy relative to the way it does today. It will have less time for the details of domestic programs that are not at the centre of its constitutional legislative authority simply because, in addition to its areas of legislative competence, it will have a huge task in building and maintaining the bridges between domestic and international governance. In order to play this role, institutional mechanisms and processes will be needed that enable governments to help Canadians seize the opportunities that a smaller world offers even while protecting overriding Canadian interests, be they economic, cultural, social, or political. These institutions will have to be robust enough, and flexible enough, to withstand the differences in ideology or interests among governments in Canada as well as periodic personal clashes among political leaders.

With this kind of change in the institutions and processes of the federation, the political tensions that envelope federal-provincial relations, and especially federal-Quebec relations are more likely to focus on the effectiveness and symbolism of Ottawa managing a growing international agenda, much of which involves areas of provincial legislative competence. For this to be accepted, the new institutions of the federation will not only have to possess the effectiveness noted above, they will also have to be trusted by the provinces — Quebec included. This means that provinces will need to be equal partners in their construction and maintenance.

In short, current tensions regarding the federal spending power could recede as sources of irritation between Canadian and Quebec nationalism. The

more sensitive area will likely be in relation to the conduct of international relations that impinge directly on provincial interests, including health, education, and social policy. Anticipating these shifts, and constructing the required machinery to deal with it, will be a big challenge for federal and provincial governments in the decades ahead. It is also a task where governments can perhaps establish a few guiding and overarching principles. But the nuts and bolts are best left to line departments, in consultation with the interests they represent. If handled mainly through "low politics," rather than the more rarified "high" politics of first ministers, finance ministers, and intergovernmental ministries, trust among governments may be easier to establish. In any case, the agenda for federal-provincial relations is likely to be determined increasingly by events that originate outside our borders. This will create the opportunity to redefine how governments relate to one another, and how Canadians inside and outside Quebec relate to one another. The seeds of current tensions between English- and French-speaking Canadians were planted many decades ago, when grievances were ignored and myths created. A new set of circumstances will create new opportunities. It remains to be seen whether Canadians from both groups will learn from past mistakes.

NOTES

1. Donald V. Smiley, *The Federal Condition in Canada* (Toronto: McGraw-Hill Ryerson, 1987).
2. See, for example, Vincent Cable, "The Diminished Nation-State: A Study in the Loss of Economic Power," *Daedelus* 124 (1995); Kenichi Ohmae, *Borderless World: Power and Strategy in the Interlinked Economy* (New York: HarperPerennial, 1990); Kenichi Ohmae, *The End of the Nation State: The Rise of Regional Economies* (New York: The Free Press, 1995); Matthew Horsman and Andrew Marshall, *After the Nation-State: Citizens, Tribalism and the New World Order* (London: Harper Collins, 1994); Robert B. Reich, *The Work of Nations* (New York: Vintage Books, 1991); Wolfgang Reinicke, *Global Public Policy: Governing Without Government?* (Washington, DC: The Brookings Institution, 1998); Dani Rodrik, *Has Globalization Gone too Far?* (Washington, DC: Institute for International Economics, 1997); Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996).
3. Ohmae, *The End of the Nation State,* p. 42.
4. Ibid, p. 142.
5. Peter Drucker, "The Age of Social Transformation," *Atlantic Monthly*, November 1994, p. 80.
6. Ibid.

7. Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy*, p.3.
8. Richard J. Barnet and John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order* (New York: Simon and Schuster, 1994), p. 19.
9. Ibid., p. 423.
10. Reinicke, *Global Public Policy.*
11. Reich, *The Work of Nations*, p. 312.
12. Rodrik, *Has Globalization Gone too Far?*, pp. 77-85.
13. Gilles Paquet, "States, Communities and Markets: The Distributed Governance Scenario," in *The Nation State in a Global/Information Era: Policy Challenges*, The Bell Canada Papers on Economic and Public Policy, ed. T.J. Courchene (Kingston: John Deutsch Institute for the Study of Economic Policy, Queen's University, 1997), p. 34.
14. Ibid., p. 36.
15. Sylvia Ostry, "Globalization and the Nation State," in *The Nation State in a Global/Information Era: Policy Challenges*, ed. T.J. Courchene, p. 62.
16. Thomas J. Courchene, with Colin Telmer *From Heartland to North American Region State: The Social, Fiscal and Federal Evaluation of Ontario* (Toronto: University of Toronto Press, 1998), p. 271.
17. Mark W. Zacher, "The Global Economy and the International Political Order: Some Diverse and Paradoxical Relationships," in *The Nation State in a Global/Information Era: Policy Challenges*, ed. T. J. Courchene, pp. 76-77.
18. Ibid., p. 80.
19. Charles Taylor, "Globalization and the Future of Canada," *Queen's Quarterly* (Fall 1998): 331.
20. Ostry, "Globalization and the Nation State," p. 64.
21. John Kincaid, "Peoples, Persons and Places in Flux," in *Integration and Fragmentation*, ed. Guy Laforest and Douglas Brown (Kingston: Institute of Intergovernmental Relations, Queen's University, 1994), p. 77.
22. Barnet and Cavanagh, *Global Dreams*, p. 159.
23. Claire Turenne Sjolander, "The Rhetoric of Globalization: What's in a Wor(l)d," *International Journal* (Autumn 1996): 603-16.
24. Zacher, "The Global Economy," p. 72.
25. Jane Jenson, "Understanding Politics," in *Canadian Politics*, 2d ed., ed. Alain Gagnon and James Bickerton (Toronto: Broadview, 1997). See also, Jane Jenson and Fuat Keyman, "Must We All Be 'Post-Modern'?" *Studies in Political Economy* 31 (1990): 141-58.
26. *The Globe and Mail*, 29 January 1999, p. A4.
27. Ronald L. Watts, *Comparing Federal Systems in the 1990s*, (Kingston: Institute of Intergovernmental Relations, Queen's University, 1997).

28. Cable, "The Diminished Nation-State," p. 46.

29. The Canadian state continues to tax heavily. Even though social expenditures have been cut, its social spending also remains substantial. The result is that the Canadian state continues to influence heavily the distribution of disposable incomes. The growth in disparities is due to the growth of inequality in market incomes which has overwhelmed what the state has done to redistribute incomes.

30. The result has been widening disparities, but without the productivity growth that had been anticipated. Harvey Lazar and Peter Stoyko, "The Future of the Welfare State," in *International Social Security Review* 51 (March 1998): 3-36.

31. Rodrik, *Has Globalization Gone too Far?* p. 77.

32. Of particular interest are *Assessing ACCESS: Towards a New Social Union,* Proceedings of a Symposium on the Courchene Proposal (Kingston: Institute of Intergovernmental Relations, Queen's University, 1997); and Courchene with Telmer, *From Heartland to North American Region State.*

33. John Helliwell, *How Much Do National Borders Matter?* (Washington DC: The Brookings Institution Press, 1998).

34. John McCallum, "National Borders Matter: Canada-US Regional Trade Patterns," *American Economic Review* 85 (June 1995): 615-23.

35. National standards, in a meaningful sense, have never existed in the areas of health, postsecondary education, and welfare. For example, under the Canada Assistance Plan at its heyday, there were wide differences in provincial social assistance regimes. Every province has had different rules about its insured health services.

36. C. Rodney James, *Film as a National Art: The NFB of Canada and the Film Board Idea* (New York: Arno, 1977).

37. David A. Cook, *A History of Narrative Film,* 3d ed. (New York: WW Norton, 1996).

38. Geoff Pevere and Greig Dymond, *Mondo Canuck: A Canadian Pop Culture Odyssey* (Toronto: Prentice-Hall, 1996), pp. viii-x.

39. Though the MPAA would be unlikely to deny the Hollywood studios the revenue generated in the Canadian market, a "trade war" over film distribution would be nearly impossible for Canada to win. The MPAA, the Screen Actors Guild (SAG) and a number of the craft unions have expressed concern about the increased use of Canada as a production site. From their perspective this is costing American workers jobs and American communities the economic spin-offs associated with location shooting. The Canadian film industry has been built, in recent years, on its ability to provide cheaper yet equally skilled labour of all kinds to American productions using Canadian locations. A concerted effort by the American film industry to "punish" Canadian content regulations vis-à-vis film distribution (scaling back production in Canada, visa restrictions for Canadian artists in the US, etc.) could likely have a devastating effect on the Canadian industry in a relatively short time.

40. Reich, *The Work of Nations*, pp. 171-315; Rodrik, *Has Globalization Gone too Far?* pp. 4-7 and 69-71.

41. The recent framework agreement on the Social Union, agreed to by the federal government and nine provinces, explicitly calls for the removal of "residency based policies" (section 2: Mobility within Canada) that constrain access to education. At present, only the province of Quebec, which did not sign the framework document, charges out-of-province tuition fees for postsecondary students. It seems unlikely that Quebec will withdraw this provision any time soon, which could lead to other provinces charging higher tuition fees to students coming from Quebec, though not to other out-of-province students.

42. Doug Owram, "Reluctant Hinterland," in *Western Separatism*, ed. Larry Pratt and Garth Stevenson (Edmonton: Hurtig, 1981), pp. 45-64.

43. David Cameron, "National Unity and Paradigm Shifts," in *Drift, Strategy and Happenstance: Towards Political Reconciliation in Canada?* ed. T. McIntosh (Kingston: Institute of Intergovernmental Relations, Queen's University, 1998), pp. 11-16.

The Role of the State

2

The Changing Canadian State

Reg Whitaker

Le «retrait de l'État» semble être un phénomène généralisé à l'ère de la mondialisation. L'État canadien y a été particulièrement vulnérable en raison de la faiblesse et des divisions de son assise nationale. L'évaluation des perspectives d'avenir de l'État canadien est confrontée à une difficulté d'ordre conceptuel : les frontières entre l'État et la société sont changeantes et, partant, la représentation de la politique le long d'un continuum gauche-droite s'en trouve bouleversée. Les anciennes explications politiques ont été remplacées par une nouvelle dialectique entre populisme et revendications identitaires à l'intérieur de laquelle la contraction et l'expansion simultanées de l'État est contestée de manière imprévisible. L'État est secoué par des pressions contradictoires, tant internes qu'externes, qui réduisent son autonomie. Pourtant et paradoxalement, l'État, même décentré et faiblement intégré à la société, demeure au centre de la politique. Sur le plan international, face à l'insécurité inhérente à une économie sans règle l'État apparaît comme le seul ancrage possible d'un ordre mondial fondé sur la coopération multilatérale. Le désordre global contient la possibilité d'une alliance néo-keynésienne entre les puissances moyennes, comme le Canada, les ONG et les mouvements sociaux afin de gérer les dysfonctions de la mondialisation. Un tel rôle sur le plan international pourrait même renforcer l'unité de la communauté nationale canadienne.

As the end of the twentieth century draws near, the idea of Canada as a viable national project is increasingly in question. Beset from the outside by the challenges of globalization, and from the inside by the imminent threat of Quebec secession, the future of Canada as a political community appears more fragile than ever. Other western societies have also experienced political and communitarian turbulence, and some have grown introspective and doubtful about long-held beliefs about their national identities.[1] The pressures and strains experienced by traditional nation-states, however, are less acute than those of a political project like Canada where "nation" and "state" have always been categories in uneasy, even arm's-length, relationship with one another.

There is no doubt that the state is under very considerable duress today. Some would say it is in retreat, others that it is being profoundly restructured. Virtually no observers any longer would argue that the state in the twenty-first century will closely resemble its predecessor. Where state and nation have in this century been locked closely together, the retreat/transformation of the state may very well have an explosive impact on the structure of civil society. In the case of Canada, a crucial question must be: To what extent is the very existence of a Canadian civil society bound up with the fragile linkages of the national state? If, as George Etienne Cartier liked to say, Canada was always a "political nationality,"[2] can that nationality survive severe strains to the political institutional structures? If the state is weakening as the agent of the nation/community, is Canadian civil society tied together strongly enough to avoid internal disintegration and/or external absorption? These are complex questions to which various authors in this volume address themselves. But to even begin to answer these questions, it is necessary to first address the prior question of the specific role of the state in Canada. What did it do in the past that it may not do in the future?

In 1977 I published an article on "Images of the State in Canada," in which I examined successive images through which Canadians had understood the Canadian state system.[3] I traced the linkages from the dominant nineteenth-century "Tory" image of the state through the dominant twentieth-century "liberal" image. Both these images were dependent upon the smooth interlocking of the Canadian state with capitalism, but I noted a "fatal continuity ... founded on capitalism without a viable national basis." I also noted the persistent weakness of any alternative, socialist or social democratic, image of the state. The major challenges to the viability of the Canadian state system which I discerned in the late 1970s were both economic and political: the first in the threat of US economic domination, and the second in the emergence of a serious secessionist movement in Quebec. I predicted the continued decline of the power of the national state and continued decentralization or peripheralization and/or "Balkanization" of the Canadian state system in the face of these challenges.

Looking back two decades later, I am struck by my earlier insistence on the continuity of Canadian development. At the end of the twentieth century, radical *discontinuity* is now the rule, and is reflected in a sense of postmodern anxiety pervasive throughout Canadian society. The traditional set of ideological images or narratives (liberalism, Toryism, and social democracy) that explained the political world to Canadians, for example, have come unstuck. They seem increasingly empty and irrelevant, but have yet to be replaced by rival narratives that address with any real authority the political community as a whole, as opposed to particular parts of it.[4] The challenges have deepened, but become more complex. Quebec sovereignty is far closer to achievement than it was in the 1970s, but the responses to it in the rest of Canada are more

complicated and ambiguous. Canada has entered into two successive regional trading pacts in the 1980s and 1990s (first the Canada-US Free Trade Agreement and then the North American Free Trade Agreement or NAFTA) but the challenges of what is now called "globalization" are far more complex and multifaceted than the simpler threat of "US economic domination" that was perceived in the 1970s.

I am also struck by the conceptual transformation of how we understand politics and the state since my 1977 article. There was first of all a sense then that politics was played out on an ideological map or grid that ran from "right" to "left," and that players and spectators alike could be situated in relation to that map. Second, institutional boundaries seemed much clearer. The "state" stood out in sharp relief from the "civil society," or the public sector from the private sector. The federal government was apparently locked into a kind of zero-sum struggle with the provincial governments, so that variants of federalism could be characterized in a series of sharp oppositions, along an axis of centralization-decentralization, unity-disunity. And the "Canadian state" was seen in dramatic relief against the backdrop of other national states. The Canadian state was expected to claim as its own a fixed quantum of national sovereignty, and was assessed on its performance in maintaining or losing amounts of that sovereignty.

None of these conceptualizations appear to make as much sense as they once did. Somewhere over the past 20 years, the right-left ideological map has been lost, or at least obscured. As for boundaries, whether national or institutional, they are disappearing or reforming rapidly. It is becoming more and more difficult to draw precise lines between the state and the private sector, when governments are privatizing and deregulating and corporations are assuming functions that were once considered strictly "public." Of course, this is in one sense a very old story in Canadian economic development; in 1977, I referred to a Canadian tradition of "private enterprise at public expense." But the collapse of boundaries between what were once two sectors is now proceeding so rapidly that the proliferation of "partnerships" and "cosponsorships" call into question the very definition of a distinct state. Federalism in its competitive 1970s guise continues at the political level. Federal and provincial governments debate jurisdictional issues as of old, and projects are launched for "disentanglement," or "rebalancing" federalism or for reasserting the federal "presence." But these appear as increasingly empty charades, unconnected to real issues of political economy and public policy. In a survey of "non-constitutional renewal" from 1993 to 1997, Harvey Lazar writes about a trend away from a hierarchical model of intergovernmental relations toward "governments working together on a *non-hierarchical* basis in a way that reflects their *interdependence.*"[5] Polar opposition of centralization versus decentralization is an increasingly irrelevant axis of federalist controversy in a world in which globalization and regional blocs coexist with

the "subsidiarity" principle. Or in which political jurisdictions are largely irrelevant to the pattern of international investment flows.

Just a few years ago, the "deficit problem" became, by near-universal consent, the number one priority for public policy in Canada. Canadians were warned of the "debt wall" the country was about to run into. The *Wall Street Journal* shrilly proclaimed that Canada was falling out of the premier league of nations and facing relegation to Third World status. Globalization and international competition, speaking through the oracular voice of "The Market," had laid down the law. Eliminating the deficit became a new fiscal orthodoxy which only the most marginal elements tried, ineffectually, to challenge. Business, politics, and the media preached — and public opinion appeared to accept — that governments would have to downsize and to eliminate from their repertoire much that they had previously practised. The tacit postwar Social Contract was to be torn up. Programs that people had mistakenly taken to be their social entitlements were to be withdrawn.

A new political party was successfully launched that placed fiscal conservatism at the centre of its populist program, while attacking the then ruling Conservative Party for failing to reduce the federal deficit. Even the social democrats joined the bandwagon, to the extent that a New Democratic (NDP) government in Ontario found itself drawn inexorably into a suicidal confrontation with its own core political supporters over a "Social Contract" imposed on its public sector workers. The Mulroney Conservatives, who had failed to practise the fiscal restraint they preached, were virtually destroyed by an angry electorate. The Liberals, restored to their place as the Government Party after a nine-year interregnum, effortlessly shed the free-spending social-Liberal skin of the Trudeau-Pearson years and transformed themselves into a late-1990s version of the old frugal, pro-business, managerial Louis St. Laurent-C.D. Howe regime of the 1950s.

The 1980s was dominated by Reaganism in the United States and Thatcherism in the United Kingdom. These currents, which appeared for a time to have heralded a "turn to the right," proved in the end to be no more than ideological fashions, superceded by Bill Clinton's New Democrats and Tony Blair's New Labour. In retrospect, what the Reaganite-Thatcherite moment actually heralded was not a turn to the right so much as a transformation of the ideological landscape itself, rendering the traditional orientational categories of "right" and "left" irrelevant, if not downright misleading. Nor need we give too much credit to Reagan and Thatcher as transformative agents. As political leaders, they shrewdly and energetically capitalized on trends in the political economy, and resolutely stuck to their guns when under fire. Brian Mulroney, modelling himself on Reagan and Thatcher, proved irresolute and ineffectual in practice — yet the ultimate result in Canada has not been that much different from the US and the UK. Something deeper has been at work than political leadership styles.

The same observation could be made about the relative ease with which the successors of the parties of the right have been able to fulfill the ideological agendas set by their predecessors. Reagonomics ran up stratospheric deficits; it is the Democrat Clinton who is balancing the books. The Tories in Britain sniped at the social welfare state, but it is the Blair Labourites who are actually transforming the underlying principles of the welfare system, along lines not at all uncongenial to Tories.

The smooth transition is just as striking in Canada. Deficit reduction was quickly adopted as a priority by all parties at all levels of government. A Liberal government in New Brunswick and an NDP government in Saskatchewan demonstrated that relative economic underdevelopment was no impediment to balancing the provincial books — even when, as in the Saskatchewan case, the incoming government inherited a treasury virtually bankrupted by the profligacy, not to say corruption, of its Conservative predecessor. And the federal Liberals, inheriting a Mulroney deficit as high as that bequeathed Mulroney by Pierre Trudeau, within less than five years were able to become the first national government in a major western industrial state to declare their books in balance. So much for the threatened debt wall and Canada's Third World relegation! This achievement, it should be noted, was based on principles pioneered by Reagan and Thatcher, namely: download fiscal responsibilities to lower levels of government which then have to make the actual program cuts and justify them to the voters. The Liberals, it seems, have actually performed this trick more efficiently and to greater fiscal effect than their teachers.

One answer to the scenario I have just been sketching is to blame the left, or the centre-left, for having sold out or betrayed its principles. This may be true, up to a point. But the indictment rarely comes to terms with why these parties have felt compelled to change their programs. Nor is it good enough to assert that mere political opportunism is the problem, if the critics are unwilling or unable to explain why it is this kind of platform and this kind of performance that facilitates electoral success. Moreover, both Reaganism and Thatcherism manifested themselves in the first instance as challenges to a traditional notion of what a right-wing party was supposed to stand for. Before dispatching the Democrats, Ronald Reagan had first to dispatch the old Eastern Seaboard/Eisenhower hegemony in the Republican party. Before consigning Labour to opposition, Margaret Thatcher had first to crush the Macmillan-Heath "One Nation" tradition in the Tory party. Brian Mulroney reduced the influence of the Diefenbaker-Stanfield-Clark moderate or "red Tory" wing of the PC party, but his own immolation left two antagonistic parties in his wake. It is not that one side in a contest has capitulated to the other. It is rather that the rules of the contest have been changed, and thus the behaviour of all the contestants has changed as a consequence.

Another objection to this line of argument is that with the end of deficits, politics will return to more traditional lines. Liberals will be able to be Liberals

again, brokering the conflicting demands for spending more and taxing less, while opponents to their right wax moralistic about fiscal laxity and those to their left publicly display their bleeding hearts. Liberals will undoubtedly spend more than in their first term. I strongly doubt, however, that the ideological and partisan framework within which public policy will be made will much resemble the familiar patterns of the past. Too much has changed.

One way of understanding the ideological reconfiguration of the past few decades is to see a gradual shift away from a centred and relatively consensual public philosophy to a decentred and more contested public terrain. The 1960s is the watershed in this shift. North American conservatives certainly point to the 1960s as Paradise Lost, when time-tested values were demeaned and undermined by a cultural revolution that lost its way in pursuit of egocentric self-gratification. Out of this turmoil, the argument goes, came the feminist and multicultural movements and "political correctness "— and the debilitating drain on the public treasury from the incessant demands of special interest groups. Hence the counter-revolution of the 1980s, when fiscal sanity was restored and patriotic and family values put back in their proper place at the centre of society. From the other side of the ideological divide, contemporary history is described differently. The 1960s are seen as a turning point in which elitism and oppression were challenged by resistance from below, these challenges being sharpened and deepened in the 1970s. The1980s are presented in this view as a brutal reaction or backlash by the privileged, a reassertion of traditional hegemony that is being consummated in the vicious neo-liberal globalization agenda of the 1990s, and further consolidated by the centre-left's abject and deplorable acceptance of this neo-liberal agenda.

Both sides at least agree on the broad historical lines: cultural revolution in the 1960s and 1970s, followed by cultural counter-revolution in the 1980s and 1990s. Both sides also seem to be in tacit agreement that contemporary history began *de nouveau* in the 1960s. The cultural revolution of that decade arose as a kind of autonomous force, miraculously for the left, demonically for the right, but not situated, unconnected to what had come before. The emphasis in the 1960s on *generational* conflict highlighted apparent discontinuity. The children were rejecting their parents' values. The counter-revolution, like all reactions, did not and could not, whatever some of its accompanying rhetoric might indicate, simply restore the old order before the fall. Counter-revolutions are also revolutions, of a kind. It was a common theme in the 1980s that Thatcherism and Reaganism were being installed by a "new generation" that rejected the 1960s counterculture, and, as already indicated, these political projects were explicitly based on a rejection of the older traditions of the very parties that served as their vehicles. The 1990s neo-liberal globalization rhetoric is determinedly anti-traditional, demanding dedication to unrelenting change and remorseless discarding of old ways and inherited allegiances. The "progressive" thrust of neo-liberal rhetoric helps explain the

relative ease with which centre-left governments have slipped into the same broad policy lines as their more conservative predecessors. New Labour professes a commitment to "modernization" that differs only in some details from the Thatcherite renovation of antiquated British institutions that came before Blair.

Perhaps there is more in common between the 1960s and 1980s [counter]revolutions than meets the eye. This was amusingly illustrated by the furore set off in Canada when the Bank of Montreal capped an advertising campaign that featured ordinary people holding up hand-lettered protest signs with a notorious appropriation of 1960s' icon Bob Dylan's song, *The Times They Are a' Changin'*. Aging sixties veterans expressed indignation at the conscription of this hallowed protest song in the service of corporate capitalism. Perhaps Dylan himself, who licensed the bank to use his music, understood something that his fans could not, or would not, admit: the words of sixties protest fit seamlessly into nineties corporate rhetoric. Dylan sang of "change" without content, as a "happening" (to use another sixties catch phrase, as in Dylan's sneering "Something is happenin', but you don't know what it is, do you, Mr. Jones?"). The answer was "blowin' in the wind." What wind? The wind of change, presumably. In *The Times ...*, Dylan is brutally direct: "You'd better start swimmin', Or you'll sink like a stone, For the times they are a'changin'."

One of the MBanx ads features a young boy blandly declaring, with apparent wisdom beyond his years: "Change is good." Once, change may have meant social justice and personal liberation, racial and gender equality. This time change is global competition, restructuring, and innovation — not to forget, of course, mega bank mergers. In both instances, the normative message is the same: swim with the tide (whatever it is) or you will "sink like a stone." This is amoral prescription. Then and now, it has the same effect. It is precisely what George Grant long ago identified as a primary error of modernity, the confusion of necessity with goodness.[6] That it is now self-proclaimed "conservatives" who are stridently asserting that what must happen is what ought to happen gives ironic substance to Grant's dictum concerning the impossibility of conservatism in our era.

If the old right and old left have both been bypassed by "history," we might examine the ground of "necessity" on which most of the current political contenders stand. What has shifted so decisively under our feet? The answers to this question are many, and some have even become so familiar as to become clichés. But leaving aside pseudo-explanations like "globalization" that substitute labels for causes, I would like to consider the conjuncture of two sets of factors, one political and the other broadly technological, that may cast light on where we are going. The first set relates to the transformation of the terms of domestic political discourse in relation to the changing political economy of the state. The second has to do with the impact of new information technologies. In putting forward these factors, I am not claiming

definitiveness, by any means, merely relevance. Both sets of factors impact on the state, and have had the effect of hastening the decentring of the state, and of encouraging the diffusion and dispersal of power.

The expansion of the liberal social welfare state in the 1960s and 1970s and the reaction and cutbacks of the 1980s and 1990s have been well-documented and subject to much polemical interpretation. What I find more interesting is the way in which the rise and decline of the liberal welfare state has transformed the terms of political discourse, and the ways in which the state is perceived. Prior to the 1960s, there had been a certain acceptance, across a broad range of Canadian society, that the "community" and the "state" had some shared identity. The state, or the Crown in specifically Canadian usage, could stand in for the community when actions were needed to be taken in the community's name. Two world wars and a Cold War focused and strengthened this association of the state as agent for the community. Although there was a competitive political system, partisan competition usually stopped short of questioning the foundations of the community itself and the legitimacy of the state as the community's agent. This is well illustrated by the key role that social democracy played in legitimating a Cold-War consensus in Canadian society in the 1940s and 1950s, and in approving Canadian membership in NATO and NORAD.[7] Even though social democrats were themselves being marginalized as a result of an aggressively anti-communist and anti-left ideological consensus, they shared enough in the sense of community to defer to the state's leading role in defining Canada's position in the world and in drawing the boundaries around the politically acceptable and unacceptable. Generally, the three leading political narratives that interpreted politics to Canadians — liberalism, conservatism, and social democracy — arranged themselves in a competitive-complementary configuration that reproduced the legitimacy of the state as agent of the community.

The decay of political narratives has been a widely noted phenomenon throughout western societies. The relative decline of the power and influence of the great institutions of civil society, be it established churches, trade unions, or political parties shadow or reflect the weakening of traditional intellectual and moral certitudes that have been described as constituting a crisis of authority or a crisis of legitimacy. The state in democratic societies, with its inbuilt expectations of public accountability, has suffered a particular loss of public esteem and a rise of distrust toward its role. Nor have corporations escaped the generalized suspicion of large institutions and their self-justifying rationales. The impact on previously dominant political narratives has been devastating: the great "isms" of western political life have fallen into discredit and disarray. The effects have been most dramatic on the left, where greater weight had always been placed on ideology, but political narratives of the centre and right have not been immune to a decay that is no less ruinous for being less visible.

If there has been a generalized legitimacy crisis in western democracies, Canada has found itself on the cutting edge, with the effects already more apparent than in most other western countries. Canada has been particularly exposed because the Canadian state as a political space has been under severe pressure, from both within and without, for an extended period of time. Global market forces have eroded the capacity of the Canadian national state to act effectively as an economic manager, while the rise of the Quebec sovereignty movement has brought the political legitimacy of the state and the constitution into question. The implicit social contract that underlay postwar relations between government, business, and labour has broken down with the assault on the welfare state and the triumph of an anti-statist neo-liberal model of fiscal and monetary policy; while this has happened elsewhere, it has coincided in Canada with a persistent questioning of the fundamental political basis of the state, embodied in two Quebec secession referenda in 15 years, with another on the horizon. A populist and egalitarian attack on the older elite-driven structures of governance (in which the older political narratives were deeply implicated) has eroded the trust and deference that underpinned the political process. The legitimacy crisis in Canada is thus compounded, with the different elements playing against one another in unpredictable ways.

With the decline and crisis of the older political narratives, what has taken their place? The discourse of neo-liberalism seems triumphant throughout the western world, but it is not really a replacement for a *political* narrative, being mainly an economic model that fails to address deep needs for political expression and communitarian identity. At best, it must be dressed up in borrowed clothes which lend a popular legitimacy that hardly arises from the technocratic discourse itself. In Canada two new narrative streams have begun to reshape political space. One is the *politics of identity*, a phenomenon dialectically related to the crisis and decline of the national state. Identity politics is, in Manuel Castells' words, "the process of construction of meaning on the basis of a cultural attribute, or related set of cultural attributes, that is/are given priority over other sources of meaning."[8] Identities are subnational and refocus attention and loyalties away from the national state toward attributes that emphasize differences,[9] rather than universality, among the constituent elements of the political order. The most salient attributes of identity politics have been culture, language, ethnicity, gender, and sexual orientation — with the first two being especially powerful in Canada. The most spectacular case of identity politics is the Quebec sovereignty movement, which seeks fulfilment in secession from the Canadian political community altogether. Sovereignist parties have rewritten the scripts of Quebec-Canada politics, first at the provincial level beginning in the 1970s, and then at the federal level in the 1990s. Although generally stopping short of secession, aboriginal demands for self-government and recognition as a "third order" of government (after the federal and provincial levels) are founded

firmly on the idea of cultural self-determination. Gender and race/ethnicity have also come to play leading roles in defining the political agenda. The constitutional politics that has come to such prominence in the past two decades (itself an indication of drastically changing parameters of political space) has not only focused on questions of accommodation/separation of Quebec, but on aboriginal claims, and on equity and recognition demands around gender, ethnicity, and culture: adversarial litigation around the equality sections of the Charter of Rights has parallelled debates over the constitutional extension of these rights. First bilingualism, then multiculturalism, and (multi-ethnic) immigration have generated deep and often very divisive political controversy.

The second new political narrative generated by contemporary crisis has been what I call the "new populism." While some have spoken of a neo-conservative discourse that emerged in the 1980s, combining so-called moral majoritarianism, the Christian Right and "family values," along with anti-statism and economic *laissez-faire*, this American-style description misses much of the Canadian reality. Here, the impact of the Quebec sovereignty movement on the rest of the country, through two Quebec referenda and three rounds of attempted constitutional reform within a decade and a half, cannot be discounted. An English-Canadian reaction to "special treatment" of Quebec and a demand for recognition of the equality of the provinces has developed in tandem with a strong populist reaction to the elite accommodation model of federalism which had previously dominated. This combined with a reaction to the liberal welfare state, its mushrooming deficits and rising tax burden, and its redistributionist politics, especially as it appeared to favour "special treatment for special interests." The new populism integrates neo-liberal economic policies with anti-welfare state social conservatism (the market will provide a "fairer" system of redistribution than the politically-biassed welfare state); it also seeks to democratize the political system to allow the majority to take control back from the minorities and special interests. This new political narrative has made some inroads across the political spectrum, but it has found its most focused image in the Reform Party, which in a very short period of time has displaced the older conservative narrative, and its increasingly incoherent political expression in the Conservative Party. In the latter, traditional Tory themes stressing the organic nature of society, historical continuity through the monarchy and the British connection, and slow, evolutionary change, gave way during the Mulroney years to the replacement of politics by markets on both the national and international stages, reductions in public services, and tax cuts. "Red" Tories like Joe Clark and Hugh Segal[10] seem occasionally unhappy contemplating the results of this shift, but the continued domination of the remnants of the Conservative Party by their wing simply results in a continued division with the Reform Party that benefits the Liberals, while hardly posing a coherent national conservative alternative to either Reform or the Liberals.

The new populism is indeed new, even though it incorporates older elements in its discourse. Above all, it is in a dialectical relationship with identity politics, being in some measure a reaction to gains (modest though they may be) made by groups seeking recognition and benefits via the liberal welfare state. Similarly, identity politics sharpens group consciousness and feeds politicization as these gains (seen as rights and entitlements) are rolled back in the downsizing of the state. Just as the older, now eclipsed, narratives played together systematically, so too identity politics and the new populism operate together in an antagonistic/complementary way, competing with one another, yet at the same time drawing both energy and self-definition from the very existence and threat of their antagonist. This process was highlighted dramatically in the 1997 federal election when the Reform Party targeted "Quebec politicians" as the enemies of national unity, while the Bloc Québécois pointed to Reform's anti-Quebec stance to rally Quebecers back to the sovereignist cause.

There is one dramatic difference between the old and new dialectic of political narratives. The old narrative system presupposed, as I have suggested, a consensual notion of community that transcended politics. The state had a double identity, both as *government*, which was under partisan control, and the *state as embodiment of community*, which was beyond partisanship. The new narrative system tends to weaken consensual identification with the community, as it is the very boundaries of the community itself, the terms of citizenship, that are part of the problematic of political controversy. The state loses yet more obviously: generalized distrust of the state comes from all sides. The populists see the state as a blockage to private sector economic growth, and as the mechanism for redistributing resources away from the taxpaying majority and into the hands of the special interests. Identity politics advocates on the other hand increasingly see the state as attacking their rights and their social programs as a direct result of neo-liberal restructuring and majoritarian backlash against groups seeking equity.

It is important to realize that in the new dialectic of Canadian politics, the contested nature of the state — decentred, battered, and in retreat as it may be, is still an influential presence. Indeed, its very displacement from the centre defines the political agenda, even if only negatively. Alan Cairn's article on the "embedded state" remains crucial, even when the state is under attack.[11] Political agendas on all sides are set in relation to the state as either a positive or negative presence. This leads to what is, by traditional standards, an unprecedented degree of ideological incoherence. Is the Parti Québécois/ Bloc Québécois a "left" or "right" party, a "progressive" or "reactionary" force? How is that Reform, a party of the "right," with a neo-liberal economic agenda, is the leading advocate of expanded grassroots democratic reform? Why are the social democrats the most "conservative" political force, in terms of defending

existing institutions against pervasive changes, which are in turn directed enthusiastically by parties of the centre-right? Is this muddle, or is it a new political dialectic?

For an example of the philosophical discontinuity in Canadian politics, we might look at the hepatitis C controversy in the spring of 1998. A group of Canadians, the precise numbers being in doubt but probably somewhere in the five figure range, have contracted a debilitating liver disease from unsafe blood transfusions (a larger number have contracted the disease from unsanitary needle use, etc.). The federal government, after intensive consultation and negotiation with the provinces, had agreed to provide compensation to victims who had contracted the disease from tainted blood from 1986 to 1990, a period during which tests for blood supplies had been available, but were not used. Those who had contracted the disease prior to 1986 were not to be covered by the compensation package, on the principle that neither the government nor the Red Cross had been negligent during that period, in the absence of firm medical knowledge about the dangers of untested blood. The federal health minister, Allan Rock, although personally in favour of compensating all victims, agreed to present the common front of all Canadian health ministers. Not surprisingly, the various advocacy groups representing the victims shouted foul, and sections of the media reported their objections sympathetically. Rock reiterated that a deal was a deal, and that opening up the door to compensation for all victims, even in the absence of malpractice or negligence on the part of the government, could, by extension to other potential health areas, bankrupt the medicare system.

Once the issue reached Parliament, relative ideological coherence fell apart totally. The Reform Opposition, sensing a popular issue, abandoned fiscal probity for a newly found sense of "compassion" for victims. Allan Rock, hated by Reform for his left-liberal actions such as the gun control legislation in the previous Parliament, was now depicted as "hard-hearted" and lacking in compassion; his resignation was demanded daily. The Quebec National Assembly, on a motion drafted by the leader of the opposition, unanimously moved that all hepatitis C victims should be fully compensated — by Ottawa. The premier of Ontario, Mike Harris, leader of a "Common Sense Revolution" that was bitterly dividing Ontario society by wholesale assaults on the entire fabric of social programs in the province, announced that Ontario would "do the right thing" and come up with more of its own money to spur greater federal spending. The Ontario health minister then walked angrily out of a hastily reconvened federal-provincial meeting that failed to alter the earlier consensus. A poll found that no less than 87 percent of Ontarians agreed with their provincial government on the issue.

Apart from brazen displays of sheer hypocrisy and political opportunism — hardly new elements in our public life — this bizarre controversy, which completely dominated the media for weeks on end, is notable for exposing

the ineradicable embeddedness of the state. Having assumed overall responsibility for the health-care system through medicare, the state had also assumed ultimate responsibility for the safety of the blood system administered by a non-governmental monopoly, the Canadian Red Cross Society. When things went badly wrong, as they had with HIV infection through tainted blood, a royal commission recommended compensation for all victims. In the case of hepatitis C, governments at both levels had tried to draw a line on the principle of fault/no fault. That at least was a coherent principle, balancing the rights of victims with fiscal responsibility for tax dollars. The capacity of the advocacy groups to present hepatitis C sufferers as victims through "no fault of their own" quickly established in public opinion a putative entitlement to compensation from the state that undermined the authority of consensual federal-provincial public policy. Parties like Reform and the Ontario Tories, who normally are extremely leery of groups claiming victim status and who regularly denounce the idea of entitlements for special interest groups, apparently found no difficulty in wearing "compassion" on their sleeves for this particular group of victims. The leader of the opposition, Preston Manning, solved the question of the fiscal implications, to his satisfaction at least, by insisting that compensation should come out of the health-care spending envelope. In other words, other Canadians dependent upon health programs would have to accept less so that hepatitis C sufferers should get more. New populism tries to construct an undifferentiated image of the "people" in theory, but in practice, new populists opt for this or that particular segment as standing in for the people and deserving of special treatment. New populism meets old social welfarism.

It would be easy to denounce the arbitrary and incoherent nature of Manning-Harris "compassion" as a public policy prescription. But it would be less than honest not to admit that some of the same arbitrary and incoherent reasoning went into the growth of the liberal welfare state. There has never been a consistent public standard governing the extension of state services and programs — or their retraction. In a pluralist democracy with a competitive party system, the old dictum that "the squeaky wheel gets the grease" has some descriptive merit, but it has never been very compelling as public policy, then or now. As the state is downsized, it appears at one level as more decentred. Yet at other levels, the state remains embedded throughout the society. No political party or political narrative can escape persistent engagement with the state. Nor can any participant in politics escape the requirement for constantly renegotiating the relationship between the state and different groups and segments of the society. Both positive and negative redistribution involve redefinition of the interface between state and society, and in the current era of long-term fiscal restraint, redistribution tends to be both positive and negative at the same time. To Mike Harris, hepatitis C victims are deserving, but single mothers on welfare are not. To federal Liberals, students are worth a

multibillion dollar federal investment in scholarships to offset Ottawa's cutback of transfers to the provinces for postsecondary education, but health-care users whose hospitals have been closed and medical services restricted as a partial result of federal cutbacks in health transfers, are apparently to look to their provincial governments for relief. One would search in vain for any consistency in the current ideological maps, but there is one common factor: everything in politics continues to relate primarily to the state, to its simultaneous expansion/contraction.

The incoherence runs deeper yet, when redistribution is set within the context of the rights culture and the mechanisms that have been created to arbitrate rights claims. This is illustrated by the decision of the Canadian Human Rights Tribunal in 1998 to award somewhere between two and four billion dollars (the precise amount is in dispute) to some 200,000 female federal public servants whose union had complained they had not received "equal pay for work of equal value" according to a formula recognized by the tribunal but not written in the original statute, and not enshrined in the language of the collective agreement signed by the union before appealing. Armed with a conflicting judgement of the federal court in another pay equity case, the federal government chose to appeal this ruling, its own offer of a smaller settlement having been rejected by the union. The decision to appeal brought down a firestorm of criticism on the Liberals for allegedly holding the human rights of women public servants in contempt. If they had not appealed, they would have faced at least as fierce criticism from the opposite direction for squandering taxpayers' money on "special interests." The point here is not the justice of the case, but rather the implications for government and public policy. As *Globe and Mail* columnist Jeffrey Simpson not unreasonably asked, if the government had decided to spend a few billion dollars to assist low-paid women in Canada, would it have directed it at this relatively small, and not disproportionately disadvantaged, group of women?[12] What rational public policy criterion privileged federal public servants over, say, single mothers on welfare, as worthy recipients of two to four billion dollars in compensation? The less than rational criterion was apparently the leverage exercised by a union armed with a statute and the Charter of Rights, the interpretation of which would be determined by a tribunal setting its own formula, quite independently of either the will of Parliament or the policy priorities of the government.

Both the hepatitis C and the pay equity controversies can be taken as emblematic of a deep dilemma surrounding the rules governing the simultaneous expansion/contraction of the state. Public policy in the allocation of the fiscal dividend between debt retirement, tax reductions, and increased social expenditure is held hostage to forces that are outside parliamentary or even more broadly democratic control. Just as anthropomorphized global "market forces" demand deficit elimination, debt retirement, and downsizing of the welfare state, so too the relatively small margin for new or increased social

expenditure freed up by a balanced budget is constricted by rights claims of particular groups that, if accepted at face value, have the effect of trumping the claims of other groups. In both cases, the state and its policy "makers" are immobilized, buffeted this way and that by forces that elude their grasp. Yet paradoxically the state remains the focal point for all these intersecting pressures.

To this point, I have been looking mainly at issues about social programs. But many of the same observations could be made about the state's role in the economy. Public ownership has become passé; the public sector in the provision of goods and services has shrunk considerably, and will continue to shrink in the immediate future. Deregulation has become as fashionable as government intervention has become unfashionable. Yet deregulation regimes are still state-directed regimes that require extensive deregulatory regulations, and in which delegation to the private sector does not eliminate state responsibility when things go wrong (as in issues around air traffic and airport safety). Governments at both levels continue to manipulate the tax system to encourage the private sector, and to offer inducements of various kinds for new investment. Governments express deep concern about fostering global competitiveness and to this end strive for partnerships with the private sector. All this is symbolized in the federal-provincial-corporate trade missions abroad. "Team Canada" is a public-private partnership for mutual benefit, and it is also a federal-provincial partnership. Even the sovereignist premier of Quebec puts on the metaphorical team sweater and joins the lineup. The prime minister is the "captain" of Team Canada, but the other players, both premiers and business people, are equally important. And Canadian exporters and investors know full well that it is the presence of the federal and provincial government leaders that gives them additional credibility in swinging deals and signing contracts. Team Canada is a kind of metaphor for a decentred but diffusely embedded state.

There is convincing evidence of the diffusion and multiplicity of power and authority in the global economy, and of the "retreat of the state" from the centre of global governance.[13] While there are a number of forces contributing to this, the revolution in communications brought about by the new information technologies is particularly striking.[14] The new technologies, by abolishing the barriers of space, leap effortlessly across borders, and undermine the old, centralized hierarchies of power. The "network society"[15] spawns new organizational forms: corporations, with their capacity for flexibility and market-responsive behaviour, are better adapted than states for taking advantage of the new opportunities. Capital flows around the globe in cyberspace, while governments remain fixed within antiquated national boundaries. Some have gone so far as to predict a new era of "virtual feudalism" in which private economic forces more or less displace states altogether.[16] The Canadian

state is widely viewed as particularly susceptible to the corrosive pressures of globalization, weakened as it is by internal divisions, and deeply penetrated by foreign ownership and direct investment.

This picture is persuasive, but the extrapolation of the state's retreat into terminal decline is highly exaggerated. Leo Panitch has argued that globalization is to a considerable degree the result of conscious state design.[17] But the effects of globalization have also created a Hobbesian problem of disorder and insecurity that will require cooperative state regulation. In 1998, the Asian financial crisis and the Russian economic meltdown, and the threat of further instability in world markets, have called into serious question the capacity of the existing institutions of neo-liberal global regulation, mainly the International Monetary Fund (IMF) and the World Bank, to control the downward spiral. Leading capitalists like George Soros have raised the need for renewed state regulation and control. To be effective, such a regulatory regime would have to be cooperative on a global scale, but might include various forms of controls over capital flows that would be exercised by individual states. It is of interest that the Canadian government, through federal Finance Minister Paul Martin, have been especially vocal about the need to explore new forms of cooperative regulation.[18]

Environmental degradation is a particularly pressing example of the diseconomies of globalization that will require bringing the state back in. Even the networked, informational economy is engaged in production that is not abstract, but material. Material production and the consumption of resources have environmental consequences, as most of us are only too well aware; and these consequences are often cumulative and very, very costly indeed, and may perhaps even be fatal. A future globe in which all political and regulatory power is effectively dispersed to an evanescent multitude of profit-seeking private parties with short organizational life spans and limited institutional identities, each pursuing the micro-rationality of immediate economic self-interest, is surely a prescription for global environmental degradation on a life-threatening scale: a macro-irrationality of staggering proportions. I suggest that this very gap is already being recognized in the contemporary global political economy, and is actually pushing states, otherwise in retreat, to assert a serious presence in global authority and decision making. Environmental degradation is in no one's interest in the larger sense, even if in the narrow microeconomic sense, profit-seeking activity that produces environmental devastation is "rational." So long as regulation of self-destructive behaviour is universal, so that no one party loses competitive advantage by accepting limitations on its activity in relation to other, unregulated competitors, there is no real loss, only general betterment. This means global regulation.

There exists, however, only one site for effective enforcement of environmental rules, the nation-state; global regulation requires binding agreements among governments — with teeth, which is to say, individual states with the

strength and will to compel private actors within their jurisdictions to comply. Hence, the tentative steps in the 1990s toward state-to-state cooperation to control damage to the ozone layer and greenhouse gas emissions. How well these specific agreements will work in practice is debatable, but the enactment in principle of cooperation among (relatively strong) states in enforcing global environmental rules is likely only the beginning for more such agreements in other areas of common concern and common danger. Contemporary capitalism has the capacity to threaten the global ecological balance — and thus its own security.

There are other forms of global insecurity. Transnational corporations are threatened in their global business dealings by "illegitimate" actors whose operations are themselves global in scope: terrorists, some political, some non-political, who attack corporate executives or hold them to ransom, or threaten the security of corporate investments; transnational organized crime that may be in drug traffic, illegal arms trade, gambling, prostitution, or even in legitimate "front" activities; money laundering as a global financing mechanism for all types of illegal activities; and systematic corruption of vulnerable governments. There are eerie parallels between criminal activities and the global economy. Mafias are organized along networked lines that ignore borders and national jurisdictions, just as transnational corporations tend to operate. They not only utilize the new information technologies to do business, they have restructured their own organizational forms to take advantage of the opportunities of the new technologies: flexibility in seeking out and seizing opportunities, an ability to strike strategic alliances and partnerships and an ability to dissolve these briskly when they no longer serve a purpose. Finally, they have shown considerable capacity to exploit the new technologies for their own purposes through inventive forms of "cyber crime."

The "global criminal economy," embodied in money laundering, has, in Manuel Castells' words, become a "significant and troubling component of global financial flows and stock markets," but "the impact of crime on state institutions and politics is even greater. State sovereignty, already battered by the processes of globalization ... is directly threatened by flexible networks of crime that bypass controls, and assume a level of risk that no other organizations are capable of absorbing."[19] But even if directly threatened, states are made even more necessary than ever, precisely because of the threat. In the face of pervasive transborder threats, which we might call the dark side of globalization, "legitimate" private interests are relatively helpless without the assistance of states and their extensive policing, security and intelligence apparatuses, expertise, and enforcement powers.

As Hobbes lucidly and convincingly argued in the seventeenth century, at the birth of the market, unregulated markets alone could not guarantee fulfilment of contractual obligations, or even security of property. Left to its own devices in the "state of nature" without government, the market is a war of all

against all, where life is "solitary, poor, nasty, brutish, and short."[20] The way out of this dilemma is the social contract, whereby everyone agrees to transfer their power to the sovereign: a common power over all who can impartially enforce contractual obligations and make the market work. Thus the historical conjuncture between the rise of capitalism and the relatively strong nation-state. Today's global economy has freed capitalism from the constraints of the nation-state, and transnational capitalism is making the most of its freedom. But as Hobbes understood, the state not only constrains but protects and enables. Contemporary global economic competition threatens to reproduce some of the conditions of Hobbes' state of nature. Clearly there cannot and will not be any global Leviathan reproducing the terms and conditions of a universalized Hobbesian social contract. The structural conditions for centralized, absolute sovereign authority have slipped away, even at the level of the nation-state, let alone on a global scale. The conditions of global competition will require, if not a global Leviathan, as such, then at least a functional equivalent thereof.

Why should transnational corporations undertake the huge investments in human and material resources required to equip themselves with a capacity that replicates what large states already possess — and at the same time gird themselves for the intimate, perpetual and immensely difficult cooperation with their competitors that would be necessary to run an effective global security operation? Why not instead urge their respective states to cooperate closely on their behalf in policing the emergent global economy, so that they can get on with their primary business, making money? That is precisely what transnational corporations are doing at the end of the twentieth century, and in the process are encouraging a level of strong state activity and strong state cooperation.

This is not to say that states will continue to look like states have looked in the past. Already states are recreating themselves along less overarching and more flexible lines. States, which of course are not all equal, with many weak and a few relatively strong, may become more specialized entities, retaining functions for which they possess a comparative advantage over the private sector, while dropping others altogether or assigning them to the private sector. Nor will states be in any sense stand-alone entities. Rather they, too, will constantly be forming and reforming transnational networks and alliances with other states, with corporations and other private sector actors, and with non-governmental groups and movements.

One area in which states do have a comparative advantage over corporations is in the exercise of coercion. The technologies of surveillance and repression may be developed in the private sector for profit, but they will be deployed and exercised more by states, and by state networks. Whether confronting the perceived security threat of immigrants and refugees to the prosperous West with transnational police cooperation, shared databases and

sophisticated technologies of political control,[21] or with the awesome panoply of surveillance powers from spy satellites to communications intercepts deployed against terrorists or suspected terrorists, cross-border networks of cooperation in coercion are sophisticated and well-developed. These are the kinds of things states and state agencies do rather well, and that they will concentrate upon and specialize in. But they will not do them as ends in themselves, or as means to the pure self-aggrandizement of the state. Rather, the exercise of coercion will be a functional specialization within a complex, networked world. In this context, the Canadian state has a global future, although certainly not as a stand-alone entity.

Another blindspot in the neo-liberal globalization agenda is the idea that market forces will proceed to their ultimate logical conclusion without any effective resistance, on a global scale, of those marginalized and excluded from the benefits. This is quite absurd, and flies in the face of history. Nor is there any reason to imagine, along with the bland theorists of corporate hegemony, that only the capitalist enterprise will be able to grasp and successfully exploit the new organizational forms that the new informational technologies encourage and reward. Networking for resistance is part of a new dialectic of power and ideology that cuts across national boundaries. The *Zapatista* movement in Chiapas province, Mexico is the best known example of an "informational revolutionary" movement, where the Internet has been a weapon of struggle. There are examples closer to home, including the spectacular victory achieved by the Cree of northern Quebec over the Quebec government and Hydro-Québec in the cancellation of the "Great Whale" or James Bay 2 hydroelectric megaproject. The Cree skilfully networked to mobilize international opinion against the project.

Another recent example of networking for resistance is the successful campaign against the Multilateral Agreement on Investment (MAI). This proposed agreement, hammered out in secret by governments under the aegis of the Organization for Economic Cooperation and Development (OECD), would have instituted binding rules on treatment of foreign investors.[22] Everything was proceeding smoothly behind closed doors, until a Canadian public interest advocacy group got its hands on a draft of the agreement. As *The Globe and Mail* describes subsequent events:

> High-powered politicians had reams of statistics and analysis on why a set of international investing rules would make the world a better place. They were no match, however, for a global band of grassroots organizations, which, with little more than computers and access to the Internet, helped derail a deal. Indeed, international negotiations have been transformed after [the] successful rout of the Multilateral Agreement on Investment (MAI) by opposition groups, which — alarmed by the trend toward economic globalization — used some globalization of their own to fight back.[23]

The Canadians, many of whom like Maude Barlow and Tony Clarke, had previously been involved in unsuccessful campaigns against the implementation of the Canada-US Free Trade Agreement of 1989 and the subsequent NAFTA treaty, had learned from the shortcomings of their earlier pre-cyberspace campaigns. This time they linked with online groups in other countries, such as the Malaysian-based Third World Network. Every bit of new information about the secret draft agreement was instantly made available, and critical analysis of the MAI's implications for national governments sped quickly around the globe. Information gathered in one country that might prove embarrassing to a government in another was quickly publicized. Caught in their own secrecy, national governments were crippled in their capacity to respond. Indeed, non-governmental groups became better informed about the details and implications of the MAI than many of the government ministers they were confronting. A global wave of protest engulfed the OECD negotiators, who admitted defeat in early 1998. "'This is the first successful Internet campaign by non-governmental organizations,' said one diplomat involved in the negotiations. 'It's been very effective.'" Having blocked the draft agreement, the same groups are anxious to play a more positive role in the future, to make constructive proposals for what ought to be in trade agreements, for example, rather than simply opposing what government negotiators propose. As Tony Clarke puts it: "We're against this model of economic globalization. But the global village, the idea of coming together and working together, is a great dream."[24]

If the domestic ideological map has become blurred and confused, there are new ideological maps that are being drawn that are transnational. They may be mainly negative in their impact as yet, but even in this form they present the challenge of "negarchy" — the power to negate, limit, or constrain arbitrary power.[25] Less obviously, the growing importance of NGOs and global advocacy networks presents middle-power states like Canada with interesting opportunities for strategic partnerships and alliances. Take, for instance, the case of the worldwide campaign against landmines. A cross-border alliance of non-governmental organizations, utilizing such high-profile media personalities as the late Princess Diana, mobilized world opinion and a group of states of middle-power status, led by Canada, that succeeded in establishing a global treaty against landmines, despite the reluctance, if not the opposition of the United States. It is interesting that Canadian initiatives like this tend to command a high level of domestic support that cuts across both ideological and community divides.

The return of the state onto the global stage is unmistakable, but the political meaning of that return is less clear. Some of the role I have described for states is hardly progressive in an economic or social sense. States, including Canada, will tighten cooperative policing and security on behalf of transnational corporations, just as the coercive power of the national state

was exercised in the past to protect private domestic corporations. Yet this is only part of the story. Dreams of a new global progressive bloc of the Third World and the underprivileged in the West are no doubt unrealistic, or at worst delirious. Yet the diffuse but growing power of "negarchies" does offer some counter-pressures to the demands of capital. When we consider the problems of instability, insecurity, and diseconomies inherent in the global state of nature, we might discern the faint outlines of a kind of potential global Keynesianism.[26] Like the Keynesianism of the postwar era, this will not be a socialist or even social-democratic vision. Rather it will seek to stabilize and sustain the dominant economic and social order. Unlike neo-liberalism, however, it will seek to do so by strategic compromises and concessions to oppositional forces, as the price of order. The alternative may be very dark and threatening indeed: militaristic, authoritarian states employing racism and xenophobia as regime-supports and a slide into war and genocide — in other words, a globalized replay of the experience of interwar Europe. This alternative is so ugly that neo-Keynesianism has much to commend it, both to governments and transnational capital and to oppositional forces. There is a distinct role here for Canada to play as a broker and as a middle-power voice for rational compromise. And it is one that should garner considerable domestic support, strengthening the bonds of national community.

In conclusion, this essay has been highly speculative. When the ground is shifting under our feet, it is often difficult to get our bearings. I hope to have suggested at least some of the directions in which things are moving. Among these is the strong implication that while the Canadian state is changing, change does not mean decline or disappearance.

NOTES

1. The challenges of European union have raised questions of national identity and national sovereignty, nowhere more acutely than in the United Kingdom where widespread "Euroscepticism" is matched by the internal strains of Scottish and Welsh nationalism and the persistent problem of Ulster. Devolution of powers to Scottish and Welsh parliaments, and the intriguing framework in the proposed Northern Irish peace process for Protestant-Catholic cooperative self-government within the context of overlapping Anglo-Irish sovereignties, raise a series of issues in British governance that create eerie parallels to the Canadian experience. This time it is the former colonial state that can offer the lessons of history and experience to the old mother country.
2. Donald V. Smiley, *The Canadian Political Nationality* (Toronto: Methuen, 1967).
3. Reg Whitaker, "Images of the State in Canada," in *The Canadian State: Political Economy and Political Power*, ed. Leo Panitch (Toronto: University of Toronto Press, 1977), pp. 28-70; also, in Reg Whitaker, *A Sovereign Idea: Essays on*

Canada as a Democratic Community (Montreal and Kingston: McGill-Queen's University Press, 1992), pp. 3-45.

4. Reg Whitaker, "Canadian Politics at the End of the Millennium: Old Dreams New Nightmares," in *A Passion for Identity*, ed. David Taras and Beverly Rasporich, 3d ed. (Toronto: ITP Nelson, 1997), pp. 119-38.

5. Harvey Lazar, "Non-Constitutional Renewal: Toward a New Equilibrium in the Federation," in *Canada: the State of the Federation 1997: Non-Constitutional Renewal*, ed. Harvey Lazar (Kingston: Institute of Intergovernmental Relations, Queen's University, 1998), p. 21.

6. George Grant, *Lament For a Nation: the Defeat of Canadian Nationalism* (Toronto: McClelland & Stewart, 1964).

7. Reg Whitaker and Gary Marcuse, *Cold War Canada: The Making of a National Insecurity State, 1945-1957* (Toronto: University of Toronto Press, 1994).

8. Manuel Castells, *The Information Age: Economy, Society and Culture*, vol. 2, *The Power of Identity* (Oxford: Blackwell, 1997), p. 6.

9. By speaking of difference in opposition to universality, I am not supporting the controversial insistence of some liberal analysts that there is an *intention to divide* implicit in identity politics. Indeed, the politics of difference may often reflect a desire for equity, and thus a fuller sharing in the wider community, rather than for separatism, but it is premised upon the *recognition of difference*. See Charles Taylor, *Multiculturalism and the Politics of Recognition* (Princeton, NJ: Princeton University Press, 1992).

10. See Hugh Segal, *Beyond Greed: A Traditional Conservative Confronts Neoconservative Excess* (Toronto: Stoddard, 1997). The increasing incoherence of the Conservative Party is further illustrated by the support of another old "Red" Tory, Dalton Camp, for the bizarre campaign of anti-free trade zealot David Orchard for the party leadership in 1998.

11. Alan Cairns, "The Embedded State: State-Society Relations in Canada," in *State and Society in Canada: Comparative Perspectives*, ed. Keith Banting, Research Studies of the Royal Commission on the Economic Union and Development Prospects for Canada, vol. 31 (Toronto: University of Toronto Press, 1986), pp. 53-86.

12. Jeffrey Simpson, "C'mon, folks, a little common sense," *The Globe and Mail*, 12 August 1998.

13. Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996).

14. Ronald J. Diebert, *Parchment, Printing, and Hypermedia: Communications in World Order Transformation* (New York: Columbia University Press, 1997).

15. Manuel Castells, *The Information Age: Economy, Society and Culture*, vol. 1, *The Rise of the Network Society* (Oxford: Blackwell, 1996).

16. Abbe Mowshowitz, "Virtual Feudalism," in *Beyond Calculation: The Next Fifty Years of Computing*, ed. Peter J. Denning and Robert M. Metcalfe (New York: Springer-Verlag, 1997), pp. 213-31. I have challenged this concept at some length

in Reg Whitaker, *The End of Privacy: How Total Surveillance is Becoming a Reality* (New York: The New Press, 1999), ch. 7.

17. Leo Panitch, "Globalization and the State," *Socialist Register 1994* (London: Merlin Press, 1994).

18. See, for instance, Shawn McCarthy, "Martin Maps Out Plan to Deal with Global Economic Crises," *The Globe and Mail,* 30 September 1998, p. B6.

19. Manuel Castells, *The Information Age*, vol. 3, *End of Millennium* (Oxford: Blackwell, 1998), pp. 201-02.

20. Hobbes, *Leviathan* I:13.

21. This is certainly the case in "Fortress Europe": Michael Spencer, *States of Injustice: A Guide to Human Rights and Civil Liberties in the European Union* (London: Pluto Press, 1995); Tony Bunyan (ed.), *Statewatching the New Europe* (Nottingham: Russell Press, 1993); Steve Wright, *An Appraisal of Technologies for Political Control* (Luxembourg: European Parliament, Directorate General for Research, 1998).

22. Tony Clarke and Maude Barlow, *MAI: The Multilateral Agreement on Investment and the Threat to Canadian Sovereignty* (Toronto: Stoddart, 1997).

23. Madelaine Drohan, "How the Net Killed the MAI: Grassroots Groups Used their own Globalization to Derail Deal," *The Globe and Mail*, 29 April 1998.

24. Ibid.

25. Daniel Deudney, "Binding Powers, Bound States: The Logic and Geopolitics of Negarchy," paper presented at the International Studies Association, Washington, DC, 1994.

26. I am using "Keynesianism" in a generic sense to refer to the idea of a broad cross-class political compromise, not in relation to specific Keynesian fiscal policies, which are now quite outmoded.

3

Two Types of Pluralism in Canada

Avigail Eisenberg

Le fédéralisme et le multiculturalisme représentent deux types de politiques pluralistes dans la mesure où ils visent à distribuer des ressources entre des groupes. Néanmoins, chaque type de pluralisme vise un objet différent. Je soutiens que la distinction entre ces objets a été mal comprise par certains analystes politiques et sociaux. En conséquence, l'interaction entre le fédéralisme et le multiculturalisme a elle aussi été mal comprise. Historiquement, le fédéralisme a été conçu selon une théorie pluraliste visant à limiter la souveraineté de l'État de manière à favoriser la «vie de groupe» à l'intérieur des communautés provinciales. Pour ces premiers pluralistes, c'est dans le contexte du groupe que les individus développaient leur personnalité et que la liberté individuelle était protégée. Au contraire du fédéralisme, le multiculturalisme requiert une intervention étatique plus poussée dans la vie du groupe. Le multiculturalisme vise à améliorer l'égalité sociale en protégeant l'identité du groupe de même que les caractéristiques qui l'informent. La reconnaissance publique des identités est un moyen d'assurer un accès plus équitable aux ressources pour les groupes. L'objectif est donc l'équité entre les groupes et non pas l'autonomie de ceux-ci.

In political analysis, pluralist theories are often employed in discussions about the different ways in which resources can or ought to be distributed to groups. Federalism and multiculturalism[1] are both pluralist policy in the sense that they distribute resources amongst particular groups. Moreover, both types of policies have been historically shaped by pluralist theory. Beyond these features, they have little in common. In fact, their aims are contradictory in some senses. By this, I do not mean to suggest that they are inherently incompatible policies or that they cannot be pursued simultaneously within the same state. However, they have different purposes and, in some cases, impose opposite expectations on the state. In Canada, federalism was historically instituted to limit the authority of the central state, and in so doing, to sustain what pluralists have called "group life," in this case, of provincial communities.[2] In contrast, multiculturalism is meant to advance the social equality of cultural

groups and, to this end, it has required that the state become more rather than less involved in the affairs of ethnic minorities.

The two policies seem to clash when their aims are confused — when federalism is viewed as a means to social equality, or when multiculturalism is interpreted as heightening the autonomy of ethnic minorities — as they often are in Canadian political debates. Moreover, the relation between these policies is apt to be misunderstood as creating a competitive relation between ethnic minorities and national groups unless their aims are accurately understood as distinct from each other. The purpose here is to show that distinguishing between federalism and multiculturalism as different pluralist strategies for preserving group life clarifies the tensions that arise between them and why these tensions arise.

I distinguish between the aims of federalism and multiculturalism by discussing both policies in terms of the pluralist strategies they express. Two types of pluralist strategies are particularly relevant to this discussion. The first type is labeled "pluralism to limit state sovereignty" and is associated with the late-nineteenth- and early twentieth-century ideas of Harold Laski and other British pluralists. It divides resources between groups, first, in order to limit the power that any one group can exert over other groups or individuals and second, to sustain group life. The historical and thematic connections between Laski's pluralist ideas and the ideas that inform Canadian federalism are discussed in the first section.

The second section discusses "pluralism to enhance cultural equality" which includes pluralist theories that aim at distributing resources to cultural groups so that individuals can enjoy similar resources regardless of which cultural group they belong to. This second type is informed by ideas that are well-expressed in the writings of Iris Marion Young and Will Kymlicka. The third section shows that, according to the aims of these theories, the more successful a federal system is at limiting the authority of the central state, the less it is able to enhance the social equality of individuals in that state. Conversely, the more successful multiculturalism is at enhancing social equality, the more it expands state power and thus diminishes the autonomy of the groups that are its direct beneficiaries.

PLURALISM TO LIMIT STATE SOVEREIGNTY

Historically, "pluralism to limit state sovereignty" was developed by British pluralists such as Harold Laski, J.N. Figgis, and G.D.H. Cole who sought to discredit the traditional notions of state sovereignty.[3] The mistake of theorists such as Hobbes, Bodin and Austin, according to Laski, was to believe that the central state was the locus of sovereign power. He proposed instead a more sociallygrounded theory of sovereignty which would better capture where

sovereignty actually lay and could be reconciled with the limitations that the state imposed upon itself or, as Laski put it, the "conditions it dare not attempt to transgress."[4] Laski highlighted the idea that despite how sovereign power is distributed *de jure* in constitutions, *de facto* the state shared, at times competed for, power with various groups. For example, he argued that Catholic dissent had shaped the British state's authority just as defiant trade unions had led the state to reconsider its position on picketing and strikes.[5] Sovereignty had to be viewed as based in the groups through which individuals lived their lives because only this understanding granted individuals the freedom to decide where their loyalties lie and to be true to their complex natures as "bundles of hyphens" with ties to many different groups.[6]

Federalism was the best system to give expression to the nature of individuals and to the liberty needed to preserve it because, in dividing sovereign power between different groups to which the individual simultaneously belongs, federalism allows individuals to partake in meaningful group life in more local communities while minimizing the risk that these local communities will become powerful enough to oppress and dominate the individual in the way that powerful, closely knit communities sometimes do. Laski stated:

> [f]or where the creative impulses of men are given full play, there is bound to be diversity, and diversity provokes, in its presence, a decentralized organization to support it. That is why the secret of liberty is the division of power. But that political system in which a division of power is most securely maintained is a federal system; and, indeed, there is a close connection between the idea of federalism and the idea of liberty.[7]

So close is this connection, that Laski argued that societies were inherently federal in the sense that, whether the state recognized it or not, power, that is, individual loyalty, is in fact distributed amongst various groups. Constitutions such as Canada's, upon which Laski commented and enthused,[8] merely gave legal expression and capacity to this social reality.[9]

Laski's pluralist arguments, which incidentally changed dramatically in the course of his life, were part of "the federalist feeling" that was widespread in Britain in the early part of the century and which helped to shape understandings of Canadian federalism.[10] Pluralists, such as Laski, saw federalism as the means to protect individual liberty in two senses: (i) by dividing state sovereignty so that no one group was powerful enough to dominate any other group or any individual; and (ii) by enhancing the life of groups in which individuals were directly involved, and which expressed, in some ways, their personality and loyalties. The requirement that sovereign power be situated in many diverse groups was bound to the idea that sovereign power was held by individuals. Groups gave expression to the aggregation of individual power and will.[11] At the same time, groups were the context in which individuals developed their personalities. So, federalism's division of power created local

communities that expressed local individual loyalties and in which individuals could meaningfully participate. At the same time, it ensured that no province could entirely dominate an individual's life. Individual loyalty, like individual personality, belonged simultaneously to more than one community: namely, national and provincial communities.

The sort of pluralism for which Laski argued is relevant to Canada in at least two ways. First, as David Schneiderman argues, Laski's arguments may have indirectly shaped the character and history of Canadian federalism through the influence he had over the ideas of his good friend Lord Haldane. Haldane was Lord Chancellor of the Judicial Committee of the Privy Council and is credited in Canada for writing the committee's decisions from 1912 to 1928. These decisions are famous in Canadian federal history for having "shielded provincial authority from the threat of federal domination" by restricting the federal trade and commerce power, narrowing the interpretation of Peace, Order and Good Government, and denying the federal government power to regulate labour relations.[12]

Second, and more generally, Laski's pluralism captures the spirit of federalism in Canada as it was defended by many advocates of provincial rights. Federal-provincial relations from Confederation until approximately World War I are often understood as struggles between rival executives engaged in a zero-sum relation to enhance their own power. This struggle hardly invokes the ideals of group life and individual liberty extolled by Laski's pluralism. However, the principles invoked by those engaged in the debates over provincial rights, in particular the federal use of reservation and disallowance, are similar in two ways to the pluralist ideals that Laski proposed.[13]

First, as in Laski's theory, enhancing provincial rights was understood in the nineteenth and early twentieth centuries primarily as a means to limit the potentially despotic power of the state as wielded in this case by the Dominion executive and the courts. In other words, rather than being struggles between federal and provincial governments, they were often debates about whether to rely on executive or legislative power. According to Richard Risk and Robert Vipond, the provincial rights debates reveal that one of the main distinctions in the nineteenth century between American and Canadian legal culture was that "[f]or Canadian lawyers, the principal threat to individual liberty seemed to come not from tyrannical legislatures but from the arbitrary actions of unaccountable executive authority. In the United States, protecting liberty required placing limits on the power of legislatures. In Canada, protecting liberty meant fostering robust legislatures that would be able to constrain executive power."[14]

Second, decentralized and coordinated federalism was thought by its supporters to express more completely individual personality because it gave more legal standing to the provincial communities to which individuals were loyal and because it ensured that public policy was shaped by the governments of

these more local communities, in which members of that community had some control. Provincial rights advocates argued that individual liberty was best protected by recognizing the sovereign power of the legislature over which individuals had some control. In other words, because the "life" of provincial communities was expressed through responsible government, individual liberty was expressed there as well. Anything that limited the supremacy of provincial governments within their areas of jurisdiction — such as disallowance and reservation — threatened the group life of provincial communities and thereby threatened the individual liberty that responsible government had historically protected.

Risk and Vipond point to these characteristics of the provincial rights advocates in a number of debates and legal cases centred around reservation, disallowance, and individual rights. One case which demonstrates in several ways the point being made here involved the *Rivers and Streams Act*. The Act, passed by the Ontario legislature in 1880, regulated property rights by allowing individuals who had improved the waterways to charge tolls to other users. It was introduced four times in the Ontario legislature and disallowed by the federal government three times, which makes it a clear candidate for the zero-sum explanation of Canadian federal-provincial struggles. However, the debates over this Act reveal the pluralist nuance of the provincialist position. The federal government argued that its use of disallowance was justified because the Act violated the constitutional requirement that government protect individual property rights. The provincial government countered that individual rights belong to the local legislature: "the provincial community assembled in the legislature should determine its own needs. The recourse for a minority was not to invoke some external power, but to involve itself in politics."[15] In other words, by defending local self-government, provincialists viewed themselves as defending individual liberty.

In commenting on this and other cases of a similar sort, Risk and Vipond argue that a deep ambiguity lay in the conflation of questions about individual liberty and jurisdictional autonomy. Local self-government is not an adequate "surrogate for the protection of individual rights,"[16] a fact that Canada eventually accepted with the adoption of the *Charter of Rights and Freedoms*. But this surrogacy was precisely what British pluralists like Laski advocated. The trick for Laski, as for provincial rights advocates, was to find a way of sustaining group life while limiting group power. Individualism and individual rights were widely criticized in idealist and pluralist intellectual circles at the turn of the century for undermining group life and community.[17] Without rights, the only way to limit group power would be, first, to divide sovereignty amongst groups and, second, to adhere to the principle of responsible government that sovereignty ultimately rests in the hands of individual voters. Canadian federalism was designed precisely along these lines. And for this reason it invited

Laski's accolades in 1923, when he described it as "a magnificent piece of decentralization."[18]

In sum, Canada's federal system and Laski's pluralism were motivated by some of the same principles. Both expressed a desire to limit state sovereignty and to locate sovereign power in the groups to which individuals were loyal. Both were committed to sustaining group life. And both viewed the division and fragmentation of sovereign power as a means to protect individual liberty.

As optomistic as Laski was about what federalism could accomplish politically, he also recognized its limitations, particularly in the case of Canada. The Canadian federal system, Laski lamented in the early 1920s, only gave power to *territorial* group life whereas the pluralist principle is meant to give expression to *functional* as well as territorial groups.[19] Power, particularly economic power, is distributed and exerted on a non-territorial basis. Individual loyalty is also distributed to territorial and non-territorial groups. In order to attain economic equality, federalist solutions had to become more creative than the territorial, organized federalism of Canada.[20]

By the 1930s, Laski was probably well aware of the ways in which Canada's territorial federalism imposed formidable obstacles to social equality and specifically to the efforts of federal states to develop social welfare programs. In 1925, Lord Haldane, speaking for the Privy Council, struck down the federal *Industrial Disputes Investigation Act,* the effect of which was to remove from the federal government jurisdiction over labour relations.[21] Over 30 years later, F.R. Scott characterized Haldane's judgement as having created a "legal morass in labour matters from which the country has never recovered."[22]

For Scott, the case revealed a more general problem of federalism, namely its potential as a strategy for government inaction:

> If the subject-matter of legislation is too vast for a province to control ... then an interpretation of the constitution which leaves it to the provinces simply means that no government control of any kind is possible. Private interest, whether of capital or labour, or even of both in collusion, dominates the society, and the public interest tends to get lost in the power struggle.[23]

Scott's assessment nicely captures the first and most obvious of two reasons why pluralism to limit state sovereignty is so ill-suited to enhancing social equality: limiting the sovereignty of the central state in order to allow other groups such as provinces, to enjoy a greater share of the power means fragmenting the financial and administrative resources that might be required to institute redistributive programs. This fact is well-known in Canada as federalism is often cited as an obstacle that the welfare state has had to overcome. For example, given the costs involved, Canada would probably not have socialized health care or social welfare assistance if the development of these policies was left entirely to the provinces, as was intended in 1867. This is not

to say that provinces are generally less interested in instituting social welfare policies. To the contrary, the local particularities and "group life" of Saskatchewan are largely responsible for generating and implementing socialized health care in the first place. As Laski noted, creativity often accompanies diversity. But creativity is only one of many resources needed to develop social welfare programs. Even without Saskatchewan's Cooperative Commonwealth Federation (CCF) government, Canadians might now be enjoying socialized health care; but it is highly unlikely that the level of health care available to Canadians today would be as widely accessible had the federal government stayed out of this area of provincial jurisdiction.

Another illustration of Scott's point — that protecting the "group life" of provincial communities is sometimes a means to government inaction, or in this case, of diminished government involvement in social welfare programs — is a recent proposal to devolve power over employment insurance (EI) to the provinces. In defending one such restructuring proposal, Gordon Gibson argues that "if the provinces ran the EI program, they could have never afforded the economic distortions that [it] eventually brought us to today."[24] Yet, according to this logic, if the provinces had jurisdiction over EI, they could never have afforded a generous and broad program regardless of whether such a program led to economic distortions or not. Here, the tail wags the dog. A central attraction of Gibson's proposal from a provincialist point of view is that it shrinks considerably the resources required to govern employment, but unsurprisingly, it does this by circumscribing the aims of the program. In doing so, it is clearly better suited to the capabilities of provinces, such as British Columbia, to fund and administer it, as Gibson points out. Yet, surely the more important question is whether it is better suited to the needs of Canada's labour force. My point here is not to dispute the wisdom of decentralizing EI. In fact, decentralizing EI might be a better way of responding to regionally diverse labour forces in Canada.[25] The proposal to decentralize ought to be examined in terms that emphasize what best suits the labour force rather than what best fits a decentralist's agenda.

The second obstacle that pluralism to limit state sovereignty erects against the pursuit of social equality is that it may fragment the social cohesiveness of the broader community by enhancing group life and empowering group loyalties at a subnational, provincial level. This may undermine the success of redistributive programs because such programs work best when individuals are motivated to share their wealth. Individuals are more likely to be thus motivated if they feel part of the same community. One virtue of nationalism is that, when combined with the state's political framework, national solidarity is highly effective at motivating and directing collective action, including collective action of the sort required to redistribute wealth. According to David Miller, "[t]rust requires solidarity not merely within groups but across them,

and this in turn depends upon a common identification of the kind that nationality alone can provide."[26] Concerted and cohesive national power, which is needed in order to advance social justice, is precisely the target of a federal system whose purpose is to limit the sovereignty of the central state in order to enhance the group life of provincial communities. Although national redistributive programs are not unworkable within such states, they are often considered either less efficient or less comprehensive than programs in nationally cohesive states.[27]

Canada's solution to this potential lack of motivation and inefficiency is to entrench in the constitution a system of equalization. In other words, in place of a communally-based motivation to share, Canada's success relies on interprovincial agreements and carefully worked-out constitutional trade-offs that display, for each provincial community, how such programs are fair to them. The need to entrench constitutionally the principle of equalization is some indication of the fragility of a motivation to redistribute wealth nationwide. Moreover, despite constitutional guarantees, this fragility reemerges every time a province views itself as more of a donor to, than a recipient of, the benefits of social programs. In this regard, Gérald Bernier and David Irwin observe that "[t]he citizens of rich provinces, suffering from the effects of the crisis in public finances, will believe they have contributed too much to the welfare of other provinces."[28] Jennifer Smith succinctly offers the same observation: "it is hard ... to square autonomy with dependency on equalization payments."[29] The more that provincial "group life" engages individual loyalties, the more the need arises to institutionalize the obligation to share across the country.

In sum, as a pluralist strategy to limit state sovereignty, federalism in Canada has had two aims: to protect individuals and groups from one all-powerful state; and to sustain the group life of provincial communities to which individuals are loyal and in which individual personality is partly developed. Provincial rights advocates viewed federalism similarly as a means to check the potentially despotic power of the state by empowering provincial legislatures and, through an increased reliance on responsible government, to protect individual liberty. But as a strategy to secure liberty in these ways, federalism is evidently a poor way to enhance social equality. Notwithstanding Laski's arguments for a federalism of functional as well as territorial groups, insofar as pluralism to limit state sovereignty aims at preserving group life by engaging individual loyalties to subnational groups and by dividing up administrative and financial resources amongst different groups, it establishes serious obstacles to large-scale redistributive programs. This observation motivated Laski to find pluralist means to social equality that were more effective than territorial federalism. It is further borne out by the noted effects of Haldane's judgements on social equality and by the implicit aims of some current proposals to decentralize social welfare programs.

PLURALISM FOR CULTURAL EQUALITY

The aim of the second type of pluralism is to enhance the equality of cultural groups. This type of pluralism and the multicultural policies by which it is expressed are unlike pluralism to limit state sovereignty largely because the groups upon which it focuses are cultural rather than territorial ones and because it does not confer autonomy on the groups to which it applies. One claim made here is that multiculturalism distributes resources to cultural groups for reasons entirely different from those of federalism and that critics of multiculturalism often fail to realize this difference. A second claim made here is that multiculturalism appears to conflict with federalism not because it introduces still more groups that desire autonomy from the central (or provincial) state, but because federal and provincial governments have an incentive to compete for jurisdiction over the sort of programs that comprise multiculturalism in order to direct the integration of cultural groups into provincial societies. This competition only makes sense, I argue, because multiculturalism confers power on governments — not on cultural groups.

The origins of pluralism to enhance cultural equality are difficult to place partly because in the past pluralist theories have been more apt to show that when societies distinguish between social or cultural groups in law or public policy they reinforce social inequality rather than alleviate it. In distinguishing between plural societies such as Indonesia and societies with "plural features" such as Canada, J.S. Furnivall observed that plural societies often contain a division of labour along cultural lines with some cultures dominating others.[30] Furnivall and M.G. Smith,[31] who wrote 30 years later, both concluded not only that cultural membership helped to determine one's economic and social status in plural societies but, more disturbingly, that the cultural domination of one group was essential in order to hold plural societies together.[32]

Differentiating people on the basis of culture is certainly no indication of an intention to enhance social equality. Apartheid in South Africa, Indian reservations in Canada and the United States, and segregation in the American South are all ways in which majorities have protected their advantages by distinguishing between people on the basis of culture or race. In the postwar period, these and other similar examples served to strengthen the civil rights approach to equality which required laws and institutions to be blind to differences in race, culture, and gender.

The origins of pluralism to enhance cultural equality, which is sometimes called the "new pluralism,"[33] are found in the critique of the postwar interpretation of equality. This critique, which began to develop in the 1960s and 1970s, targeted the inadequacies of interpretations of equality that required all individuals to be treated identically. Contemporary interpretations of social

equality and specifically of cultural equality, rest largely on this critique. Therefore, understanding this critique is required in order to understand the sort of aims and strategies that have been employed to enhance cultural equality through pluralism. Three components of the critique are outlined below. This is followed by an explanation of how multiculturalism expresses these components.

THE CRITIQUE'S COMPONENTS:

THE SIGNIFICANCE OF DIFFERENCE

Advocates of the so-called "politics of difference"[34] argue that equality has been interpreted in a way that speaks to interests which are more often those of men than women and are usually the interests of cultural majorities rather than minorities. Iris Marion Young argues that the welfare state fails to address pervasive inequalities between men and women and between different cultural and racial groups because it views power in terms of possessions to redistribute rather than relations to restructure. She claims, for instance, that by focusing on the distribution of money, the welfare state avoids asking questions about which groups have decision-making power and which do not, about how labour is divided between men and women and stratified according to cultural groups, and about the ways in which institutions favour the values, lifestyles, and choices typical of one cultural group, of heterosexuals and of men.[35] The chief engine for achieving social justice in western nation-states, namely social welfare programs, fails to address all sorts of injustice that, when left unchecked, contributes to the oppression, exploitation, and marginalization of various groups in society.

The neglect of group difference can have profound implications for ensuring equity through social programs. A good illustration of this is found in health-care policy where cutbacks have different impacts, particularly on men and women. For instance, using home care to take pressure off hospital services has a disproportionately greater effect on women than on men because women are typically the caregivers in most homes in Canada.[36] Despite the fact that health-care systems such as Canada's, aim at ensuring equal access to health-care facilities for all individuals, they fail to address, and indeed might obscure, the reasons why better facilities are available for some types of illnesses than for others or why certain groups, particularly the poor, experience more illness than others. Although an equal number of "health-care dollars" might be allocated to each citizen, the maldistribution of burdens and benefits resulting from cutbacks and broader health-related policies distinguish women from men and certain cultural minorities from the majority. According to Young, these issues arise because of sexism and racism that is structural

to the social system and that reinforces the fact that women and certain cultural minorities are more likely to be powerless, marginalized, exploited, and poor. Universal access to health care does not address these divisions.

If institutions, structures, attitudes, and values contain biases that privilege characteristics typical of some cultures but not others, then applying the norms of society to all people in the same way will merely perpetuate the disadvantages they face — and to make matters worse, will do so in the name of advancing equal treatment. Those who advocate a politics of difference argue that public policies must abandon the idea that equality always requires identical treatment and instead address the ways in which the social needs of groups differ. A central means to eliminate disadvantage born out of difference is through affirmative action which Young argues is a primary means to eliminate gender and cultural stratification in all decision-making institutions, including elected legislatures.[37]

THE IMPORTANCE OF CULTURAL CONTEXT

Will Kymlicka also argues that the postwar conception of what is to count as a resource might leave untouched a cultural imbalance of power that violates the individual's right to equality. Kymlicka argues that a secure cultural context must be treated as a resource that plays a crucial role in facilitating individual well-being. To understand our culture, its history, traditions and conventions "is a precondition of making intelligent judgements about how to lead our lives."[38] Cultural minorities, especially those that speak a different language from the majority, may be disadvantaged because, as a minority group, their cultural narrative does not define public life, is not taught in the schools and does not inform the practices, conventions, and traditions of public institutions. They may have an impoverished or insecure cultural context of choice with which to deliberate about their lives. The cultural cues written into literature, institutions, social practices, public holidays, etc. are cues for some other culture with a different history. As it stands, if we were to count the ready availability of a rich and secure cultural context amongst the sort of resources that ought to be equalized in a liberal society, individuals who are members of minorities have access to fewer of such resources than do members of the majority. According to Kymlicka, the principle of individual equality requires that individuals have equal access to a secure cultural context on which they can draw in making decisions about their lives and making sense of their world.

Two different methods ensure access to a rich cultural context. The first method is group rights that legally protect a group or an aspect of a group's culture from the majoritarian influences that would otherwise prevail over public life. For example, the constitutional protections for the French language

in Canada are designed to shield French speakers from at least some of the pressures exerted by a North American, English-language majority. Similarly, rights for the anglophone minority in Quebec are a means of protecting anglophones from the pressure to communicate in French that other minorities in the province experience. These rights are part of a broader commitment to protect both English and French cultural contexts in Canada so that individuals from either cultural tradition are not disadvantaged in the sense of having a less secure cultural context on which to draw.

A second method by which the commitment to equality can be met is by providing minority cultural groups with access to the mainstream cultural context(s). According to Kymlicka, the state's commitment to ensure equality need not entail a commitment to provide access to each individual's *indigenous* cultural context. Individuals who voluntarily immigrate from one country to another incur the obligation of familiarizing themselves with a new cultural context.[39] The state that receives immigrants is obligated to institute policies that allow integration to occur fairly and expeditiously. Integration is made possible by policies that lower the barriers experienced by cultural minorities to participate fully in public life, that actively include minority groups in public life, and that provide cultural minorities with the means, usually the education and language training, required to understand the cultural cues of the majority. In helping to provide each individual with access to a secure cultural context, these policies enhance equality.

THE NEED FOR RECOGNITION

Finally, the need for recognition follows from the observation that the cultural values of majority groups may have to be altered because they are inhospitable and sometimes demeaning to other cultural groups. Edward Said's arguments about culture, imperialism and literature illustrate this problem well.[40] Said argues that because culture develops in relational terms, literary works that explore the cultural character of one group do so by juxtaposing it to the character of another. Western culture is built upon the construction of other cultures with whom westerners have had contact. Historically, the self-image of westerners as colonizers and civilizers of the "unexplored" and "savage" world, relied upon the construction of non-western cultures — "Orientals," Africans, Asians and Aboriginal peoples — as "the other": savage and childlike, in need of "our" governing hand and civilization.[41] These constructions, though part of the cultural context from which westerners draw cues in making sense of and deliberating about their lives, are racist and exclusive. Asian, African, and Middle Eastern students who read the "great works" of the West without a critical eye toward these cultural constructions, find reflected, at least in the western canon, distorting and disempowering images of their cultural group as the conquered, the childlike, and the savage.

In order to ensure that cultural resources are accessible equally to all individuals, liberal states must assess the substance of their culture, including the nature of their literary canon, educational curricula, public traditions, and practices. According to Charles Taylor, societies that are committed to treating minorities equally ought to recognize formally their membership and contribution and ought to promote a commitment to diversity.[42] By doing so, liberal states help to counteract those historic aspects of their culture which are exclusive and preclude diversity.

In sum, the theoretical basis for cultural pluralism to enhance equality rests on three arguments for realizing equality. First, equality requires that the biases, which are built into institutions and structures of societies, be eliminated. Identical treatment cannot eliminate these biases. Therefore, equality requires the accommodation of differences. Second, because cultural context is a resource that plays a crucial role in facilitating individual well-being, individuals ought to have equal access to a secure cultural context. This may require policies that teach cultural minorities to understand the cultural context of the majority. And third, equality requires a critical re-reading of cultural self-understandings in order to eliminate the ways in which we have understood ourselves by demeaning others. This requires changing the majority culture as well as counterbalancing its biases by explicitly recognizing the identities and contributions of the communities outside the mainstream.

EQUALITY AND CANADA'S MULTICULTURALISM

Each of these arguments for cultural equality is reflected in Canada's multicultural policies. The approaches adopted in Canada to enhancing the equality of cultural groups (other than the founding cultures) are based on four types of policies: (i) anti-discrimination legislation; (ii) official multiculturalism; (iii) employment equity; and (iv) language training and cultural education. With the possible exception of anti-discrimination legislation, each policy distributes resources to cultural minorities as a means to enhance their equality. And all of them, again with the possible exception of the first one, implement the central ideas of the arguments for difference, cultural context, and recognition.

Anti-Discrimination Legislation. Anti-discrimination legislation is an exception here because, until the 1980s it promoted the notion of equality as identical treatment. From World War II until the 1970s, anti-discrimination legislation was the primary means to protect cultural equality. In 1944, Ontario was the first province to pass anti-discrimination legislation.[43] By the 1970s, all provinces and the federal government had passed human rights acts. One purpose of this legislation was to eliminate discrimination in order to help integrate cultural minorities.[44] In this way, even though human rights legislation was

not designed to distribute resources *to* cultural minorities, it aided integration, for example, by removing the majority's power to run businesses in ways that discriminated against minorities. In this sense, it redistributed resources.

Official Multiculturalism. The significance of cultural difference and the importance of recognition became central parts of government policy in the 1970s through the policy of official multiculturalism. The policy statement introduced by the Trudeau government in 1971, which became the *Multiculturalism Act*, and the entrenchment of section 27 in the *Charter of Rights and Freedoms* intentionally raised the exposure of Canadian ethnic diversity and attempted to redesign Canadian culture to suit its culturally pluralistic reality. The *Multiculturalism Act* was explicit about this goal. One of the four pledges made by the federal government in 1971 was to "promote creative encounters and interchange among all Canadian cultural groups in the interests of national unity."[45] The government carried out this pledge by incorporating multiculturalism into the federal policy-making process: establishing a minister of state responsible for multiculturalism in 1972, a Multicultural Council to advise the minister in 1973, a Multiculturalism Directorate within the Department of the Secretary of State which, in turn, funded research, activities, and projects by and about ethnic minorities in Canada and which engaged in liaison activities with minority ethnic communities.[46] Throughout the 1970s, numerous programs were funded, advisory boards established, and conferences held to further multiculturalism. In addition, federal agencies responsible for film, museums, libraries and archives, radio, and television promoted cultural diversity.[47] The1988 Act explicitly employed the language of recognition and difference: the government was committed to "foster the recognition and appreciation of the diverse cultures of Canadian society..." and to ensure "that all individuals receive equal treatment and equal protection under the law, while respecting and valuing their diversity."

Employment Equity. The third type of policy, affirmative action, distributes resources to cultural minorities by increasing the employment and advancement opportunities of individuals who belong to visible minorities. The principle of affirmative action, "to ameliorate disadvantage," was incorporated into the constitutional guarantees for equality entrenched in the Charter and have since been interpreted by the Supreme Court of Canada as informing the protection of equality found in all provincial human rights legislation, regardless of whether or not the provincial codes explicitly acknowledge this.[48] In 1986 the federal government instituted the *Employment Equity Act*[49] and the Contractors Program. The Act requires that employers compile evidence of their reasonable efforts to hire women, visible minorities, individuals with disabilities, and Aboriginal peoples. The Contractors Program gives preference in awarding federal contracts to companies that meet the federal standards of gender and cultural diversity.

Language Training and Cultural Education. Finally, Canada's multiculturalism has been devoted to improving the access of cultural minorities to the mainstream cultures through language training, educational programs, settlement services, and counseling centres. English/French as a Second Language (ESL/FSL) training has been a central component of multiculturalism from the start to which a large percentage of program-funding is devoted. However, programs were also funded to help cultural minorities preserve their own languages and traditions. In other words, the strategy of multiculturalism was not simply to open the door for cultural minorities to French and English culture. Rather, the goal was to integrate cultural minorities by allowing them to feel comfortable with their own cultural backgrounds in Canadian public life.[50] As Will Kymlicka puts it, multiculturalism "has made the possession of an ethnic identity an acceptable, even normal, part of life in the mainstream society."[51] By doing so, it has equalized the access individuals have to a secure cultural context.

In sum, the general aim of multiculturalism in Canada, as guided by the four types of policy discussed above, is to enhance the equality of cultural minorities primarily by lowering the barriers to integration. This is done through anti-discrimination legislation, by changing Canadian culture through the official recognition of the culturally pluralistic dimension of Canadian life, by accelerating the inclusion of cultural minorities into public life through employment equity programs, and by providing cultural minorities with the language training and education they need to have access to the mainstream culture.

The key accomplishment of this second type of pluralism is that it enhances equality by improving the access of cultural minorities to the resources that majorities have access to and it does so by integrating cultural minorities and majorities. According to evidence compiled by Kymlicka, Reitz and Breton,[52] and Harles,[53] the overall effect of multiculturalism has been to improve the rate of the integration of immigrants from cultural minorities into Canadian society. Compared to other countries Canada experiences relatively low levels of segregation in housing and education, only moderate ethnic inequality in income and earnings, and similar cultural participation rates across the labour market and in unions.[54] Kymlicka shows that, with respect to naturalization, political participation, and official language acquisition, immigrants are more integrated today than they were before multiculturalism was instituted.[55] Polling of the majority cultures has generally shown that cultural "acceptance, tolerance, and mutual understanding has ... increased over time."[56] Survey studies also confirm that multiculturalism eases the transition of immigrants, who then become devoted to Canada and eager to identify with the political community and the government of that community.[57]

As with the first type of pluralism examined, one of the questions considered here is how the goals of this type of pluralism limit what it is able to

accomplish. The most significant limitation is that enhancing cultural equality involves the state extensively in the affairs of cultural groups. Distributing resources is, after all, a large part of what it means to be a self-directed community. When the state manages this function through socialized health care, education, and social assistance, as well as through the four types of policies associated with Canadian multiculturalism, it performs functions traditionally fulfilled by families, neighbours, churches, and other associations indigenous to cultural communities. The second type of pluralism enlarges the scope of the state's power over cultural groups through, for example, language and acculturation programs, human rights education, employment opportunities, and state-funded and organized cultural events. In doing so, it interferes significantly with the autonomous development of group life for which Laski treasured pluralism.

Whereas enhancing group life, in the way Laski imagined, requires that state power over groups is minimal, most means of redistributing resources will have the effect of increasing the power of the state over groups. Groups that are not self-sufficient, as most groups are not, are unlikely to be entirely self-directed. In this way, the welfare state loosens the bonds between cultural and religious groups and their members.[58] A similar process occurs with respect to redistributing resources to cultural groups in order to enhance social equality. The incorporation of difference into public institutions, for instance, through employment equity means that differences will shape the public as well as be shaped by the public.

A good example of this is the official recognition of minority groups through the constitution. During the Charlottetown negotiations, the federal government proposed to include a "Canada Clause" which would recognize the significant features and groups of Canada. The clause made explicit mention of the parliamentary tradition, individual and collective rights, Aboriginal peoples, French and British Canadians, men, women, and the multicultural character of the country. It failed to mention people with disabilities. When asked to justify this omission, the minister of constitutional affairs, Joe Clark, explained that they had forgotten to include disabled people because people with disabilities were not at the negotiating table.

The problem with Clark's explanation is not simply a matter of "out of sight, out of mind." The Canada Clause was primarily a symbolic means of recognition offered to groups by the Canadian state. Groups expended their resources vying for this form of recognition even though being named in the clause was only remotely tied to improving the well-being of group members. The politics surrounding who was in the clause and who was not illustrates that the more the state becomes involved in the recognition and regulation of ethnic minorities, the more groups craft their interests and even their identities in terms of categories to which the state is likely to respond. Cultural recognition places power in the hands of those who do the "recognizing,"

which, in the case of multiculturalism, means in the hands of the mainstream and the Canadian state.

My intention in pointing to this drawback is not to argue that, on balance, enhancing equality of cultural groups is not worthwhile for those groups or that it ought not to be pursued. Rather, my point is that, like the first sort of pluralism, in which group life was secured at the cost of raising obstacles to social equality, the second type involves a trade-off. In this case, social equality is exchanged for group autonomy. This trade-off is rarely acknowledged either by advocates or critics of multiculturalism to the detriment of our understanding of multiculturalism.

A common assumption about multiculturalism is that it increases rather than decreases the autonomy of groups. For example, Kymlicka begins his book by quoting from Richard Gwyn who argued in 1995 that "official multiculturalism encourages apartheid, or to be a bit less harsh, ghettoism."[59] The analogy of a ghetto or cultural separateness has also been used by Neil Bissoondath, R.W. Bibby, and Arthur Schlesinger. It implies that resources are distributed to cultural groups to use as they please, and furthermore, that they have chosen to live their lives separately from the mainstream rather than integrating into it; that multiculturalism gives to minority groups cultural autonomy within Canada. The concern raised by critics is that, because multiculturalism distributes resources to cultural minorities, it enhances the group life of minorities (at the taxpayers' expense) and prevents them from integrating into Canadian society. Advocates of multiculturalism have inadvertently contributed to this line of criticism by defending the strategy, as did the formal federal secretary for multiculturalism, Sheila Finestone, by emphasizing that in Canada "[o]ne can choose how one wants to live."[60]

This line of argument is entirely inconsistent with the aims and outcomes of the pluralism that has shaped Canada's multiculturalism and the critique of equality that has shaped this second type of pluralism. Multiculturalism, and the pluralism that it reflects, distributes to cultural minorities certain types of resources to be used in specific state-directed ways. As a policy by which the state manages cultural diversity, its terms are largely controlled by the state. Consequently, the groups that hope to benefit from the policy are also partly controlled by the state.

A consequence of misinterpreting multiculturalism as a means to enhance the autonomy of cultural groups is that doing so implies that a conflict between federalism and multiculturalism is owing to a potential competition between these two systems as strategies to enhance the autonomy of groups. The only difference between them appears to be the type of groups that advocates of each system favour; advocates of a stronger and more decentralized federalism favour provincial communities whereas advocates of multiculturalism favour cultural minorities regardless of whether they are territorial or not. If both systems are viewed as a means to group autonomy, then

their conflict must be owing to differing views about which type of groups ought to enjoy autonomy in Canadian society.

But this is not what the conflict is about. Federalism and multiculturalism clash for two reasons. First, there may be a struggle between the federal and provincial governments over which level of jurisdiction ought to make the policies that manage the cultural pluralism to which multiculturalism responds. The desire by provinces to have jurisdiction over shaping multicultural policies only makes sense because of the power multiculturalism gives the province to direct the integration of cultural minorities. In other words, the concern is not that strongly autonomous cultural groups will compete with the provinces for the loyalty of individual Canadians. Rather, provinces, particularly Quebec, are concerned that multiculturalism is a means whereby cultural groups become integrated into federal not provincial society. For this reason they are inclined to be just as generous as the federal government in developing and funding multiculturalism — an inclination they would not have if multiculturalism empowered cultural groups to compete with provinces for individual loyalty.

Second, the mistake of viewing both multiculturalism and federalism as means to group autonomy is that this leads one to misunderstand the complex trade-offs involved when a group wants the benefits of both types of pluralism. A group that wants both autonomy from the central state and cultural equality, such as Aboriginal people and the Québécois, may be caught in a crossfire created by the drawbacks of each type of pluralism. Strategies that enhance equality, like multiculturalism, impinge on self-sufficiency and group autonomy. Strategies that enhance group autonomy, such as self-government or secession, impede access to the financial, administrative, and motivational resources of the central state that might be needed to establish or enjoy large-scale social programs.

In sum, multiculturalism, I have argued, is a means to integrate cultural minorities and majorities. The policies that contribute to this goal include anti-discrimination legislation, official multiculturalism, employment equity, and language and cultural education. The notion of equality upon which these policies are based is informed by the significance of difference, the importance of cultural context, and the need for recognition. Multiculturalism is not a means to group autonomy despite the fact that it accords to cultural groups certain types of resources. Its primary purpose, and the purpose of the pluralist idea that has helped to shape it, is to enhance the equality of cultural groups by improving their access to the resources that majorities have access to. It does this by integrating cultural minorities and majorities. This fact is often misunderstood by critics and advocates of multiculturalism alike. Moreover, one consequence of misunderstanding multiculturalism is that it leads to misunderstanding the relation between multiculturalism and federalism as a competition between provincial and cultural communities and a mispercep-

tion of the trade-offs involved and the choices that must be made by groups that seek both autonomous "group life" and cultural equality.

CONCLUSION

Canadians may "connect" best through the policies and programs that appear to divide and distinguish them, such as federalism and multiculturalism. One purpose of this chapter is to explain why this might be the case. Historically, "pluralism to limit state sovereignty," which informs federalism, was viewed as a means to enhance the group life of provincial communities. The development of individual personality required a social context, such as a provincial community, in which individuals could have some measure of control over governments that were more closely accountable to them. Individual liberty was developed and expressed through the development of these local communities. Federalism facilitated the "group life" of these communities while, at the same time, dividing sovereign power between federal and provincial states and thus ensuring that different levels of the government would check each other's tendencies to dominate and oppress individuals or communities. Federalism was a means of striking the balance between empowering communities and checking their tyrannical tendencies. Thus, according to Laski, individual liberty is secured by federalism.

The second type of pluralism, "pluralism to enhance cultural equality," is not directed as sustaining the group life of cultural groups by granting them autonomy. Rather, its key purpose is to redistribute resources in a way that ensures that cultural minorities have equal access to the resources that majorities have access to. In this sense, it is also a powerful means to connect Canadians.

The aim here has been to show how these connections are inevitably accompanied by drawbacks. I have argued that the more federalism succeeds at enhancing the group life of provincial communities, for instance, through policies that decentralize powers to provincial governments, the more it erects obstacles to social equality. Notwithstanding the fact that provincial governments are better informed about the sort of programs that are needed in their communities, the establishment of large-scale social programs is impeded by the fragmentation of administrative and financial resources and by the fragmentation of individual loyalties and their attachment to provincial rather than national communities. This fragmentation helps to define the purposes of pluralism to limit state sovereignty.

In the case of multiculturalism, its success at ensuring that cultural minorities have access to the same resources as the majority undermines the ability of these groups to enjoy the autonomous group life extolled by the first type of pluralism. Multiculturalism is about integration, not about autonomous

group life. This fact is largely misunderstood in political and social analysis and as a result so is the complex interaction between federalism and multiculturalism.

NOTES

My thanks to Claire Hunter, David Schneiderman and the anonymous reviewers for helping to clarify the arguments in this chapter. Imperfections remain despite their good advice.

1. Here, I use the term multiculturalism in a manner consistent with how it is used in many philosophical and sociological analyses, as a strategy for managing cultural pluralism. The term includes reference to multicultural programs and policies aimed at protecting the identity-related interests of ethnic minorities. Moreover, it is consistent with policies such as the *Multiculturalism Acts*, 1971 and 1988 in that it is not intended to apply to indigenous peoples or to groups that are considered founding nations, such as French and British Canadians. In order to avoid confusion, the term "cultural pluralism" will be used to refer to the sociological reality that many cultures (indigenous, non-indigenous, founding, non-founding) co-exist in the same state. For a similar use of the term multiculturalism, see Augie Fleras and Jean Leonard Elliot, *Multiculturalism in Canada* (Toronto: Nelson, 1992); and Will Kymlicka, *Finding Our Way: Rethinking Ethnocultural Relations in Canada* (Toronto: Oxford University Press, 1998).
2. The term "group life" refers to the shared experiences of individuals within a group. Individuals share experiences within many sorts of groups, of which communities (e.g., nations, provinces, municipalities and neighbourhoods) are amongst the most important today. But pluralists such as Harold Laski and Arthur Bentley were interested in all sorts of groups, including territorial communities, guilds, unions, and interest groups. They recognized that not all groups were communities, but, as I explain below, considered all sorts of group life to be crucial to individual liberty and development. For a discussion of the pluralist theories of Laski and Bentley, see Avigail Eisenberg, *Reconstructing Political Pluralism* (Albany, NY: State University of New York Press, 1995), ch. 3 and 4.
3. See Ernest Barker, "The Discredited State," *The Political Quarterly* 5 (1915): 101-21.
4. Harold Laski, *Foundations of Sovereignty and Other Essays* (New York: Harcourt Brace and Co., 1921), p. 22.
5. Harold Laski, *Studies in the Problem of Sovereignty* (New Haven: Yale University Press, 1917), pp. 136-37.
6. Laski, *Foundations of Sovereignty*, p. 170.
7. Ibid., pp. 86-87. Also see H.J. Laski, *Authority in the Modern State* (New Haven: Yale University Press, 1919), p. 90.
8. H.J. Laski, "Canada's Constitution," *The New Republic* 35 (4 July 1923). This reference is drawn from David Schneiderman's interesting analysis of Laski's

views on federalism and their connection to Canada in "Harold Laski, Viscount Haldane, and the Law of the Canadian Constitution in the Early Twentieth Century," *University of Toronto Law Journal* 48, 4 (Fall 1998): 76, fn 74.

9. See Laski, *Authority in the Modern State*, p. 74; H.J. Laski, *A Grammar of Politics*, 5th ed. (London: George Allen & Unwin, 1948), pp. 59 and 471.

10. Schneiderman, "Harold Laski, Viscount Haldane, and the Law of the Canadian Constitution in the Early Twentieth Century," p. 71.

11. For a short time in his career, Laski adopted the notion that groups had personalities separate from those of their members and worthy of distinct legal protection. Other pluralists, in particular G.D.H. Cole, were adamantly opposed to this aspect of pluralist theory. Laski's interest in the notion seemed to dissipate quickly: having endorsed the notion of group personality in 1916, he is unwilling to defend it in 1925. See Eisenberg, *Reconstructing Political Pluralism*, pp. 75-76, including fn 64.

12. Schneiderman, "Harold Laski, Viscount Haldane, and the Law of the Canadian Constitution in the Early Twentieth Century," p. 64.

13. Notwithstanding any similarities, Laski's arguments for pluralism, which he wrote in the 1910s and 1920s, and the arguments of late nineteenth-century provincial rights advocates were made in two significantly different historical periods. The connection between these ideas is based on the fact that some of the issues about sovereignty and group life, which I mention here, were common to both periods.

14. Richard Risk and Robert C. Vipond, "Rights Talk in Canada in the Late Nineteenth Century: 'The Good Sense and Right Feeling of the People'," *Law and History Review* 14, 1 (Spring 1996): 15.

15. Ibid., p. 9.

16. Ibid., p. 20.

17. Eisenberg, *Reconstructing Political Pluralism*, pp. 63-68.

18. As quoted in Schneiderman, "Harold Laski, Viscount Haldane, and the Law of the Canadian Constitution in the Early Twentieth Century," p. 91.

19. Ibid., pp. 76-78.

20. See ibid., p. 76, fn 74.

21. *Toronto Electric Commissioners v. Snider* (1925 A.C. 396).

22. F.R. Scott (ed.), "Federal Jurisdiction over Labour Relations: A New Look" (1959) in *Essays on the Constitution: Aspects of Canadian Law and Politics* (Toronto and Buffalo: University of Toronto Press, 1977), p. 336.

23. Ibid., p. 345.

24. Gordon Gibson, "Renewing the Federation: Section 4," http://www.pdalliance.bc.ca/index2.html.

25. On this question, see John Richards, *Retooling the Welfare State* (Toronto: C.D. Howe Institute, 1997), p. 247.

26. David Miller, *On Nationality* (Oxford: Clarendon, 1995), p. 140.

27. See Keith Banting, *The Welfare State and Canadian Federalism*, 2d ed. (Montreal and Kingston: McGill-Queen's University Press, 1987); S. Gould and J. Palmer, "Outcomes, Interpretations, and Policy," in *The Vulnerable*, ed. J. Palmer, T. Smeeding and B. Torrey (Washington, DC: The Urban Institute Press, 1988), pp. 426-27; David Miller, *Market, State and Community* (Oxford: Oxford University Press, 1989), p. 284; Richards, *Retooling the Welfare State*, p. 278.
28. Gérald Bernier and David Irwin, "Fiscal Federalism: The Politics of Intergovernmental Transfers," in *New Trends in Canadian Federalism*, ed. François Rocher and Miriam Smith (Peterborough, Ont.: Broadview Press, 1995), p. 272.
29. Jennifer Smith, "The Meaning of Provincial Equality in Canadian Federalism," *Working Paper* 1998 (1) (Kingston: Institute of Intergovernmental Relations, Queen's University, 1998), p. 17.
30. J.S. Furnivall, *Colonial Policy and Practice* (New York: New York University Press, 1948), p. 305.
31. M.G. Smith, *A Plural Society in the British West Indies* (Berkeley and Los Angeles: University of California Press, 1975).
32. Leo Kuper, "Plural Societies: Perspectives and Problems," in *Pluralism in Africa*, ed. L. Kuper and M.G. Smith (Berkeley and Los Angeles: University of California Press, 1969), p. 13.
33. See, for example, Harry Goulbourne, "Varieties of Pluralism: The Notion of a Pluralist Post-Imperial Britain," *New Community* 17, 2 (1991): 211-27; Kirstie McClure, "On the Subject of Rights: Pluralism, Plurality and Political Identity," in *Dimensions of Radical Democracy: Pluralism, Citizenship, Community*, ed. Chantal Mouffe (London: Verso, 1992), pp. 108-27; and Sheldon Wolin, "Democracy, Difference, and Re-Cognition," *Political Theory* 21, 3 (1993): 464-83.
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44. For an interesting account of this see Les A. Pal, "Identity, Citizenship and Mobilization: The Nationalities Branch and World War Two," *Canadian Public Administration* 32, 3 (Fall 1989), especially p. 421.
45. *House of Commons Debates*, Statement of P.E. Trudeau, 8 October 1971.
46. Jean Burnet, "Multiculturalism in Canada," in *Ethnic Canada*, ed. Leo Driedger (Toronto: Copp Clark Pitman, Ltd., 1987), p. 69.
47. Ibid., p. 69.
48. *Ontario Human Rights Commission v. Simpson-Sears Ltd.*, (Ont 1985), 23 *DLR* (4th) SCC.
49. *Employment Equity Act*, RSC, 1985, c. 23.
50. The funding of non-official language training might seem to be an exception to the equality aims of multicultural policies as they have been discussed here. However, Kymlicka argues to the contrary that given the evidence which suggests that ESL/FSL is ineffective for individuals who are not literate in their mother tongues, language training in their mother tongues may be the first step toward enabling them to become literate in English or French. See Will Kymlicka, *Finding Our Way*, pp. 49-53.
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55. Kymlicka, *Finding Our Way*, p. 18.
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57. Harles, "Integration before Assimilation," pp. 734-35.
58. See Koogila Moodley, "Canadian Multiculturalism as Ideology," *Ethnic and Racial Studies* 6, 3 (July 1983): 321-25.
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The Economic Context

4

Canada's National Economy: There's More to It Than You Thought

John F. Helliwell

Les résultats présentés ici suggèrent que le tissu économique canadien est tricoté beaucoup plus serré qu'on ne le croyait auparavant et que l'annonce de la mort de l'économie nationale apparaît prématurée. Bien que l'ouverture économique ait un impact positif sur la croissance économique, il arrive un moment où une ouverture sans cesse croissante ne se traduit plus par une augmentation proportionnelle de la croissance économique. En même temps, les frontières nationales permettent de diviser de très grands marchés en unités plus faciles à gérer en termes de préférences, d'histoire, de valeurs et d'institutions communes, ce qui n'est pas sans conséquence pour la gestion des enjeux politiques canadiens. Par exemple, le coût de la séparation du Québec pourrait s'avérer plus lourd que prévu en raison de la solidité du tissu économique canadien. De même, la force de ce tissu assure aux gouvernements une plus grande indépendance économique dans une économie mondialisée.

INTRODUCTION

Do national political boundaries still mark important boundaries in economic space? If so, is this because political boundaries are still blocking economic transactions? Or do markets segment naturally where there are differences in tastes, history, values, and institutions? Many commentators have argued that the economic importance of national boundaries has largely disappeared, swamped from the one side by economic globalization and supplanted at the more local level by cities and regions. Thus Tom Courchene writes of Ontario having evolved from a national heartland to a North American region state, and Kenichi Ohmae treats regional economies and multinational firms as the chief building blocks of the modern global economy.[1] If this is true, then we would expect to find that national borders no longer mark separations in economic space. This chapter assesses the facts of the matter, searches for their implications

for Canada, and contrasts the facts with the widespread perception that the economic nation state is a relic of the past.

To start with the impressions first, I can report from a series of surveys among students, professional economists, and Canadians from all walks of life, that there has been a widespread impression that the trade linkages between Canadian provinces are less tight that those between Canadian provinces and US states, after making due allowance for the differences in distance and economic size. To be more specific, when asked how much merchandise trade there was, in 1988, between two typical Canadian provinces, in comparison to that between a province and a US state of the same size, and at the same distance, the median response, in mid-1995, was that interprovincial flows were 20 percent less intense than those between provinces and states.[2] Yet, based on research published about that time by John McCallum, the best evidence was that in 1988 the interprovincial flows were not one-fifth less but 20 times more intense than those between provinces and states.[3]

This vast gulf between perceptions and evidence was very striking, and demanded further research. Was the evidence wrong? If not, why does it come as such a surprise? How could Canadians so widely think that globalization, in at least a North American version, was not just already in place, but had actually overshot the mark, with trade ties to the United States being even tighter than those within the country? A full answer to the latter question will require detailed studies of economic psychology, while a search for answers to the first question has occupied much of my research for the past four years. The main results of that research will be summarized in the next section, followed by an attempt to assess the consequences for Canada at the dawn of the twenty-first century.

But first it may be useful to speculate about why there is such a widespread Canadian perception that economic ties with the United States are so strong relative to those among the Canadian provinces. It is useful to divide this into two parts: Why do people think that linkages with the United States are so strong? And what do they know and think about interprovincial linkages? For the widespread impression of tight linkages with the United States, there are many reasons. The Canada-US trade linkage has long been known by Canadians, if not by Americans, as the largest bilateral trading relation in the world. Brand names from US firms are everywhere, Canadian television screens are full of US channels, Canadians travel south in search of sunshine or cheap gasoline, and everyone knows that the oranges and grapefruit come from the same country as Hollywood films. It is also widely known that Canada has a high degree of foreign direct investment, and that US firms are the largest players in the Canadian market. When quizzed about the reason for trade ties being stronger north-south than east-west, Canadians with knowledge of trade matters refer to comparative advantage, thinking of Canadian raw materials being exchanged for US manufactures, services, and fruits and vegetables from

the same states they go to in search of their own winter sunshine. Car drivers are not exactly sure where their cars come from, but suspect that their vehicles have been across the Canada-US border several times, in one form or another, before they reached their local dealership.

With respect to the strength of internal trade linkages, Canadians have frequently heard complaints from someone or other about how hard it is to get beer, or bricks, or construction workers, or lawyers, or something else from one province to another. They know about provincial marketing boards designed to support local farmers. They probably have also read or heard that interprovincial trade barriers have become such a concern as to lead to the negotiation and signing of an internal trade agreement, but that the agreement is thus far a toothless paper tiger.

What Canadians have probably never seen, however, are data that are actually designed to measure the relative strength of internal and international trade linkages.[4] Indeed, until recently there was not even any data widely available to make such comparisons. Only since the middle 1980s have there been systematic data for interprovincial merchandise trade flows, and the 1988 data for trade between Canadian provinces and US states, collected to help monitor the consequences of the Canada-US Free trade Agreement (FTA) signed in 1988, did not become available until the early 1990s. The data are even less well developed in other countries, as only federal states have much interest and need for subnational accounts, and among such countries only Canada has statistics of the quality and consistency of those provided by Statistics Canada.

Thus Canadians see lots of available evidence attesting to large and growing trade linkages between Canada and the United States, hear much talk of globalization, are aware of much concern about interprovincial trade barriers, and have no data at hand to permit the international and intranational trade densities to be compared. Perhaps it is after all not so surprising that Canadians think as they do. But now that the data are available, it is important to inspect them carefully, because false impressions, however understandable, can have important consequences. These consequences will be examined more thoroughly after the facts are inspected.

EVIDENCE

As already noted, John McCallum fitted a gravity model to 1988 merchandise trade flows among Canadian provinces and between Canadian provinces and US states, and found that the interprovincial flows were 20 times greater than those between provinces and US states of comparable size and distance.[5]

The gravity model explains the strength of economic and other interactions between two geographically distinct bodies in terms of their mass and distance.

In the simplest Newtonian version, the strength of the interaction increases proportionately with the product of the two masses and falls proportionately as distance increases. The model has been used to explain trade flows, migration and many other forms of economic and social interaction. Over recent decades, the gravity model, always a great empirical success, has gone from being a theoretical orphan to being the favoured child of all main theories of international trade.[6] This makes it a solid tool for the evaluation of border effects.

How can the gravity model be used to estimate the possible effects of national boundaries? The key requirement is to have comparable measures of intranational and international trade, so that the strength of the two linkages can be compared in the context of the gravity model. During the 1990s, data have become available for trade among Canadian provinces and between Canadian provinces and US states. It is thus now possible to explain all these pair-wise trading relations in terms of the economic sizes of the states and provinces, and of the distances between them. The data set is not fully symmetric, since there are no data available for trade among US states. Thus the estimation of border effects is based on a comparison of the density of trade flows between provinces in comparison with trade flows between provinces and states of equivalent size and distance. In statistical terms, this is done by adding a variable that takes the value of 1.0 for each observation relating to a trade flow from one province to another, and zero otherwise. If this variable takes zero coefficient, the implication is that trade linkages are equally dense among provinces and between provinces and states, after taking account of differences in distance and economic size. If the coefficient is negative, it would indicate that north-south trade linkages were tighter than those east-west. A significant positive coefficient would show that interprovincial trade flows were greater than those between provinces and states, after allowing for differences in economic size and distance. Given the multiplicative form of the gravity model, and its estimation as an equation linear in logarithms, the antilog of the estimated coefficient on the dummy variable shows typical province-to-province flows as a fraction (or multiple) of typical province-state flows, where the provinces and states are of the same size and are separated by the same distance.

As noted in the introduction, and reported in "Do National Boundaries Matter for Quebec Trade?" a survey of Canadian economists and political scientists showed that the median respondent expected that province-province trade would be 0.8 times as large as province-state trade, implying a negative value for the coefficient on the border variable. John McCallum found a significant positive coefficient on the special variable marking interprovincial trade flows, and calculated the implied border effect to be 20 for 1988.[7] Thus the density of interprovincial trade flows was 20 times greater than that of

trade flows between provinces and states, and more than 20 times larger than people thought.

To ensure that this startling finding is not some mysterious result generated by some feature of the model used for estimation, it is useful to see if it matches the data for specific pairs of provinces and states. For example, Ontario is almost equidistant from British Columbia, Washington State, and California. In 1990 the Californian economy was almost 12 times larger than that of British Columbia, and thus should have provided, without border effects, a market almost 12 times as large. Ontario merchandise shipments to British Columbia were actually almost twice as large as to California, for a total border effect of 21. Washington State GDP was more than one-third larger than that of British Columbia, but Ontario's exports to British Columbia were more than 12 times larger than to Washington, for a total border effect of 21.

In the earlier paper, I extended the sample to include data for 1989 and 1990, found an increase of the border effect from 1988 to 1990, and showed that the preference for Canadian over US markets applied as much to Quebec as to the other provinces. Since that time, there has been additional work by Statistics Canada to improve the province-state data to make them match more closely the concepts used in the construction of the interprovincial trade data, and to refine the assignment of trade to its province of origin or destination. In addition, the data have now been extended through 1996, permitting the consequences of the FTA to be assessed.

Results for 1988 through 1996, including disaggregation by province, by industry, and by direction of trade, are all reported elsewhere.[8] The industry results show that border effects are pervasive, and not just concentrated in industries subject to many border restrictions. Border effects are indeed very large in food, beverages and textiles, industries marked by substantial tariff and non-tariff barriers to international trade. However, they are large and significant in all industries, averaging over 20 across 26 industry groupings. It was initially surprising to find a border effect for cars and parts that was as high as that for all other industries, despite the fact that there had long been US ownership of the major North American car producers, and free trade in autos and parts, at least for producers, since 1965. The answer to the puzzle turned out to be that there is no border effect evident in the flows among the three main producing provinces and states — Ontario, Quebec, and Michigan — while there are above-average effects covering the flows along all the other province-province and province-state pathways. The fact that there is no border effect for cars and parts between Ontario and Michigan shows that a unified industrial structure under common ownership, coupled with complete free trade, can produce international trade densities as great as domestic ones. However, the vast gap between this result and those for trade along other pathways, and in other industries, shows how different the car industry is from all the rest.

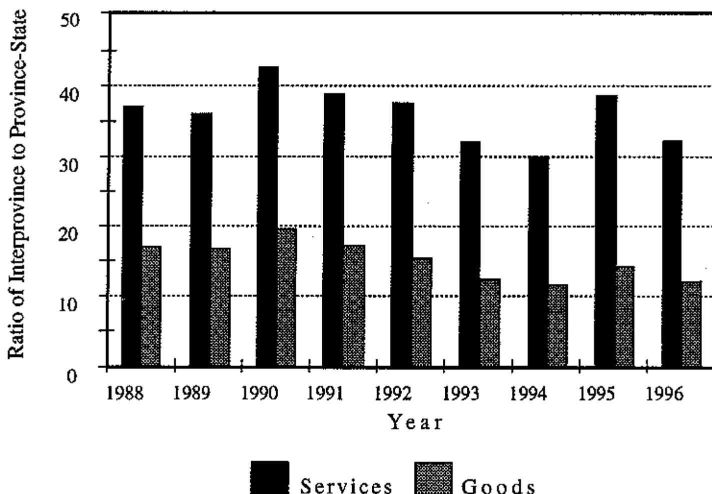
Some readers of an earlier version of this chapter have asked if the pattern of regional and industry results can be used to cast light on the extent to which the greater tightness of the national economy has been due to specific nation-building policies, such as the construction of national railways and pipelines. Estimates of the distance effect show it to be the same for interprovincial as for international trade, suggesting that transportation costs rise with distance in a similar way for both domestic and cross-border trade flows. Many of the interprovincial trade flows follow US transportation pathways, from central Canada both east and west. This is true for railways, roads, and pipelines. Although having a national railway no doubt sped and shaped the distribution of population in Canada, it is less easy to see any more contemporary effect on trade patterns. Since the pattern of border effects is so pervasive across industries, and characteristic of all the provinces, it is not likely to be primarily due to the level and structure of tariffs, or to the existence of specific transportation facilities.

The best summary measure of the results is for total merchandise trade, along with some more approximate calculations for trade in services. The estimated border effects, shown separately for merchandise and for services, for each year from 1988 through 1996, are pictured in Figure 1. The improvements in the classification of province-state trade flows for 1990 have lowered the estimated border effect for merchandise trade for that year from a previously estimated 21 to about 17. The subsequent sharp drop in the border effect from 1990 to 1993, coupled with its rough constancy since, at a level of about 12, suggests that the major adjustments of trade patterns following the FTA may have been completed.

The estimated border effects for services are in every year much larger than those for merchandise trade, and do not show the same evidence of sharp reduction in the wake of the FTA. The high values of border effects for services are not simply caused by the fact that services are generally less traded than goods, since the border effects being estimated relate only to those services that do enter trade, whether interprovincial or between provinces and states. Intraprovincial consumption of goods and services does not enter these calculations, although it is perhaps worth noting, in light of all the discussion about interprovincial trade barriers, that attempts to estimate interprovincial border effects show them to be small and insignificant.

Thus Figure 1 is consistent both with the large increase in north-south trade flows in the 1990s, and with continuing national border effects of about 12 for goods and almost three times that for services. Two features of the post-FTA changes in border effects are worth further discussion here. First, the post-1990 increases in north-south trade are more than twice as large as those that were predicted in various studies before the FTA came into effect.[9] Second, the forecast productivity gains have not materialized to any significant degree. This combination poses a puzzle for future research, but in the meantime

Figure 1: Canada-US Border Effects 1988-1996



Source: John F. Helliwell, *How Much Do National Borders Matter?* (Washington, DC: The Brookings Institution, 1998), ch. 2.

provides some evidence to support the tentative conclusion of the next section — that the continuing high levels of national economic densities, relative to international ones, may not suggest that there are large productivity gains thereby lost.

A third feature of the post-FTA results is also worth flagging here. There is some evidence that the large post-FTA increases in merchandise trade between Canada and the United States were to some extent linked to decreases in interprovincial trade. Relative to the levels of GDP, 1996 interprovincial trade was almost 15 percent less than expected. Cross-industry estimation results reported in Helliwell, Lee and Messinger[10] suggest that about half of this reduction was due to the FTA-induced increases in north-south trade. Thus there is some evidence that some part of the increases in north-south trade was diverted from interprovincial trade. Nonetheless, even after the surprisingly large FTA effects are factored into north-south and east-west trade linkages, merchandise trade flows remain about 12 times denser east-west than north-south.

The finding of large border effects for Canadian merchandise trade led to attempts to develop data that could lead to replication, or not, of these results

in an international setting. Unfortunately, domestic interregional trade data are not available for other countries, so that it is necessary to estimate total domestic sales (using data from input-output tables, not available even for all of the OECD countries) and then to use some plausible procedure for guessing what might be the typical internal trade distances. This is no mean feat, since the estimate hinges a great deal on how much internal trade goes on within rather than between the large cities and industrial areas. Wei assumed that internal trade distances were generally one-quarter those between the capitals of a country and its nearest neighbour.[11] On this basis, the latest estimate of the 1992 border effect for merchandise trade within and among the OECD countries is about 10 for countries not sharing a common language or membership in the European Union. Sharing a common language increases trade densities by more than 60 percent, while EU membership increases trade between member countries by about 40 percent. This 40 percent is a significant effect, but it emphasizes once again the surprisingly large size, almost equivalent to the cumulative EU effect, of the trade-increasing effects of the relatively small changes in tariffs that were embodied in the FTA.

Comparable estimates of border effects for developing countries show them to be up to 100 or more, with a strikingly tight relation between GDP per capita and the size of the border effect. If the gravity model is fitted to the data for the OECD countries plus a sample of other countries for which suitable data are available, the wide variety of border effects is successfully explained by the hypothesis that international differences in border effects are entirely due to international differences in real GDP per capita.[12] The link between GDP per capita and the size of border effects probably shows that countries become more open as their levels of income and education increase. It also interesting to consider the linkage the other way around, with countries having smaller border effects being more productive as a result. For developing countries, there is some evidence that this is the case, as Sachs and Warner have found higher growth rates among the more open developing countries.[13] However, for the richer economies the evidence is much weaker.[14] As will be noted below, if there were large productivity gains likely to flow from increasing international trade densities to the much higher levels of internal trade densities, we would expect to find that GDP per capita is much higher in larger than in smaller economies, since they have a much larger trade network within their national boundaries. There is no such effect apparent in the data. The possible implications of this will be discuss further in the next section.

Engel and Rogers reasoned that if trade densities are greater within than between national economies, then it should also be true that inter-city price differentials are larger and more enduring internationally than within the same country, for city pairs of the same distance from one another.[15] Using data for the inter-city co-variability of components of the consumer price index, for a sample of Canadian and US cities, they found that this was indeed the case,

and calculated that the implied width of the US-Canada border was more than 2,000 miles. Subsequent research using their data[16] has shown the result to be even starker, since there is no evidence of cross-border price arbitrage for city pairs of any distance, making the border of infinite width in terms of their calculations. Of course, there is no doubt a lot of cross-border price competition, but it does not show up in month-to-month changes in the components of the consumer price index. National economies are so much tighter than the international economy that arbitrage of these prices among city pairs does show up even using the short-term data for components of the consumer price index, but not across national borders.

Turning to capital markets, there was an important finding by Feldstein and Horioka that domestic savings and national investment rates are correlated across countries, leading them to conclude that capital markets are separated rather than integrated.[17] To avoid such correlation entirely would require that markets for goods and capital both be tightly integrated. If provincial markets are tightly integrated, but national ones are not, then the Feldstein-Horioka result should be less evident, or disappear entirely, using interprovincial data. Helliwell and McKitrick pooled OECD and provincial data, and confirmed the Feldstein-Horioka result among the OECD countries, with the effect being completely reversed for the provincial data.[18] This is a strong confirmation of the Feldstein-Horioka interpretation, and shows that the interprovincial markets for goods and capital are tightly knitted together, while the international ones are not.

Border effects for migration, at least that from states to provinces, are even greater than for goods and services. Interprovincial migration is about 100 times more likely than is migration from a US state to a Canadian province, after taking due account, using the gravity model, of population, distance, and the economic incentives for migration.[19] The border effect is much smaller for migration from Canada to the United States, reflecting the greater southbound flows of migrants and the high interprovincial migration flows.

Finally, even though Coe and Helpman have provided convincing evidence that research and development spending has important productivity-enhancing effects both at home and abroad, the implied border effects are even larger than those for goods, services and population.[20]

IMPLICATIONS

If the evidence presented above is to be believed, the economic fabric of Canada, and of other nation states, has a much tighter weave than previously thought. Is this good or bad, and what does it suggest for current and future national policies?

Many studies have shown that among developing countries, and to a lesser extent among OECD countries, those that are more internationally open have

had higher rates of growth of productivity and of incomes per capita. The basic intuition behind this result is that developing countries gain most by learning from the successes and failures of other countries, and tailoring the best of foreign ideas to suit domestic conditions. This is also consistent with studies of R&D spillovers, which find them to be larger for countries that have higher degrees of openness. If some degree of openness is a good thing for economic development, is much more openness even better? If so, then the fact that economic densities are much higher within than among national economies means that there is more to be gained from further increases in international linkages. On the other hand, if some degree of openness is sufficient to achieve the major gains from international exchange, specialization, and the acquisition of fresh ideas, then there may be diminishing returns to openness. If so, and if there are some efficiency effects offered by the partial segmentation of global markets into national pools, then there may be some right amount of openness that may not differ much from the levels already achieved by the industrial countries.

What is the available evidence on these issues? First, as already noted, there is evidence than some degree of openness is good for growth. However, if further increases in openness, beyond those already achieved by the richer OECD countries, promised great efficiency gains, then we would expect to find that bigger countries (in terms of GDP, not hectares) would have substantially higher levels of real GDP per capita, since they already have much larger trading networks, given the fact that trade is much denser within than among nation-states. However, there is no systematic evidence that larger countries have higher levels or rates of growth of productivity.

If income levels are not significantly higher in larger countries, and yet economic relations are much denser within than between countries, there are two broad types of explanation possible. One possible explanation is that while there are initially large gains from trade, both to exploit comparative advantage and to achieve efficient levels of scale in production, these gains have been largely reaped by the time international linkages have become as tight as they now are among the industrial countries. There may be more scope for increased openness to lead to temporarily higher growth rates in the developing countries, since there is still much for them to learn from elsewhere, but even here it is clear, as is evident from the recent experiences of cascading loan defaults across Asia, that interdependence may have costs as well as benefits.

The second possible reason why the insular nature of national economies may not be costly is that national boundaries may provide fairly efficient means of segmenting impossibly large markets into manageable chunks. It is well known that in a fully informed and frictionless world of a seamless global market place there would be no need for borders, for firms, or for most of the other institutions of the old and new worlds. But the real world has frictions; knowledge is tough to acquire and becomes obsolete; people cannot always

be trusted; contracts are not always what they seem to be; one bad apple can spoil the whole bushel; and Murphy's Law may the only one that applies without an expensive legal process. In such a world, which is the only one on offer, not everyone is equally informed, and people are best informed about the events, institutions, and people they know best.

To deal with those you know and trust, under shared and well-understood rules and institutions, can mean lower costs and lower risks for all participants. Those who understand a market better are better able to guess its moods and changes, and to adapt flexibly to new patterns of demand and new and better ways of doing things. To the extent that national boundaries separate communities that have common institutions and shared views, local businesses are likely to be able to meet local market needs at lower cost than are their foreign or global competitors. There are limits to this, of course, set on the one hand by economies of scale and on the other by the possibility of exporting tastes and preferences, thus building a global market from scratch. Even the most successful global products, however, often have national systems of production and distribution, and characteristics specially put in to suit national tastes. What is surprising, in the latest evidence about the strength of national economies, is that the global market is very much the exception, and the national market the rule.

How does this view of tightly woven national economies tie in with the rediscovery of local economies as poles of growth? There is one strong link between the two. The benefits of close interaction, and the bonds of trust that are built up among those who have many repeated dealings underlie the logic of local economies and the strength of the national economy. Distance is costly, and tends to cause economies to cluster. The regional literature focuses on the effects of distance and also on whatever historical events may have led to a city to get started in the first place. The national borders results, on the other hand, show that distance has many more dimensions than simply kilometres or miles. To whatever extent history, politics and geography have spread people around in groups with different institutions, values and networks, their economic relations will follow similar patterns. This may be partly because patterns, once started, are costly to change, but it also reflects the cost advantages possessed by those who are nearby, well-informed, and well-trusted. Physical distance is indeed an important separating device, but national boundaries are also important. One of the findings from recent research is that for different markets the effects of national borders can be interpreted in terms of distance, and the implied numbers are strikingly large, often in the order of thousands of miles.

Currently, the Canadian economy operates as a fairly seamless web of intersecting regional markets for goods, services, capital, and migration. Although there is some slight evidence of segmentation by province of some markets for goods, but not for capital, the degree of segmentation is tiny

compared to that between nations, even in post-FTA North America. Further research will no doubt help to show places where national borders, and other elements of distance, have stopped good ideas travelling to where they could have been of use. The same will be true for bad ideas. In the meantime, the evidence suggests that there is still a strong fabric underlying the Canadian national economy, and that this structure may have continuing economic advantages relative to the more homogenized global economy than many think has already arrived.

What are the political implications of these results? One important Canadian implication of the economic integrity of Canada, already noted[21] relates to the economic implications of political separation. If Canadians in Quebec and other provinces think that trading linkages between Quebec and the United States are as tight as those between Quebec and the rest of Canada, they are likely to be seriously wrong in their estimates of the economic consequences of separation, since the reality is that the economic fabric of Canada is much tighter than they thought. A second implication of the relatively tight fabric of national economies is that national economic policies have greater national impact, and more international independence, than they would in a more globalized economy. Despite the increasing scope of international movements of goods and capital, and the fast and often synchronous operation of international capital markets, nation-states tend to comprise individuals and businesses sharing much by way of tastes, familial and social ties, institutions, and economic structure. To some extent, which will be tested by the introduction of the Euro, this is due to political borders also defining currency areas, but there is no doubt much else in play. How enduring these special linkages will be remains to be seen. They are currently so large that they are likely to remain important for a long time even in the face of substantial changes.

NOTES

I am very grateful for helpful comments by the editors and two anonymous referees.

1. Thomas J. Courchene, *From Heartland to North American Region State: The Social, Fiscal and Federal Evolution of Ontario* (Toronto: University of Toronto Faculty of Management, 1998); Kenichi Ohmae, *The End of the Nation State: The Rise of Region Economies* (New York: The Free Press, 1995).
2. John F. Helliwell, "Do National Boundaries Matter For Quebec's Trade?" *Canadian Journal of Economics* 29 (1996): 507-22.
3. John C.P. McCallum, "National Borders Matter: Canada-U.S. Regional Trade Patterns," *American Economic Review* 85 (1995): 615-23.
4. For example, in John N.H. Britton, *Canada and the Global Economy: The Geography of Structural and Technological Change* (Montreal and Kingston: McGill-Queen's University Press, 1995), there are no data presented on the rela-

tive strengths of interprovincial and international economic linkages, and no reference is made to Ross Mackay's "The Interactance Hypothesis and Boundaries in Canada: A Preliminary Study," *The Canadian Geographer* 11 (1958): 1-8, a review of long-distance telephone calls from Ontario and Quebec cities, showing national border effects much larger than those between cities differing greatly in the relative use of French and English.

5. The derivation and details of the gravity model are presented more fully in John F. Helliwell, *How Much Do National Borders Matter?* (Washington, DC: The Brookings Institution, 1998), ch. 2. Here I shall try to give a less technical explanation.

6. Despite its use in many early studies of international trade, the equation was considered suspect in that it could not easily be shown to be consistent with the dominant Heckscher-Ohlin model explaining net trade flows in terms of differential factor endowments. In "A Theoretical Foundation for the Gravity Equation," *American Economic Review* 69 (1979): 106-16, James E. Anderson showed that the gravity model could be derived from expenditure share equations assuming commodities to be distinguished by place of production. Anderson also showed that the model, to be fully consistent with the generalized expenditure share model, should include remoteness measures in bilateral share equations, as we do here. E. Helpman, "Increasing Returns, Imperfect Markets, and Trade Theory," in *Handbook of International Trade*, ed. R. Jones and P. Kenen (Amsterdam: North-Holland, 1984), vol. 1, pp. 325-65; and Jeffrey H. Bergstrand, "The Gravity Equation in International Trade: Some Microeconomic Foundations and Empirical Evidence," *Review of Economics and Statistics* 67 (1985): 474-81 showed that the gravity model can also be derived from models of trade in differentiated products. Such trade must lie at the core of much of manufacturing trade, given the very large two-way flows of trade in even the most finely disaggregated industry data. Finally, Alan Deardorff showed in "Does Gravity Work in a Frictionless World?" in *The Regionalization of the World Economy*, ed. Jeffrey A. Frankel (Chicago: University of Chicago Press, 1997), p. 728, that a suitable modelling of transport costs produces the gravity equation as an estimation form even for the Heckscher-Ohlin model.

7. McCallum, "National Borders Matter."

8. Helliwell, *How Much Do National Borders Matter?* ch. 2.

9. John F. Helliwell, Frank C. Lee and Hans Messinger, "Effects of the Canada-US FTA on Interprovincial Trade" (Ottawa: Industry Canada draft working paper, 1998), Tables 5 and 6, show the forecast and actual post-FTA changes in Canada-US trade for each of 25 major sectors. Averaging across the sectors, Canadian exports were forecast, by the trade model used to support the official forecasts, to increase by 33 percent, relative to GDP, but actually increased by more than 90 percent. Imports were forecast to increase by 12 percent, while actual growth, relative to GDP, from 1989 to 1996 was 46 percent. These are simple averages of the sectoral results, which are larger than the figures for total trade because some of the smallest sectors, such as knitted products, have had the fastest post-FTA growth in two-way trade.

10. Helliwell *et al.*, "Effects of the Canada-US FTA on Interprovincial Trade."
11. Shang-Jin Wei, *Intra-national Versus International Trade: How Stubborn Are Nations in Global Integration?* NBER Working Paper 5531 (Cambridge: National Bureau of Economic Research, 1996).
12. These international results, along with further discussion of their trends and implications, are reported in Helliwell, *How Much Do National Borders Matter?* ch. 3.
13. Jeffrey D. Sachs and Andrew Warner, "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity* 1 (1995): 1-118.
14. John F. Helliwell, "Trade and Technical Progress," in *Economic Growth and the Structure of Long-Term Development*, ed. Luigi L. Pasinette and Robert M. Solow (London: Macmillan, 1993), pp. 253-71.
15. Charles Engel and J.H. Rogers, "How Wide is the Border?" *American Economic Review* 86 (1996): 1112-25.
16. Reported in Helliwell, *How Much Do National Borders Matter?* ch. 4.
17. M. Feldstein and C. Horioka, "Domestic Saving and International Capital Flows," *Economic Journal* 90 (1980): 314-29.
18. John F. Helliwell and Ross McKitrick, *Comparing Capital Mobility Across Provincial and National Borders*, NBER Working Paper (Cambridge: National Bureau of Economic Research, 1998).
19. Helliwell, *How Much Do National Borders Matter?* ch. 5.
20. D.T. Coe and E. Helpman, "International R&D Spillovers," *European Economic Review* 39 (1995): 859-87; see also Helliwell, *How Much Do National Borders Matter?* ch. 6.
21. Helliwell, "Do National Boundaries Matter For Quebec's Trade?"

5

Interprovincial Mobility in Canada, 1961-1996: Importance and Destination

Marc Vachon and François Vaillancourt

Ce chapitre démontre que le taux de migration interne a subit une baisse importante depuis le début des années 1980 chutant de près du tiers. Bien que le vieillissement de la population y soit sans doute pour quelque chose, cette baisse est visible dans différentes catégories d'âge, de sexe et de niveau de scolarité. Les liens familiaux interprovinciaux favorisent la création d'une conscience partagée par les Canadiens. Ce chapitre souligne également l'effet à long terme des migrations interprovinciales, nommément la proportion de résidants vivant dans une province autre que leur province d'origine. Au début des années 1990, la proportion de résidants nés ailleurs au Canada dans les provinces riches — Colombie-Britannique, Alberta et Ontario — était respectivement de 33, 33 et 11 pour cent. En revanche, environ 27 pour cent des natifs des provinces de l'Atlantiques ont migré dans une autre région du Canada. Conséquemment, les liens familiaux interprovinciaux au Canada anglais sont fort importants.

INTRODUCTION

The purpose of this chapter is to present evidence on the importance and determinants of interprovincial migration. This is of interest for two reasons. First, the importance of migration. Since 1962, at least 300,000 Canadians move each year between provinces. From 1961 to 1982, gross migration grew, peaking at 435,000 in 1982. Since 1982, yearly internal migration has remained between 300,000 and 380,000, a flow more important than international migration to Canada. Gross flows between provinces matter because this explains the extent to which individuals in any one region may have ties to another region based on previous residence. This is appropriate in a volume whose purpose is to shed light on linkages among Canadians. Interprovincial migration affects each province in different ways. Ontario, Alberta, and British Columbia are net gainers, while others such as Newfoundland, Quebec, Manitoba, and Saskatchewan are the main losers.

Second, interprovincial migration has economic and political implications. Migration helps real wages and unemployment converge between Canadian regions by allowing a better match between employment opportunities and place of residence. Migration also affects provincial public finances since some intergovernmental grants, such as Established Programs Financing/Canada Health and Social Transfer (EPF/CHST) and equalization grants, are calculated using population. Finally, it has an impact on the political weight of each province in the Canadian federal Parliament given that the number of constituencies by province depends, in part, on provincial population.

The chapter is divided into two sections. The first uses population flow data to describe the levels of interprovincial migration and population stock data to examine the changes in the age and schooling of interprovincial migrants. The second presents the origin and destinations of migrants and the impact of migration on the composition of the resident population, using respectively flow and stock data.

LEVELS OF INTERPROVINCIAL MIGRATION, 1961-1996

This section first presents net-migration rates for the 1971-96 period for Canada as a whole and for each province individually. That done, it examines graphically migration flows for each province for the 1961-96 period. We use data from Statistics Canada's family allowance files, found in Table A-1 in the Appendix, on out- and in-migration flows to prepare the figures used in this section. We also use these data and population figures to calculate the net-migration rates reported in Table 1.

Statistics Canada uses administrative data to estimate annual interprovincial mobility. Data from two sources are used: family allowances/child tax benefit recipients and income tax filers. Estimates calculated using family allowances/child tax benefits data are affected by the coverage of this program. Three phases can be distinguished: (i) 1961-73, when children aged 0-15 years, of citizens or landed immigrants, were eligible; (ii) 1974-92, when children aged up to 18 were eligible; (iii) 1993-96, family allowances were replaced by the Child Tax Benefit, which is income-based. Income tax data have been used since 1976. Such data cover only tax filers whose number may be affected by changes in both tax laws and social programs using family income for calculating benefits. We are using family allowance migration estimates for the whole period to improve intertemporal comparability at the provincial level. As a result, numbers reported here, while obtained from Statistics Canada, differ from published final estimates (such as those found in the annual *Report on the Demographic Situation in Canada*).

The first key finding of Table 1 is the reduction in the Canadian gross-migration rate. From 1971 to 1996, this rate decreased by one-third — from

Table 1: Interprovincial Migration: Net-Migration Rates by Province and Gross Migration Rates, Canada, 1971-1996 (in percent)

	Nfd.	*PEI*	*NS*	*NB*	*Que.*	*Ont.*	*Man.*	*Sask.*	*Alta.*	*BC*	*Canada*
1971	-0.694	0.204	-0.456	-0.075	-0.614	0.601	-0.712	-2.511	0.445	0.942	1.790
1972	0.156	0.321	-0.057	0.060	-0.350	0.189	-0.876	-2.001	0.281	1.209	1.724
1973	-0.112	0.604	0.606	0.320	-0.316	0.013	-0.514	-1.756	0.335	1.133	1.701
1974	-0.490	0.714	0.121	0.340	-0.198	-0.120	-0.157	-1.142	0.140	1.243	1.861
1975	0.133	1.149	0.304	0.891	-0.164	-0.334	-0.583	0.059	1.275	0.394	1.718
1976	0.026	0.376	0.436	0.846	-0.208	-0.225	-0.443	0.572	1.389	-0.180	1.545
1977	-0.269	0.979	-0.015	0.358	-0.386	-0.078	-0.336	0.718	1.223	0.090	1.615
1978	-0.424	0.704	0.092	0.285	-0.711	0.110	-0.699	0.133	1.248	0.609	1.634
1979	-0.311	0.026	0.139	0.178	-0.486	-0.103	-1.097	0.185	1.414	0.736	1.590
1980	-0.154	0.221	-0.084	0.051	-0.473	-0.246	-1.537	-0.064	1.413	1.413	1.668
1981	-0.293	-0.806	-0.099	-0.383	-0.351	-0.355	-1.017	-0.117	1.569	1.278	1.734
1982	-0.923	-0.629	-0.202	-0.349	-0.338	-0.121	-0.196	0.044	1.677	0.180	1.730
1983	0.247	0.288	0.183	0.357	-0.330	0.183	0.067	0.271	-0.310	0.115	1.416
1984	-0.448	0.295	0.484	0.147	-0.283	0.468	-0.096	0.440	-1.777	0.399	1.475
1985	-0.564	0.508	0.257	-0.058	-0.140	0.418	0.379	-0.431	-1.077	-0.086	1.447
1986	-0.910	-0.197	-0.176	-0.392	-0.035	0.345	-0.257	-0.761	-0.121	-0.226	1.395
1987	-0.838	-0.233	-0.052	-0.356	-0.062	0.460	-0.298	-0.708	-1.220	0.272	1.385
1988	-0.767	0.430	-0.093	-0.290	-0.130	0.265	-0.534	-1.283	-0.634	0.780	1.355
1989	-0.290	0.284	-0.072	-0.097	-0.140	0.076	-0.983	-1.586	-0.113	1.076	1.328
1990	-0.380	-0.391	-0.059	0.105	-0.082	-0.076	-0.696	-1.658	0.143	1.118	1.280
1991	-0.584	-0.832	0.019	-0.067	-0.198	-0.093	-0.699	-1.168	0.358	1.148	1.338
1992	-0.350	-1.022	-0.043	-0.287	-0.192	-0.025	-0.725	-0.927	0.102	1.067	1.213
1993	-0.588	0.447	-0.209	-0.181	-0.207	-0.039	-0.540	-0.838	-0.050	1.154	1.179
1994	-0.756	0.462	-0.074	0.044	-0.171	-0.097	-0.413	-0.309	-0.205	1.105	1.260
1995	-1.392	0.646	-0.390	-0.115	-0.208	0.041	-0.193	-0.399	-0.160	0.849	1.212
1996	-1.262	0.622	-0.084	-0.030	-0.178	-0.051	-0.174	-0.093	0.199	0.612	1.163

Source: Calculations by the authors using data from Table A-1 and population data from Statistics Canada.

1.8 to 1.2 percent. This reduction is not a gradual one, but rather is characterized by a sharp break between 1981-82 and 1982-83, from 1.7 to 1.4 percent. Between 1971-1981, the rate never went below 1.5 percent, while any time after that, it never went above that figure. From 1971 to 1982, it fluctuated, while after that, it trends downwards. Such a reduction in internal migration can reduce the capability of labour markets to adjust to outside shocks, particularly if the composition of migrants changes. We examine this using census data in Tables 2 and 3.

Table 2: Migration Rates, Percentage by Age Group and Level of Education, Men, 1976-1981 and 1986-1991 Changes in Rates between the Two Periods

Age Group	*Less than High School*	*High School Diploma*	*Community College (Cegep) Diploma*	*University*	*Total*
		1976-1981			
15-19	4.25	4.40	3.03	4.79	4.19
20-24	8.13	7.37	9.03	9.13	8.40
25-34	6.24	6.05	8.48	12.57	8.61
35-44	4.02	4.39	5.17	8.50	5.46
45-54	2.10	2.75	4.14	5.93	3.18
55-64	1.33	1.52	2.82	5.09	2.06
65 +	1.43	1.74	3.27	3.37	1.80
Total	3.66	4.64	6.35	9.09	5.32
		1986-1991			
15-19	3.27	2.25	1.63	4.87	3.03
20-24	4.75	4.36	5.00	6.35	5.18
25-34	4.95	4.68	6.41	10.26	6.72
35-44	3.13	3.29	4.44	5.92	4.34
45-54	1.82	2.52	3.20	3.86	2.75
55-64	1.41	1.59	2.68	2.80	1.87
65 +	1.21	1.85	2.17	2.81	1.61
Total	2.69	3.23	4.55	6.33	4.00
		Changes in Migration Rates			
15-19	-23.1	-48.9	-46.2	+1.7	-27.7
20-24	-41.6	-40.8	-44.6	-30.4	-38.3
25-34	-20.7	-22.6	-24.4	-18.4	-22.0
35-44	-22.1	-25.1	-14.1	-30.4	-20.5
45-54	-13.3	-8.4	-22.7	-34.9	-13.5
55-64	-6.0	+4.6	-5.0	-45.0	-9.2
65 +	-15.4	+6.3	-33.6	-16.6	-10.6
Total	-26.5	-30.4	-28.3	-30.4	-24.8

Changes: $1 - \dfrac{1986-1991\%}{1976-1981\%}$

Note: Selected Education Levels.

Source: Public microdata files, 1981 (2 percent sample) and 1991 (3 percent sample).

Table 3: Migration Rates, Percentage by Age Group and Level of Education, Women, 1976-1981 and 1986-1991 Changes in Rates between the Two Periods

Age Group	*Less than High School*	*High School Diploma*	*Community College (Cegep) Diploma*	*University*	*Total*
		1976-1981			
15-19	4.67	3.91	3.19	5.77	4.40
20-24	7.32	6.87	8.85	10.11	8.19
25-34	6.32	5.57	8.95	12.18	8.19
35-44	3.31	3.62	6.55	6.84	4.72
45-54	2.03	2.09	4.06	4.15	2.65
55-64	1.73	2.12	3.29	3.53	2.16
65 +	1.46	2.30	2.73	3.07	1.79
Total	3.41	4.43	6.50	8.63	4.93
		1986-1991			
15-19	3.56	2.93	2.59	4.27	3.38
20-24	5.67	4.85	5.74	6.64	5.85
25-34	4.65	4.22	6.24	9.16	6.25
35-44	2.87	3.16	4.22	5.10	3.88
45-54	1.81	1.91	2.98	3.18	2.36
55-64	1.34	1.55	2.71	2.74	1.76
65 +	1.23	1.70	2.20	2.14	1.48
Total	2.47	3.07	4.49	5.95	3.73
		Changes in Migration Rates			
15-19	-23.8	-25.1	-18.8	-26.0	-23.2
20-24	-22.5	-29.4	-35.1	-34.3	-28.6
25-34	-26.4	-24.2	-30.3	-24.8	-23.7
35-44	-13.3	-12.7	-35.6	-25.4	-17.8
45-54	-10.8	-8.6	-26.6	-23.4	-10.9
55-64	-22.5	-26.9	-17.6	-22.4	-18.5
65 +	-15.8	-26.1	-15.4	-30.3	-17.3
Total	-27.6	-30.7	-30.9	-31.1	-24.3

Changes: $1 - \frac{1986-1991\%}{1976-1981\%}$

Note: Selected Education Levels.

Source: Public microdata files, 1981 (2 percent sample) and 1991 (3 percent sample).

Tables 2 and 3 present some evidence about migration rates per age group and level of education, obtained from the microdata files of the 1981 and 1991 Canadian censuses.[1] We find, as usual, that the more mobile groups are found amongst the youngest group (the 20-24 age group for the less educated and the 25-34 age group for the more educated), that migration rates decrease with age and that individuals with more education have a higher propensity to migrate.

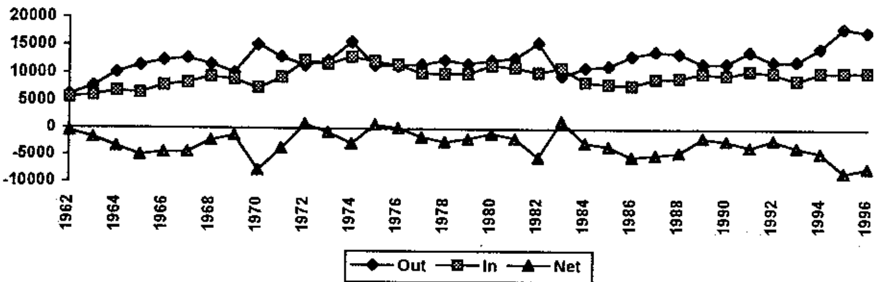
From 1976-81 to 1986-91, the reduction in mobility rates is greatest for those with a university degree and for those aged 20-24, indicating that young bachelors move less in the second period than in the first. This may reflect a leveling of the growth rates between the Canadian provinces with the disappearance of the oil boom in the 1986-91 period. There is no evidence of increased institutional impediments to mobility over the period.

Let us now turn to an examination of provincial migration flows since, as we will show, the Canadian numbers hide a diversity of provincial patterns.

ATLANTIC CANADA

We first examine Newfoundland. During the 1961-96 period, this province had a negative net out-migration 31 of the 35 years, losing 101,000 migrants in total, or 18 percent of its 1996 population. One notes the recent increase of gross out-migration in 1995 and 1996 to about 18,000, the highest for the entire period, as shown in Figure 1. This is probably linked to recent fishing restrictions. Another point of interest is that positive net-migration flows were observed mainly when unemployment insurance was the most generous since its inception, that is, in the 1971-79 period.[2]

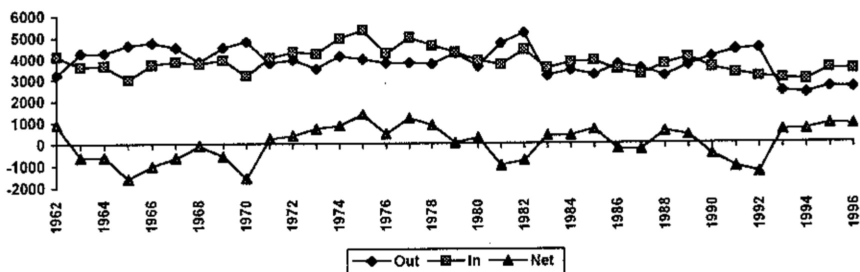
Figure 1: Newfoundland, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

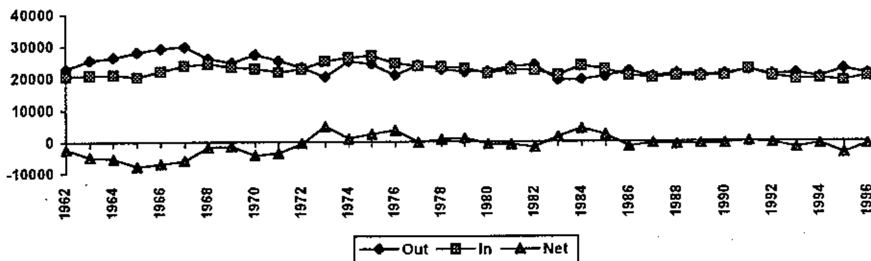
Turning to the Maritimes, we note, as shown in Figures 2, 3, and 4, that out-migration decreased and then in-migration increased after 1970, leading to positive net-migration between 1972 and 1976, which is probably explained by the increase in the generosity of unemployment insurance in 1970. Second, the recession of 1981-82 reduced out-migration from these provinces. Out-migration from Prince Edward Island fell over the 1992-96 period, perhaps because of the economic activity generated by the building of the fixed link.

Figure 2: Prince Edward Island, In-, Out- and Net-Migration, 1961-1996



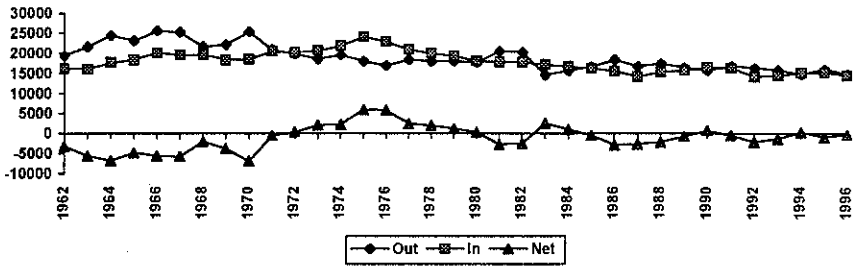
Source: Table A-1 in Appendix.

Figure 3: Nova Scotia, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

Figure 4: New Brunswick, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

In total, Prince Edward Island, Nova Scotia, and New Brunswick had a negative net-migration of 73,000 individuals from 1961 to 1996 or about 4 percent of their 1996 population.

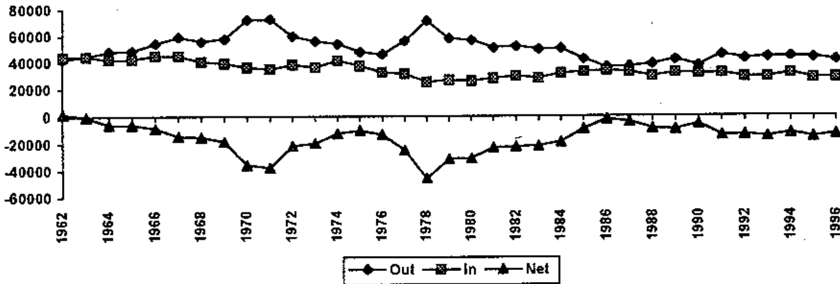
QUEBEC

Quebec is a different (distinct, unique) labour market, given the use of the French language and the lack of knowledge of English by the majority of the population. It is also the only province where an (active) independence movement exists. A knowledge of the evolution of nationalism over the 1961-96 period is necessary for a better understanding of migration flows. The election of the liberals in 1960 initiated the "révolution tranquille," aimed at increasing the control by francophones of Quebec's economy.[3] The visit of the French president Charles de Gaulle in 1967 and his famous "Vive le Québec libre" gave a boost to nationalist groups.

From a migration perspective, the first important event was the combination of the first language law (Bill 63) in 1969 and the October crisis in 1970. As shown in Figure 5, it generated an important increase in out-migration, with the number of out-migrants rising from 55,000-60,000 to 70,000+ in 1969-71. Most of these migrants went to Ontario, as shown by the in-migration data for that province. The second shock was the election of the Parti Québécois in 1976. Out-migration again reached 70,000 in 1977-78 for a third year since 1962. The election of the Liberal Party in 1985 reduced out-migration (1985-86) to its lowest level since 1962 (35,000-40,000). The third shock was the failure of the Meech Lake Accord in 1990, which gave momentum to nationalists, with surveys showing that 60-70 percent of the population favoured

sovereignty at that time. Out-migration rose in 1990-91 to 45,000, the highest level in the 1984-96 period. Overall, Quebec suffered a net out-migration of 563,000 individuals between 1961 and 1996. This represents nearly 8 percent of the 1996 population of Quebec.

Figure 5: Quebec, In-, Out- and Net-Migration, 1961-1996

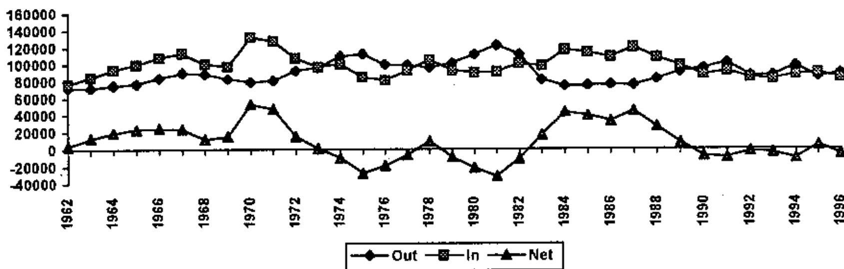


Source: Table A-1 in Appendix.

ONTARIO

In- and out-migration for Ontario (the largest province) is related to both economic and political events. As shown in Figure 6, in-migration reached a peak of approximately 130,000 individuals in 1969-71, mainly as a result of Quebec out-migration.

Figure 6: Ontario, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

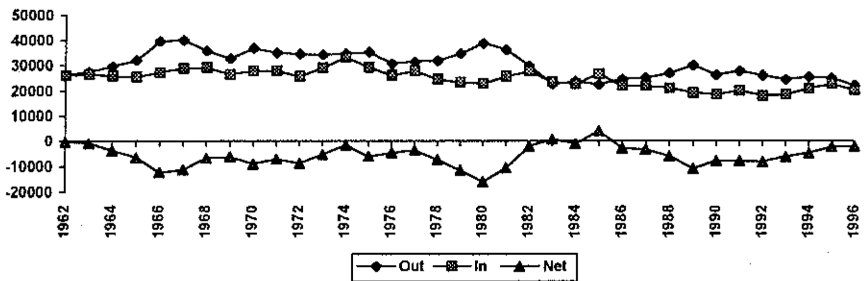
Migration in and out of Ontario is also linked to the economy of Alberta between 1974 and 1988. Following the increases in petroleum prices of 1973 and 1979, almost 100,000 Ontarians left each year from 1973 to 1982. After the recession in the early 1980s, in-migration increased to 100,000 per year from 1981 to 1988, while out-migration dropped. This increased in-migration is linked to out-migration from Alberta.

Over the 1961-96 period, Ontario gained 297,000 migrants, which is less than 3 percent of its 1996 population.

PRAIRIES

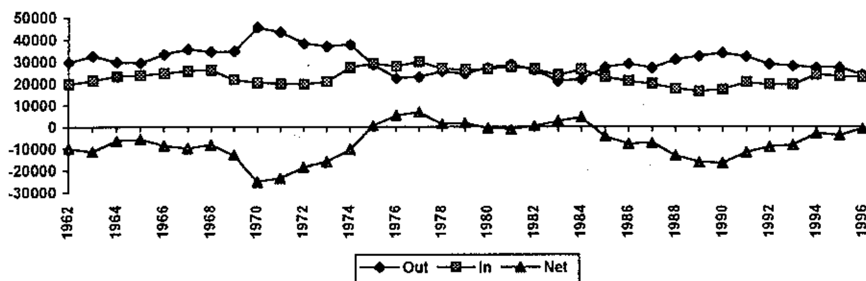
Manitoba and Saskatchewan, referred to as the Prairies in this text, lost 448,000 migrants to other provinces between 1961 and 1996, almost as much as Quebec, but at 21 percent, a much larger share of their 1996 population (21 percent). They are net gainers in only 4 of the 35 years, as shown in Figures 7 and 8. Manitoba appears to be more sensitive to oil prices than Saskatchewan where, the price of grain may matter more.

Figure 7: Manitoba, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

Figure 8: Saskatchewan, In-, Out- and Net-Migration, 1961-1996

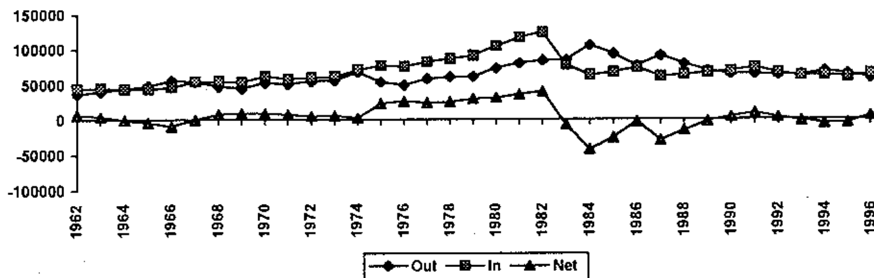


Source: Table A-1 in Appendix.

ALBERTA

If Quebec is unique in terms of its culture, Alberta is unique in terms of its economy. As shown in Figure 9, migration to Alberta is strongly related to the price of oil. After the increase in the price of oil, in-migration doubled from 61,000 in 1972-73 to 124,000 in 1981-82. Out-migration began to climb with the recession of the early 1980s and reached a high in 1984 when 105,000 individuals left the province.

Figure 9: Alberta, In-, Out- and Net-Migration, 1961-1996



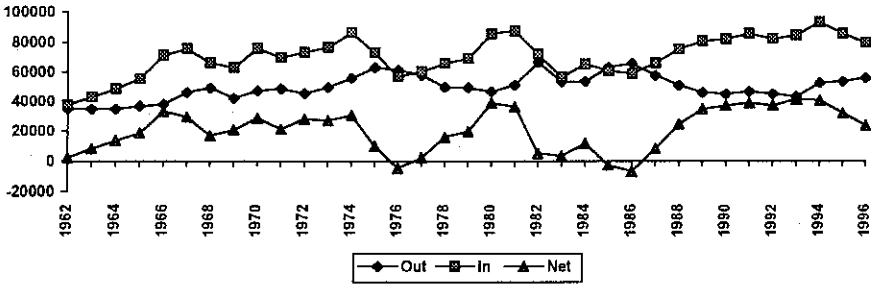
Source: Table A-1 in Appendix.

Overall, Alberta is a gainer from in-migration. Between 1961 and 1996, this province gained 161,000 migrants or 6 percent of its 1996 population.

BRITISH COLUMBIA

For British Columbia, both interprovincial and international migration represent important factors of population growth. Over the 1961-96 period interprovincial, net-migration yielded a gain of 725,000 migrants, the highest gain by a province in Canada and equal to 19 percent of its 1996 population. British Columbia has had positive in-migration 33 of 36 years. It gained more than 30,000 individuals every year between 1988 and 1996, with a peak of 41,000 in 1993, as shown in Figure 10.

Figure 10: British Columbia, In-, Out- and Net-Migration, 1961-1996



Source: Table A-1 in Appendix.

ORIGIN – DESTINATION OF MIGRANTS

This section describes where migrants originate from and go to for selected years (1971, 1981, 1991, and 1996) for six regions of Canada.

ATLANTIC CANADA

As shown in Table 4, Ontario is the main migration partner of Atlantic Canada, sending and receiving about 55 percent of the relevant migration flow, with its share slowly decreasing over time. This may reflect the fact that Ontario is

Table 4: Atlantic Canada, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Quebec		*Ontario*		*Prairies*		*Alberta*		*BC*		*Total*
	N	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*
In 1971	8,805	21.6	24,483	60.1	2,596	6.4	2,138	5.2	2,738	6.7	40,760
In 1981	5,812	14.5	21,769	54.5	2,721	6.8	6,230	15.6	3,433	8.6	39,965
In 1991	4,964	13.3	23,300	62.3	1,898	5.1	4,042	10.8	3,172	8.5	37,376
In 1996	4,116	12.0	19,512	56.9	1,550	4.5	4,667	13.6	4,446	13.0	34,291
Total	23,697	15.6	89,064	57.1	8,765	5.8	17,077	11.2	13,789	9.0	152,392
Out 1971	6,416	13.1	32,583	66.6	2,890	5.9	2,962	6.1	4,090	8.4	48,941
Out 1981	4,757	10.3	20,533	44.4	3,369	7.3	12,502	27.1	5,053	10.9	46,214
Out 1991	4,747	11.3	24,976	59.2	2,267	5.4	4,889	11.6	5,305	12.6	42,184
Out 1996	3,784	9.1	21,513	51.6	2,081	5.0	7,193	17.3	7,103	17.0	41,674
Total	19,704	11.0	99,605	55.6	10,607	5.9	27,546	15.4	21,551	12.0	179,013

Note: *Total:* This is the sum of the four flows and the average in percentage.

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

the closest English-speaking province to Atlantic Canada. From 1971 to 1996, Quebec became less and Alberta and British Columbia more of a migrating partner. Ties between Atlantic Canada and Alberta may strengthen as the former's oil and gas production becomes more significant.

QUEBEC

Quebec and Ontario are important migration partners, sending and receiving 60 percent of the relevant flow, as shown in Table 5. This may reflect, in part, the exchanges between field operations and head offices in both provinces. Out-migrants to Alberta peaked in 1981, while one notes an increase in the share of out-migrants to British Columbia over time.

ONTARIO

While Quebec is the most important in-migrant source for Ontario, over time Atlantic Canada has been replaced by British Columbia, as shown in Table 6, as the most important destination for out-migrants. Neither, however, plays as important a role for Ontario as Ontario plays for them. Put differently, Ontario

Table 5: Quebec, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Atlantic Canada		Ontario		Prairies		Alberta		BC		Total
	N	%	N	%	N	%	N	%	N	%	N
In 1971	6,414	18.6	21,222	61.6	2,526	7.3	1,743	5.1	2,565	7.4	34,470
In 1981	4,757	17.3	16,135	58.6	1,430	5.2	2,921	10.6	2,286	8.3	27,529
In 1991	4,747	15.2	20,848	66.9	1,268	4.1	1,864	6.0	2,419	7.8	31,146
In 1996	3,784	13.6	19,153	68.7	915	3.3	1,564	5.6	2,482	8.9	27,898
Total	19,702	16.3	77,358	63.9	6,139	5.1	8,092	6.7	9,752	8.1	121,043
Out 1971	8,805	12.2	51,091	70.7	2,447	3.4	3,448	4.8	6,467	8.9	72,257
Out 1981	5,812	11.5	29,254	57.9	1,582	3.1	9,004	17.8	4,910	9.7	50,562
Out 1991	4,747	10.6	30,072	66.9	1,499	3.3	3,213	7.2	5,391	12.0	44,922
Out 1996	4,116	10.0	27,522	67.0	1,146	2.8	2,131	5.2	6,157	15.0	41,072
Total	23,480	11.2	137,939	66.1	6,674	3.2	17,796	8.5	22,925	11.0	208,813

Note: *Total:* This is the sum of the four flows and the average in percentage.

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

Table 6: Ontario, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Atlantic Canada		Ontario		Prairies		Alberta		BC		Total
	N	%	N	%	N	%	N	%	N	%	N
In 1971	32,583	25.4	51,091	39.9	17,812	13.9	11,293	8.8	15,256	11.9	128,035
In 1981	20,533	22.6	29,254	32.2	10,976	12.1	17,450	19.2	12,744	14.0	90,957
In 1991	24,976	27.2	30,072	32.7	11,719	12.7	12,919	14.1	12,249	13.3	91,935
In 1996	21,513	25.7	27,522	32.9	8,844	10.6	10,368	12.4	15,418	18.4	83,665
Average (%)	99,605	25.2	137,939	35.0	49,351	12.5	52,030	13.2	55,667	14.1	394,592
Out 1971	24,483	30.3	21,222	26.3	9,456	11.7	8,763	10.9	16,788	20.8	80,712
Out 1981	21,769	17.8	16,135	13.2	13,938	11.4	45,833	37.5	24,684	20.2	122,359
Out 1991	23,300	22.9	20,848	20.5	10,415	10.2	20,768	20.4	26,365	25.9	101,696
Out 1996	19,512	21.8	19,153	21.4	8,929	10.0	13,668	15.3	28,093	31.4	89,355
Average (%)	89,064	22.6	77,358	19.6	42,738	10.8	89,032	22.6	95,930	24.3	394,122

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

is a more diversified region than Quebec or Atlantic Canada on the migration market. Overall, the importance of British Columbia has increased from 1971 to 1996 in Ontario's migrating flows.

PRAIRIES

Table 7 shows that migration to and from the Prairies mainly involves the following three provinces: Ontario, Alberta, and British Columbia, with Alberta increasing its role over time. The second destination is British Columbia, followed by Ontario. Migration between the Prairies, on the one hand and Quebec and Atlantic Canada on the other, is small and decreasing over time.

ALBERTA

The share of Atlantic Canadians and Ontarians in Alberta in-migration increases over the period, as indicated in Table 8. This reduces the share of the Prairies and British Columbia. Out-migrants go mainly to British Columbia; Atlantic Canada and Quebec are unpopular destinations.

Table 7: Prairies, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Atlantic Canada		*Ontario*		*Prairies*		*Alberta*		*BC*		*Total*
	N	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*
In 1971	2,596	7.4	2,447	7.0	9,456	27.1	11,673	33.5	8,722	25.0	34,894
In 1981	3,369	7.6	1,582	3.6	13,938	31.0	16,490	37.4	8,691	19.7	44,070
In 1991	2,267	6.7	1,499	4.4	10,415	30.6	12,484	36.7	7,363	21.6	34,028
In 1996	2,081	5.7	1,146	3.1	8,929	24.5	15,098	41.4	9,230	25.3	36,484
Average (%)	10,313	6.9	6,674	4.5	42,738	28.6	55,745	37.3	34,006	22.8	149,476
Out 1971	2,890	4.4	2,526	3.9	17,812	27.2	23,494	35.9	18,764	28.7	65,486
Out 1981	2,721	4.9	1,430	2.6	10,976	19.7	25,006	44.8	15,648	28.1	55,781
Out 1991	1,898	3.5	1,268	2.4	11,719	21.9	23,480	43.8	15,198	28.4	53,563
Out 1996	1,550	3.9	915	2.3	8,844	22.4	17,261	43.8	10,845	27.5	39,415
Average (%)	9,059	4.2	6,139	2.9	49,351	23.0	89,241	41.7	60,455	28.2	214,245

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

Table 8: Alberta, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Atlantic Canada		Ontario		Prairies		Alberta		BC		Total
	N	%	N	%	N	%	N	%	N	%	N
In 1971	2,962	5.1	3,448	6.0	8,763	15.1	23,494	40.6	19,259	33.2	57,926
In 1981	12,502	10.7	9,004	7.7	45,833	39.4	25,006	21.5	23,993	20.6	116,338
In 1991	4,889	6.6	3,213	4.4	20,768	28.2	23,480	31.9	21,320	28.9	73,670
In 1996	7,193	11.1	2,131	3.3	13,668	21.2	17,261	26.7	24,326	37.7	64,579
Average (%)	27,546	8.8	17,796	5.7	89,032	28.5	89,241	28.6	88,898	28.4	312,513
Out 1971	2,138	4.2	1,743	3.5	11,293	22.4	11,673	23.1	23,634	46.8	50,481
Out 1981	6,230	7.8	2,921	3.6	17,450	21.8	16,490	20.6	37,101	46.3	80,192
Out 1991	4,042	6.3	1,864	2.9	12,919	20.1	12,484	19.4	33,055	51.4	64,364
Out 1996	4,667	7.9	1,564	2.6	10,368	17.6	15,098	25.6	27,322	46.3	59,019
Average (%)	17,077	6.7	8,092	3.2	52,030	20.5	55,745	21.9	121,112	47.7	254,056

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

BRITISH COLUMBIA

Table 9 shows that British Columbia's two major migration partners are Alberta, its neighbour, and Ontario. The importance of migrants from the Prairies has fallen since 1971. Migration between British Columbia and Atlantic Canada and Quebec is small.

In summary, Canadians migrate from east to west, with Atlantic Canadians and Quebec residents going to Ontario, that province and Quebec swapping some residents, and Ontario and residents from the Prairies going to Alberta and British Columbia.

Since more than 300,000 Canadians move between provinces every year, this has an impact on the composition of the provincial population by place of birth and of residence. Table 10, constructed using the 1991 census microdata files, presents information on the pattern of population retention in each province. The first six columns are for Canadian-born individuals, while the seventh is for foreign-born individuals.

The retention rates of Canadian-born individuals are highest for Quebec, Ontario, and British Columbia, and lowest for Saskatchewan and Manitoba. Notwithstanding the considerable out-migration caused by both the independence movement and language policies, Quebec has the highest retention rate

Table 9: British Columbia, In- and Out-Migration Flows and Shares, 1970-71, 1980-81, 1990-91 and 1995-96

	Atlantic Canada		*Ontario*		*Prairies*		*Alberta*		*BC*		*Total*
	N	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*	*%*	*N*
In 1971	4,090	5.9	6,467	9.3	16,788	24.1	18,764	26.9	23,634	33.9	69,743
In 1981	5,053	5.8	4,910	5.6	24,684	28.2	15,648	17.9	37,101	42.5	87,396
In 1991	5,305	6.2	5,391	6.3	26,365	30.9	15,198	17.8	33,055	38.7	85,314
In 1996	7,103	8.9	6,157	7.7	28,093	35.3	10,845	13.6	27,322	34.4	79,520
Average (%)	21,551	6.7	22,925	7.1	95,930	29.8	60,455	18.8	121,112	37.6	321,973
Out 1971	2,738	5.6	2,565	5.3	15,256	31.4	8,722	18.0	19,259	39.7	48,540
Out 1981	3,433	6.7	2,286	4.5	12,744	24.9	8,691	17.0	23,993	46.9	51,147
Out 1991	3,172	6.8	2,419	5.2	12,249	26.3	7,363	15.8	21,320	45.8	46,523
Out 1996	4,446	8.0	2,482	4.4	15,418	27.6	9,230	16.5	24,326	43.5	55,902
Average (%)	13,789	6.8	9,752	4.8	55,667	27.5	34,006	16.8	88,898	44.0	202,112

Source: Table A-1. Calculations by the authors using annual migration data from Statistics Canada.

Table 10: Composition of Regional Population, Canada 1991 Region of Residence by Region of Birth, Percentage of Regional Population Born Abroad and Percentage Born in Region of Residence

	Region of Birth							
	Canada							
Region of Residence	*Atlantic (1)*	*Quebec (2)*	*Ontario (3)*	*Prairies (4)*	*Alberta (5)*	*British Columbia (6)*	*Born Abroad (7)*	*% Born in Region of Residence (8)*
Atlantic	74	1	1	0	0	1	3	90
Quebec	4	91	2	1	0	0	9	87
Ontario	15	6	90	8	4	4	27	61
Prairies	1	0	1	62	3	2	11	74
Alberta	3	1	3	13	76	7	18	50
British Columbia	3	1	3	16	17	86	25	41

Note: Columns (1) to (6) sum vertically to 100 percent.

Source: Calculations by the authors using the 1991 Census Public microdata files (3 percent sample), rounded.

of all the provinces. This means that, given the mother-tongue composition of Quebec's population, anglophones have disproportionately left the province, something also found by Vaillancourt.[4]

The lowest retention rate is observed in the Prairies: it loses almost one in every three sons or daughters (close to one to two in Saskatchewan). Intriguingly enough, retention rates are higher in Atlantic Canada than in the Prairies, where economic conditions are usually better. Is it because the Prairies' residents are better educated than Atlantic Canadians and thus better suited for employment in the other provinces? Or is it because transfer payments are skewed toward fishermen and not farmers? Or is it because privately owned natural resources (farms) in the Prairies better transmit information about employment prospects than common property resources (fisheries) in Atlantic Canada? We do not know.

This stock information on the choice of the province of residence by migrants is in agreement with the flow information of Tables 4 to 9. Ontario is the most popular choice of Atlantic Canada- and Quebec-born migrants. We also observe that British Columbia is the first choice of Ontarian, Prairies, and Atlantic Canada migrants. Atlantic Canada, Quebec, and the Prairies are not popular destinations.

The share of non-native-born individuals varies greatly between provinces. They behave like Canadian-born individuals in their choice of residence, that is, residing mainly in Ontario and British Columbia. Finally, the last column of Table 10 shows that in Alberta and British Columbia, province-born residents are not a majority. This may have important implications for government policies and politics.

CONCLUSION

Our main findings are that:

- internal mobility has diminished by one-third from 1971 to 1996. This reduction was not smooth, but is marked by a break in the years 1982-83. The exact source of this break is unknown, but perhaps the higher mobility in 1971 to 1983 was a temporary phenomenon due to the oil boom and the Quebec political scene that masked a longer term declining trend due to aging and federal transfer programs;
- national mobility patterns mask marked differences in provincial ones which are linked to local issues such as the collapse of the cod fisheries (Newfoundland), the victory in 1976 of the PQ (Quebec), the prices of wheat (Saskatchewan) and oil (Alberta). One common factor in the Atlantic provinces is the generosity of the Unemployment Insurance system;

- Atlantic Canada, Quebec, and the Prairies do not attract migration on a net basis. Atlantic residents migrate to Quebec and Ontario, Quebec residents to Ontario and Prairies residents to Alberta and British Columbia. Overall, there is a westward drift ending at the Pacific;
- the reduction in overall mobility is particularly marked for the university-educated group, but is observed across all age and education groups;
- internal migration has a marked impact on the composition of the population of provinces. Eastern provinces are populated overwhelmingly by those born there while only a minority of British Columbia residents were born there.

Overall, migration appears to be a less binding tie over time and one that binds various regions more or less strongly.

NOTES

1. At the time of writing, the 1996 microdata file was not yet available.
2. Z. Lin, "Employment Insurance in Canada: Recent Trends and Policy Changes," *Canadian Tax Journal* 46, 1 (1998):58-76.
3. F. Vaillancourt, "Le français dans un contexte économique," in *De la polyphonie à la symphonie,* ed. J. Erfurt (Leipzig: Presses de l'Université, 1996), pp. 119-36.
4. F. Vaillancourt, "English and Anglophones in Québec: An Economic Perspective," in *Survival: Official Language Rights in Canada* (Toronto: C.D. Howe Institute, 1992), pp. 63-94.

APPENDIX

Table A-1: Interprovincial Migration in Canada: In-Migrants and Out-Migrants, 1961-1996

						In-Migrants					
End Year	*Nfd.*	*PEI*	*NS*	*NB*	*Que.*	*Ont.*	*Man.*	*Sask.*	*Alta.*	*BC*	*Canada*
1962	5,618	4,121	20,519	16,160	44,051	76,758	26,079	19,789	44,148	37,487	29,4730
1963	6,008	3,624	20,738	16,035	44,103	84,793	26,507	21,341	45,282	42,985	31,1412
1964	6,770	3,660	20,999	17,624	42,002	93,902	25,918	23,299	43,736	48,429	32,6344
1965	6,451	3,010	20,160	18,317	42,255	99,828	25,547	23,697	43,684	55,416	33,8365
1966	7,839	3,715	21,991	20,018	45,076	108,139	27,250	24,545	46,270	71,211	37,6055
1967	8,297	3,856	23,640	19,513	44,564	113,222	28,850	25,589	53,994	75,527	39,7052
1968	9,426	3,748	24,287	19,579	40,307	100,096	29,145	26,105	54,906	66,121	37,3720
1969	8,929	3,924	23,251	18,343	38,892	97,758	26,506	21,657	53,527	62,917	35,5704
1970	7,441	3,201	22,876	18,482	36,063	131,865	27,885	20,298	61,588	75,853	40,5552
1971	9,281	4,018	21,653	20,413	34,472	128,035	27,919	19,904	57,926	69,743	39,3364
1972	12,338	4,304	22,711	20,149	37,777	107,750	25,757	19,670	59,374	73,279	38,3109
1973	11,752	4,217	25,213	20,658	35,997	97,042	29,039	20,870	61,443	76,474	38,2705
1974	13,042	4,947	26,150	21,793	41,024	100,044	33,125	27,312	70,593	86,399	42,4429
1975	12,262	5,315	26,698	24,027	37,067	84,588	29,271	29,162	76,532	72,800	39,7722
1976	11,604	4,231	24,371	22,812	32,383	80,926	26,116	27,803	75,302	56,793	36,2341
1977	10,151	4,976	23,535	20,897	30,965	92,670	27,905	29,865	82,035	60,230	38,3229
1978	10,073	4,607	23,315	19,995	25,012	105,399	24,609	26,826	85,997	65,671	39,1504
1979	10,061	4,286	22,841	19,330	26,127	92,796	23,374	26,196	90,724	69,119	38,4854
1980	11,579	3,905	21,187	18,077	25,451	90,060	22,904	26,518	103,922	85,527	40,9130
1981	11,161	3,706	22,448	17,791	27,529	90,957	25,768	27,536	116,338	87,396	43,0630
1982	10,278	4,406	22,173	17,751	29,135	100,845	27,726	26,600	123,785	71,892	43,4591
1983	11,102	3,531	20,718	17,153	27,497	97,987	23,552	23,845	77,457	56,519	35,9361
1984	8,559	3,814	23,504	16,691	31,227	117,291	22,758	26,377	62,574	65,286	37,8081
1985	8,165	3,869	22,444	16,204	32,411	113,808	26,711	22,980	66,981	60,578	37,4151
1986	7,947	3,451	20,374	15,523	33,394	108,637	21,931	21,083	73,207	58,820	36,4367
1987	9,164	3,228	19,626	14,117	32,173	119,785	21,954	19,742	60,931	65,817	36,6537
1988	9,290	3,724	20,365	15,310	29,075	108,328	21,133	17,591	63,274	75,144	36,3234
1989	10,193	4,035	20,098	15,662	31,738	98,784	19,118	16,237	66,244	80,394	36,2503
1990	9,735	3,543	20,373	16,446	31,072	87,573	18,549	17,108	68,462	81,793	35,4654
1991	10,614	3,296	22,341	16,224	31,146	91,935	20,026	20,410	73,670	85,314	37,4976
1992	10,212	3,099	20,267	14,100	28,317	83,553	18,022	19,357	66,148	82,069	34,5144
1993	8,935	3,003	19,201	14,386	28,162	82,268	18,501	19,357	61,933	84,449	34,0195
1994	10,302	2,946	19,297	15,067	31,201	87,632	20,914	23,984	63,192	92,982	36,7517
1995	10,297	3,494	18,784	15,187	27,565	89,485	22,873	23,225	60,473	85,465	35,7934
1996	10,453	3,444	20,175	14,475	27,898	83,665	20,321	22,901	64,579	79,520	34,7431
Total	335,329	134,254	768,323	624,309	1,183,128	3,448,204	863,563	808,779	2,380,231	2,465,419	

Table A-1 (continued)

					Out-Migrants						
End Year	*Nfd.*	*PEI*	*NS*	*NB*	*Que.*	*Ont.*	*Man.*	*Sask.*	*Alta.*	*BC*	*Canada*
1962	6,139	3,235	22,793	19,346	42,296	72,675	26,440	29,742	36,876	35,188	294,730
1963	7,699	4,251	25,491	21,597	44,642	72,124	27,428	32,679	40,747	34,754	311,412
1964	10,193	4,266	26,365	24,356	47,976	74,845	29,636	29,754	44,201	34,752	326,344
1965	11,427	4,612	27,971	23,079	48,462	76,598	32,023	29,389	48,067	36,737	338,365
1966	12,369	4,742	29,040	25,577	53,976	83,571	39,619	33,316	55,810	38,035	376,055
1967	12,726	4,510	29,635	25,236	59,018	89,769	40,120	35,568	54,314	46,156	397,052
1968	11,645	3,857	25,996	21,574	55,544	88,448	35,810	34,488	47,158	49,200	373,720
1969	10,193	4,511	24,637	22,105	57,436	82,731	32,728	34,667	44,530	42,166	355,704
1970	15,176	4,793	27,158	25,326	71,876	79,188	36,880	45,484	52,509	47,162	405,552
1971	12,979	3,788	25,296	20,895	72,258	80,712	35,046	43,369	50,481	48,540	393,364
1972	11,491	3,939	23,169	19,756	59,477	92,670	34,545	38,142	54,597	45,323	383,109
1973	12,368	3,524	20,276	18,552	55,694	95,969	34,230	36,923	55,642	49,527	382,705
1974	15,743	4,118	25,155	19,526	53,504	109,905	34,724	37,716	68,125	55,913	424,429
1975	11,522	3,961	24,182	17,977	47,456	112,445	35,255	28,615	53,403	62,906	397,722
1976	11,456	3,785	20,724	16,963	45,737	99,870	30,695	22,458	49,277	61,376	362,341
1977	11,678	3,800	23,659	18,398	55,852	99,341	31,399	23,066	58,134	57,902	383,229
1978	12,482	3,749	22,539	17,997	70,960	95,965	31,900	25,560	60,676	49,676	391,504
1979	11,834	4,254	21,660	18,073	57,682	101,762	34,780	24,418	60,953	49,438	384,854
1980	12,463	3,631	21,907	17,716	56,359	111,660	38,841	27,143	72,819	46,591	409,130
1981	12,850	4,706	23,294	20,505	50,562	122,359	36,330	28,685	80,192	51,147	430,630
1982	15,599	5,187	23,912	20,230	51,468	111,640	29,787	26,164	83,917	66,687	434,591
1983	9,665	3,169	19,127	14,590	49,388	81,402	22,835	21,127	84,904	53,154	359,361
1984	11,165	3,440	19,251	15,627	50,045	74,197	23,791	21,899	105,194	53,472	378,081
1985	11,441	3,219	20,165	16,623	41,801	74,796	22,598	27,411	92,949	63,148	374,151
1986	13,210	3,705	21,941	18,374	35,730	75,920	24,738	28,946	76,152	65,651	364,367
1987	13,998	3,529	20,094	16,719	36,388	75,261	25,238	27,078	90,744	57,488	366,537
1988	13,711	3,166	21,201	17,437	38,025	82,178	27,037	30,827	78,898	50,754	363,234
1989	11,865	3,664	20,754	16,378	41,434	91,042	29,989	32,462	69,068	45,847	362,503
1990	11,937	4,056	20,910	15,664	36,840	95,393	26,263	33,871	64,816	44,904	354,654
1991	14,002	4,385	22,169	16,727	45,139	101,696	27,805	32,166	64,364	46,523	374,976
1992	12,254	4,443	20,668	16,265	42,065	86,193	26,121	28,695	63,455	44,985	345,144
1993	12,370	2,409	21,143	15,754	43,177	86,467	24,570	27,820	63,284	43,201	340,195
1994	14,699	2,325	19,990	14,735	43,638	98,266	25,574	27,106	68,775	52,409	367,517
1995	18,336	2,619	22,447	16,058	42,839	84,909	25,063	27,277	64,879	53,507	357,934
1996	17,665	2,593	20,969	14,703	41,072	89,355	22,307	23,846	59,019	55,902	347,431
Total	436,350	133,941	805,688	660,438	1,745,816	3,151,322	1,062,145	1,057,877	2,218,929	1,740,121	

Table A-1 (continued)

					Net-Migrants					
End Year	*Nfd.*	*PEI*	*NS*	*NB*	*Que.*	*Ont.*	*Man.*	*Sask.*	*Alta.*	*BC*
1962	-521	886	-2,274	-3,186	1,755	4,083	-361	-9,953	7,272	2,299
1963	-1,691	-627	-4,753	-5,562	-539	12,669	-921	-11,338	4,535	8,231
1964	-3,423	-606	-5,366	-6,732	-5,974	19,057	-3,718	-6,455	-465	13,677
1965	-4,976	-1,602	-7,811	-4,762	-6,207	23,230	-6,476	-5,692	-4,383	18,679
1966	-4,530	-1,027	-7,049	-5,556	-8,900	24,568	-12,369	-8,771	-9,540	33,176
1967	-4,429	-654	-5,995	-5,723	-14,454	23,453	-11,270	-9,979	-320	29,371
1968	-2,219	-109	-1,709	-1,995	-15,237	11,648	-6,665	-8,383	7,748	16,921
1969	-1,264	-587	-1,386	-3,762	-18,544	15,027	-6,222	-13,010	8,997	20,751
1970	-7,735	-1,592	-4,282	-6,844	-35,813	52,677	-8,995	-25,186	9,079	28,691
1971	-3,698	230	-3,643	-482	-37,786	47,323	-7,127	-23,465	7,445	21,203
1972	847	365	-458	393	-21,700	15,080	-8,788	-18,472	4,777	27,956
1973	-616	693	4,937	2,106	-19,697	1,073	-5,191	-16,053	5,801	26,947
1974	-2,701	829	995	2,267	-12,480	-9,861	-1,599	-10,404	2,468	30,486
1975	740	1,354	2,516	6,050	-10,389	-27,857	-5,984	547	23,129	9,894
1976	148	446	3,647	5,849	-13,354	-18,944	-4,579	5,345	26,025	-4,583
1977	-1,527	1,176	-124	2,499	-24,887	-6,671	-3,494	6,799	23,901	2,328
1978	-2,409	858	776	1,998	-45,948	9,434	-7,291	1,266	25,321	15,995
1979	-1,773	32	1,181	1,257	-31,555	-8,966	-11,406	1,778	29,771	19,681
1980	-884	274	-720	361	-30,908	-21,600	-15,937	-625	31,103	38,936
1981	-1,689	-1,000	-846	-2,714	-23,033	-31,402	-10,562	-1,149	36,146	36,249
1982	-5,321	-781	-1,739	-2,479	-22,333	-10,795	-2,061	436	39,868	5,205
1983	1,437	362	1,591	2,563	-21,891	16,585	717	2,718	-7,447	3,365
1984	-2,606	374	4,253	1,064	-18,818	43,094	-1,033	4,478	-42,620	11,814
1985	-3,276	650	2,279	-419	-9,390	39,012	4,113	-4,431	-25,968	-2,570
1986	-5,263	-254	-1,567	-2,851	-2,336	32,717	-2,807	-7,863	-2,945	-6,831
1987	-4,834	-301	-468	-2,602	-4,215	44,524	-3,284	-7,336	-29,813	8,329
1988	-4,421	558	-836	-2,127	-8,950	26,150	-5,904	-13,236	-15,624	24,390
1989	-1,672	371	-656	-716	-9,696	7,742	-10,871	-16,225	-2,824	34,547
1990	-2,202	-513	-537	782	-5,768	-7,820	-7,714	-16,763	3,646	36,889
1991	-3,388	-1,089	172	-503	-13,993	-9,761	-7,779	-11,756	9,306	38,791
1992	-2,042	-1,344	-401	-2,165	-13,748	-2,640	-8,099	-9,338	2,693	37,084
1993	-3,435	594	-1,942	-1,368	-15,015	-4,199	-6,069	-8,463	-1,351	41,248
1994	-4,397	621	-693	332	-12,437	-10,634	-4,660	-3,122	-5,583	40,573
1995	-8,039	875	-3,663	-871	-15,274	4,576	-2,190	-4,052	-4,406	31,958
1996	-7,212	851	-794	-228	-13,174	-5,690	-1,986	-945	5,560	23,618
Total	-101,021	313	-37,365	-36,126	-562,688	296,882	-198,582	-249,098	161,302	725,298

Notes: - The year indicated is the end-year of a 12-month period beginning 1 July of the preceding calendar year.
- Numbers are net of migration flows to the Northwest Territories and Yukon.

Source: 1961-1971: Statistics Canada, Catalogue no. 91-208.
1972-1996: Cansim, series C122742-C122849.

6

How Canadians (Dis)connect: Foreign Economic Policy in an Era of Globalization

Claire Turenne Sjolander

La mondialisation ne fait pas que redéfinir les règles de l'économie internationale et établir de nouveaux paramètres guidant la politique économique étrangère, elle modifie aussi la manière qu'ont les Canadiens d'entrer en relation. On soutient dans ce chapitre que la mondialisation définit un nouveau mode de relation entre les Canadiens à mesure que ceux-ci acceptent la «réalité» de l'économie mondialisée et les limites ainsi imposées à la formulation des politiques économiques. Il est important de souligner que ce nouveau mode de relation n'est pas décrit en termes politiques, mais plutôt comme l'acceptation d'un donné. Ce mode de relation est manifeste dans deux piliers de la politique économique étrangère du Canada : la recherche de nouveaux partenaires commerciaux et la promotion du commerce international. Paradoxalement, ce mode de relation est aussi une source d'isolement. La mondialisation marginalise certains Canadiens alors que d'autres sont confrontés à la concurrence dans un marché international plus compétitif. Il est difficile de contrer ces formes d'isolement à l'ère de la mondialisation car l'établissement d'un véritable mode de relation n'est possible qu'à l'intérieur d'un espace d'abord conçu en termes politiques. Il est toutefois possible d'établir un nouveau mode de relation en concevant la mondialisation comme un processus politique plutôt qu'un phénomène économique inévitable.

> The new confidence at home has allowed us to reassert ourselves on the international stage and take a leadership role in fighting for what is right. All Canadians feel pride in the signing of an International Treaty banning Landmines last December in Ottawa, as well as the prominent role taken by our peacekeepers in places like Bosnia.
>
> Our challenge as a people is to harness this new spirit and work together to ensure that our country continues to be recognized as the best place in the world to live.[1]

Celebrating Canada's accomplishments over another year on the eve of Canada Day 1998, Prime Minister Jean Chrétien underscored Canada's international contribution. While applauding the fact that "many of the economic challenges which plagued our nation for far too long" have been overcome, Chrétien went to some length to point out that one of the measures of Canada is to be found in the deeds it accomplishes abroad, and in the leadership it shows within the international community of states. Intergovernmental Affairs Minister Stéphane Dion recently suggested that "Canadians can take pride that they have never had an empire and have never sent troops abroad in the 20th century for reasons other than defending democracy and peace." In keeping with this spirit, Canadians "proposed the United Nations peacekeeping force ... and drafted the initial version of the Universal Declaration of Human Rights," continuing this tradition when it "fulfilled its role as a good global citizen by undertaking a vast worldwide initiative to ban antipersonnel mines."[2] What Canada can do, or achieve, internationally, becomes a prism through which Canadians define themselves, and a reflection of national pride.

The question of how Canadians define themselves in relation to the international community of states, and how this "definition" shapes Canada, has been a central focus of Canadian foreign policy studies. Maureen Molot has argued, for example, that scholars of foreign policy have been almost obsessive in their concern with Canada's place, role, or power on the international stage.[3] This obsession notwithstanding (and perhaps as a result of it), Canadian lore is replete with references to the special talents and skills of Canadians acting abroad. Andrew Cooper once recounted, "John Kennedy praised the Canadian foreign service as 'probably unequaled by any other nation'," while Henry Kissinger "extolled the high quality of Canada's diplomatic contribution: 'Canadian leaders had a narrow margin of manoeuvre that they utilized with extraordinary skills'."[4] Canadians have taken pride in their accomplishments in the international arena,[5] in part because the more high-profile of these activities are perceived to reflect fundamental Canadian values. Martin and Fortmann have argued with respect to peacekeeping, for example, that "Canadians like to think of their country as a mosaic of cultures, cemented by tolerance, good will, and respect for individual and collective rights. Peacekeeping, with its emphasis on conflict prevention and peaceful settlement of disputes, clearly embodies this ideal of human relations."[6] It should come as no surprise that the Chrétien government uses images of Canadian peacekeepers, or references to the United Nations' ranking of Canada as the best place in the world in which to live, to argue the case for national unity. The activities of Canadians abroad and the view of Canada held by others are in important respects a mirror of the image Canadians have of themselves at home, and indeed, a mirror to Canadians of what they think they can be. One non-governmental organization (NGO) representative claimed that with Canada's place in the international arena,

> [s]uch prestige, voice, influence and clout as we have on the world stage — and we have a lot of it, far out of proportion to our relative strength as an economic power — is there because we have a history of altruism, compassion, fairness, and of doing things irrespective of our own national self-interest.... We have been respected and we have a voice in the world not because the world perceives us to be powerful but because the world perceives us to be good.[7]

If foreign policy is one of the ways by which Canadians define themselves, thereby contributing to the creation of a sense of "national" identity or purpose (Canadians as "good"), the role of foreign economic policy in interpreting Canadians to themselves is somewhat more ambiguous. There are, of course, important echoes of the general foreign policy orientation to be found in foreign economic policy; Canadians have been "team players" and active members in — at times, architects of — a wide variety of multilateral economic fora, including the GATT (now the World Trade Organization), the International Monetary Fund, the World Bank, and the G7 (now the S8). Canadians' commitment to the construction of a multilateral post-World War II economic order is unquestionable. As pioneers in the creation of this multilateral order, Canada's international activities promoted an image of a country committed to an open, rules-based, liberal trading regime. Further, and significantly, this commitment was a matter of political *choice*, based on the belief that stronger international organizations and trade liberalization "served the world community as a whole, and were not just a means of promoting Canada's national interests."[8] As Macdonald has argued, the events of the Second World War "convinced the Canadian foreign policy elite as well as the general public that isolationism was no longer a viable option." A postwar order needed to be self-consciously fashioned, "based on principles of economic liberalism and multilateralism, with the establishment of political and economic institutions designed to promote international peace and the opening of markets,"[9] and Canada would choose to participate actively in the fashioning of that order.

Foreign economic policy today is, in important respects, less a self-conscious political choice — or at least, it is rarely represented as such. Globalization appears to have, and indeed, has, altered the lay of the policy landscape. To begin, foreign economic policy has come to represent such a significant part of Canadian foreign policy activity that it is increasingly defined *as* foreign policy. Indeed, if foreign economic policy is not conceptualized as foreign policy,[10] there is relatively little foreign policy — high profile initiatives notwithstanding — about which to speak. Roy MacLaren, Jean Chrétien's first minister for international trade, stated it most bluntly when he argued that, for Canada, "foreign policy *is* trade policy."[11] This portrayal of the confluence of traditional "foreign" policy (traditional diplomacy) with foreign economic policy suggests the extent to which economic considerations have come to dominate the foreign policy agenda, in Canada as elsewhere. The place that foreign economic policy has assumed in the shaping of Canadian foreign policy

is in part defined by new, more narrowly economic, criteria motivating much of foreign policy activity. No longer is foreign economic policy about "serving the world community as a whole," rather, the Chrétien government "has announced that the first objective in foreign policy decisions must be the extent to which they promote prosperity and employment within Canada."[12] Foreign policy is but another element on the continuum of domestic economic policy; globalization, in fact, can be said to blur the distinctions between the two. If foreign policy is a mirror reflecting Canadians back to themselves, then that mirror increasingly defines Canada in terms of the hackneyed campaign slogan "jobs, jobs, jobs."

On the other hand, while more self-consciously economic in its orientation, foreign policy is less about conscious policy choices than ever before. In many respects, politics have been suppressed in the formulation of foreign economic policy, and the space for debate and discussion is concomitantly constrained. In this international dimension of the shaping of Canadian identity, choices are limited if they exist at all, masked under the rubric of globalization. Of course, the logic of this is simple. Robert Cox has pointed to the transformation of the state — a change in state form — under globalization, as the welfare state is superceded by a hyper-liberal, "transmission-belt" state, with new responsibilities to the international economic system. No longer is the primary goal of the state to act as a buffer between the domestic and international economy, in order to defend the interests of domestic constituencies against the upheavals born of a turbulent international economy. Rather, the state's role has become one of facilitating the integration of the domestic economy into the global one, of promoting the restructuring of the domestic economy in order to better respond to international economic exigencies, rather than of mediating between the national and international economic spheres.[13] In this respect, the place of politics is ambiguous at best; global economic conditions appear to "impose" norms and standards (either implicitly, or, as in the case of International Monetary Fund pronouncements or the activities of currency speculators, explicitly) to which states must be responsive, or dire consequences await. Choices, which at least indirectly characterized an earlier era of foreign economic policy, are now absent and replaced with a need to embrace the world the way as it "is."

This chapter, then, seeks to explore the extent to which globalization and the current economic restructuring affects the expression, and thereby the implicit definition, of a Canadian "identity" on the international stage. In so doing, the chapter argues that we need to take globalization seriously, not simply as something "out there" that may or may not have changed the opportunities and constraints under which policy is formulated or framed, but as a set of meanings which fundamentally alters our ability to conceive of foreign economic policy in the first instance, whether as analysts or as practitioners. More specifically, the chapter suggests that we need to understand the

discursive construction of globalization; how it represents itself and shapes the terrain upon which policy is framed, in order to understand the vision of Canada which is reflected back to it in the mirror of foreign economic policy. Such an exercise is not merely a game of semantics; the way we understand globalization and what it might be profoundly affects our conception of the space for political action. The way we understand globalization conditions the perception of foreign economic policy as a relatively non-political activity of government — "non-political" in the sense that it forecloses the counterposing of vastly different visions of Canada's place in the global economy, and limits itself to the negotiation over differences in the technical details of particular policy initiatives. Of course, the political project of globalization is not about opening up political space to debate fundamentally different conceptions of social organization and integration. To that end, the way in which the discourse of globalization is articulated informs and constrains our conception of what is legitimately political in the first place, that is, it sets the boundaries or the terrain of policy making by identifying what constitutes the "legitimate" subject matter of politics and thus, of foreign economic policy.

With respect to the manner in which Canadian foreign economic policy contributes to a sense of national identity, definition, or purpose, therefore, what is most instructive is the way in which representations of globalization as a necessary and inevitable reality of the late twentieth century have exacerbated the existing tendency to de-politicize foreign economic policy (and economic policy more generally). Where it has always been useful for capitalists to claim an empirical distinction between the political and the economic,[14] at no time has that distinction lived so much in practice and meaning as it does now. At the same time, however, the more the discourse surrounding globalization insists on its apolitical nature, the greater the likelihood of political reaction by those "outside" the "legitimate" political terrain. The discourse surrounding globalization delimits what is legitimate in politics (for example, it is increasingly difficult to suggest that the state's role should be to intervene in the market), and makes alternative conceptualizations difficult to articulate, and even more difficult to understand. Yet, these are the stresses that confront the national project which is Canada in an era of globalization; stresses born of increased social and political consensus around the implications of globalization on the one hand, and growing social fissures on the other. While Canadian foreign — and domestic — economic policy in an era of globalization attempts to present a homogeneous view of the world "out there" and of the way Canadians need to adjust to it, there is a consequent fragmentary impact on the way Canadians "connect." Those who do not accept the representation of the world "out there" are inevitably marginalized from a political process which takes consensus about the nature of globalization and its impact as its starting point, while those who accept the

interpretation and consequences of globalization are driven to act according to its dictates; dictates that preach efficiency, liberalization, and competitiveness as foundations of the global economic order. In the pursuit of greater competitiveness, however, Canadians often find themselves "connecting" as competitors, despite — and in fact, because of — their common interpretation of globalization. Globalization thus becomes a double-edged sword more likely to promote fragmentation than the homogeneity it claims to represent. In essence, globalization becomes the mechanism by which Canadians "disconnect" from each other, even as they "connect" in their view of Canada's place in a globalizing economy.

DEFINING GLOBALIZATION

Globalization is evocative of universal and universalizing practices, intensifying "global" interdependence, compressing space, accelerating time, and increasing the "consciousness of the global whole in the twentieth century."[15] However defined, all peoples and all states are said to be equally subject to its logics, which are on the whole beneficial and, in any event, inevitable, and states and societies have no choice but to adapt to this new international conjuncture. Globalization is inherently multifaceted. While its economic dimensions are key, it is possible, and indeed necessary, to speak of globalization in terms of human security, human rights and identity, democratization, the world environment, and global culture (including sport) — all pointing to a growing list of elements of human activity which have "gone global." Advances in transportation and communication technologies, together with the competitive spread of standardized systems and technologies of production, have hastened and facilitated the transformation of a segmented world into a more "global" one.

The technological underpinnings of globalization point to the phenomenon as a series of processes.[16] These processes are not necessarily self-conscious; that is, the activities of any one firm or group are not necessarily chosen in order to enhance the prospects of globalization, although this may be their combined or cumulative result. At the outset, globalization manifested itself in fundamental global economic restructuring, and it is these economic processes which are key to situating Canadian identity construction in terms of foreign economic policy. Globalization implies, in the first instance, a fundamental reorientation in the international investment strategies of transnational firms. Responding to the economic downturn and the crisis of profitability of the 1970s, and facilitated in large part by technological advances making possible the fragmentation of the production process, significant numbers of large companies began to conceive of primarily *national* lines of production in *international* terms. Transnational firms were able to establish different *parts*

of their production lines in different jurisdictions around the world, taking advantage of favourable local conditions, whether these included cheap labour or energy sources, lax anti-pollution standards, a highly educated workforce with high technology skills, and so forth. Under such a "delocalized" model of production, new transnational spaces for production are defined, though these increasingly are unlikely to coincide with national borders. These delocalization strategies have been coupled with a host of new strategic innovations with regard to the organization of the activities of the firm, also developed in response to the upheavals of the international economy over the past three decades. Michael Hart has described how global firms now "rely on a much more fragmented and decentralized approach," not only to production, but also "to design, engineering, ... marketing and service." These firms "use strategic alliances in such forms as joint production, R&D and other ventures, licensing arrangements, contracting out and brokering among global corporations and networks" in order to organize their activities in a globalizing world. These new strategies have meant that "there has been a tremendous growth in intra-corporate and intra-sectoral trade in parts and other components, as well as an increasing reliance on activities taking place far from corporate headquarters or ultimate markets."[17] As Hart suggests, pressures on national borders created by the reorganization of production have been heightened by a similar, although at the outset less rapid, "delocalization" of service industries.

It is significant, and in fact, crucial, to appreciate that the processes involved in the restructuring of global production emerged within a definite political context. The global multilateral financial and trade institutions (the multilateral postwar economic order which Canada helped to construct, governed by the Bretton Woods institutions) put into place a regulatory regime facilitating the ease and security with which goods and capital could flow across international borders. The political ground work of post-World War II economic liberalization made it possible for firms to envisage a delocalization strategy once technological changes made it feasible, and the economic crisis of the 1970s made it attractive in order to enhance stagnating or declining profitability. In this sense, and without this political groundwork, economic globalization would certainly not have taken the form that it has — globalization as it manifests itself today depends upon an international regulatory regime encouraging the loosening of national regulation and the lowering of barriers (both tariff and non-tariff) to trade and investment. In this respect, globalization is not only a set of ad hoc processes which, when taken together, constitute a profound restructuring of the postwar world, but also a political project. This is not to argue that Canada, or indeed, other countries participating in the construction of the postwar economic order envisaged globalization as its outcome, far from it.[18] Rather, in the construction of the Bretton Woods institutional structures, political conditions were created which enabled the

emergence of particular kinds of restructuring processes, and these processes in turn, have fuelled a political push to reinforce them.

If, as I have suggested, global economic restructuring was born of a particular political context, such economic restructuring also has profound political implications. On the one hand, the economic liberalization of the post-World War II era continues apace, witnessed in the negotiation of the World Trade Organization (WTO) as well as in the continuing work to broaden the scope of its regulatory structure, in the conclusion of an increasing number of regional trade blocs, including the North American Free Trade Agreement (NAFTA), as well as in the stalled, although not yet completely aborted, negotiations over the Multilateral Agreement on Investment (MAI). This economic liberalization goes far beyond that originally envisaged by the Bretton Woods institutions, and increasingly circumscribes the capacity of national states to intervene in their markets in ways that might be perceived as prejudicial to the interests of "foreign" firms.[19] To the extent that delocalization has become a significant calculation in the investment strategies of transnational firms, such strategies have limited the capacity of individual states to regulate the activities of these firms. If firms can delocalize all or part of their production in the search for a "better deal," states need to be conscious of how they compare with others in the international investment bazaar. Further, such delocalization strategies also limit the capacity of any individual country to satisfy the investment requirements of transnational firms, and thus place a premium on defining the "attractiveness" of potential investment locations in the race to attract investment dollars. As a corollary to this, pressures are thereby created for the broadening of national markets, and for their more complete integration into larger (whether regional or international) trading blocs.[20] Canada has been an active participant in, and promoter of, the extension of this political project of economic liberalization, a political project which structures the context in which economic restructuring (and thereby globalization) takes place.

Whether or not firms are in fact as footloose as this portrayal suggests is not particularly important; what is important is that states behave *as if* they are. As argued earlier, globalization has to be understood as a discourse which has real implications for political action. If firms are perceived to be footloose, to have an open menu of investment choices (and locations) before them, then certain political choices affecting the economic environment are seemingly necessarily foreclosed. In responding to the opportunities created by the post-World War II political project of economic liberalization, globalization has pushed that agenda forward onto the terrain of the inevitable. In bringing with it, as its necessary backdrop, the (globalized) diffusion of a neo-liberal ideology, political parties of both the right and the left are increasingly constrained to adopt similar political agenda, although their rhetoric

may differ. States appear to be relegated to playing a facilitator role, assisting in the adaptation of the national economy to the new realities of emerging international economic structures,[21] that is, to creating the policy environment both nationally and internationally favouring the globalization of production and service industries. Political speeches focus on the lack of alternatives; if globalization cannot be ignored (or ignored at dire peril), than its opportunities must not be missed. Like the economic changes which set the stage, the political and ideological consequences of globalization are seen to be homogeneous and totalizing, as likely to constrain states in the richest industrialized countries as in the developing world. "Competitiveness, efficiency, liberalization, and the minimalist state" have become the mantra of this new political climate.

Seen in this way, globalization can be compared to a three-headed hydra; a series of material practices or processes (relating, in the specific case of this chapter, to the restructuring of the global economy, although such universalizing practices are not limited to the economic sphere), a political project adopted by key economic actors and some states,[22] and an ideology that proposes globalization as the only, and necessary, alternative, however much the "global reality" portrayed may not be experienced on the ground. Together, these three elements make up the discourse surrounding globalization; they become our constructed "reality," our view of what globalization *is*. The very real understanding of globalization as a series of (technologically driven) economic processes, supported by powerful political actors, and defended by a pervasive ideological framework, defines a terrain upon which political action can, and cannot, take place. More particularly, because globalization sets itself up discursively as a process for which there are no alternatives and from which there is no escape, there can be no political choice but to conform to its exigencies.

In essence, what is at its roots a profoundly political process (for the restructuring and extension of the market cannot take place in the absence of a regulatory framework, both domestic and international) becomes an apolitical "reality." We are either part of globalization, on the global bandwagon so to speak, or we are nowhere. We either become more competitive, efficient, leaner and meaner, or we are left to face some void or chasm of unknown dimensions and perils. Globalization sets itself up as a "my way or the highway" reality; where "my way" (globalization and all that this implies about the capacity of states to intervene in national or international economies) promises some prosperity after the pain, and the "highway" looks long and bleak, leading to an even more desolate future. In this sense, globalization is not represented or understood as a political project, for the only "sensible" choice is to follow an uncontestable reality. Once globalization is represented and accepted in such a way, it becomes at once more persuasive (because alternatives

truly are impossible to conceive), and depoliticized, because politics (or the expression of fundamentally different options for Canada) are removed from the globalizing process. Globalization simply "is."

CANADIAN FOREIGN ECONOMIC POLICY IN THE CONTEXT OF GLOBALIZATION

Policy efforts to better situate Canada in the global economy have focused on two broad parallel initiatives, each articulated within the context of globalization as an either/or proposition. In some respects, these initiatives — situated at the level of multilateral fora, regional trade blocs or bilateral trade deals, as well as defined in terms of national trade promotion strategies — are consistent with previous efforts by the Canadian state to "stake out" a piece of the global economic pie. Since the 1970s, however, there has been a significant reorientation of the fundamental assumptions guiding Canadian foreign economic policy. Where the lessons of the immediate postwar period were that Canada was *de facto* an attractive place in which to do business and the Canadian economy thus needed very little salesmanship to attract economic interest or partners, Canadians now have to compete for business with thousands of other jurisdictions in the international marketplace. The exigencies of such competition, defined within a context of globalization, appear to limit the economic options available to Canadian policymakers, and to attribute to those selected an air of inevitability.

Canadian policy initiatives, in the first instance, have been focused on broadening and strengthening international trade and investment rules, in preference through the expansion of multilateral fora. "[M]ultilateralism is part of the Canadian DNA,"[23] Sergio Marchi claimed in a speech to the Centre for Trade Policy and Law, and indeed, the continued commitment to multilateral institutions and processes does not belie such an assertion.[24] While the (at least) rhetorical argument continues to be made that such fora act to benefit the international community as a whole, what is more transparent in this era of globalization is the contrast between such options and the abyss. Lloyd Axworthy put it most starkly in stating that "[i]n this day and age, no government — especially Canada's — can ignore the consequences of globalization." In effect, Canada must be actively engaged in the construction of a multilateral order because "Canada has no choice — in view of its inherent nature, its qualities and its history — but to make a commitment, because it is on this commitment that its very survival will depend."[25] Putting a somewhat less fatalistic spin on the issue, Michael Hart has argued that "[h]aving weathered the adjustment to a more open economy, the federal government has become a more activist participant in the making of global trade policy."[26] Clearly, the continued endorsement of rules-based international economic regimes remains

a central feature of Canadian foreign economic policy, whether or not Canadians are perceived to have a choice in this regard.

It is important not to understate the extent to which Canadian diplomats and policymakers have been active in structuring the multilateral international economic order. Most visible in increased diplomatic representation to the Geneva-based World Trade Organization, the support given by Canadian political leadership to the reinforcement and expansion of the WTO system is unwavering. Several months before the first WTO conference of ministers, held in Singapore in December 1996, then Trade Minister Art Eggleton was emphasizing the importance of the WTO to global — and Canadian — economic growth. "We must maintain the momentum of world trade liberalization.... It is key to economic growth and job creation in Canada and the world. The WTO is playing a central role in this process as the linchpin in the global trading system."[27] At the first WTO Ministerial Conference, Canadian representatives pushed for concrete steps to be taken toward freer trade in information technology, agriculture, and basic telecommunications and financial services. Further, Canada pushed for discussions on the link between investment and trade, as well as a study on how to increase openness in government procurement.[28] The conclusion of a financial services agreement within the context of the WTO was heralded a year later by Finance Minister Paul Martin. "This is an important agreement for Canada. It will provide Canadian financial services suppliers with greater certainty with respect to their investments. As well, Canadian companies will benefit from enhanced access to markets abroad, creating new export and job creation opportunities."[29] Two things seem particularly apparent in this support for the WTO regime: first, a multilateral rules-based system is to be supported and second, support of such a system will bring jobs and economic growth to the Canadian economy; in essence, a multilateral rules-based international economic order will respond to the exigencies of national economic adjustment. What is perhaps more crucial to underscore, however, is that Canada has hardly been a wallflower in the construction and consolidation of such a multilateral system, and that the construction of such a system is in itself a political choice, however it might be portrayed.

If political choices are defined in a particular context — in this case, the globalization which leads Axworthy to argue that Canadians in fact have no choice in making the commitment of engagement — they also are framed with respect to that context. Where the extension of a global trading regime is itself a political act, that regime at the same time becomes part of the world "out there" through which globalization is imposed or made inevitable. The WTO ruling against Canada in the now infamous *Sports Illustrated* split-run edition case was telling in that regard. While Heritage Minister Sheila Copps pledged to find a new set of policy instruments which would protect some market share for Canadian magazine publishers, lamenting the fact that "[t]rade

watchdogs such as the WTO ... fail to recognize the 'uniqueness' of national cultures,"[30] Trade Minister Art Eggleton made it clear that such instruments might best be set aside in favour of greater (international) market liberalization. "Are the instruments designed to promote Canadian culture at home in fact hindering its success abroad? ... The question is not whether we ought to support Canadian culture, but how best to support it ... the coming of age of Canadian culture may not depend on our ability to protect it at home, but to project it on the world's stage."[31] What Copps' lament does not acknowledge, and Eggleton's assessment only implies, is the degree to which Canada is supportive of WTO processes, and actively participates in fashioning them. The WTO is not a disembodied trade watchdog "out there," but rather a concrete manifestation of political choices — including those of the Canadian government.

The same rhetorical posture is evident in the ardent defences of the now stalemated, and potentially moribund, MAI. Considered by some a potential Charter of Rights for transnational firms, the MAI, negotiations for which have taken place to date within the ambit of the Organization for Economic Cooperation and Development (OECD), seeks to enshrine national treatment (non-discrimination) and assured protection for investors and their investments in an international agreement. Protesting the MAI negotiations is portrayed as akin to "trying to hide from globalization," with the concomitant "decline in our standard of living"[32] that such a posture would entail. Voices against the MAI have to be listened to, but they must be weighed "against the Canadian reality ... The MAI debate must focus on the facts."[33] The "fact" is globalization, inescapable, omnipresent, and negotiations such as those seeking to create the MAI are the best technical responses to the "reality" of globalization out there. While there are technical choices to be made and positions to be argued within the context of the negotiations, fundamentally different views of the political possibilities within a context of globalization are discounted as ignoring reality. As Marchi argued colloquially, "You know, anyone who played hockey as a kid or who has children playing hockey now will remember what every good coach drills into young players: "You can't score if you don't shoot." The same is true of international trade negotiations: You can't score a good deal if you don't take your best shot at negotiating it."[34] Good sense, perhaps — as far as it goes. But in this representation of the world, the only game in town is hockey, and the kids who would rather play baseball simply don't get to play at all.

The same representations of globalization and the inevitabilities which it occasions (however politically structured these "inevitabilities" in fact are) are to be found in the enthusiasm greeting the myriad bilateral and regional trade agreements in which Canada participates. While the 1988 Canada-US "free trade election" was fought over fundamentally different visions of Canada, subsequent trade agreements have garnered much less emotion, and

in many cases, little attention. Beyond the North American Free Trade Agreement, a fairly minor and much less volatile issue in the 1993 election than Canada-US free trade had been five years earlier, free trade agreements have been signed with Chile and Israel, and prospects for a Free Trade Area of the Americas (FTAA), together with a partnership in the Asia-Pacific Economic Cooperation (APEC) round out the trade agenda. Chilean free trade is to be heralded not only for the "potential that it holds," but also as "an important contribution to the cause of freer trade around the globe — an example for others to follow."[35] This example of freer trade is lent some of its urgency, however, by the fact that "[b]oth Chile and Canada have recognized that freer trade is an idea whose time has come, that the way to future prosperity does not lie in hiding behind protectionist barriers."[36] Again, a reality has become clear, although the policy implications are not without their critics, even amongst dedicated free-traders. As Michael Hart has described, "Canada seemed to be bent on majoring in the minors, prepared to negotiate free trade agreements with almost anyone interested, including Israel, Jordan, Chile, New Zealand, and Singapore. Two of these negotiations, with Israel and Chile, have now been concluded, even though there was little basis for them, either on commercial or foreign policy grounds."[37] Where Hart objects to trade agreements which cannot, by reason of limited trade relations and geographic distance, confer the potential for greater economic integration, the Canadian willingness to negotiate trade agreements with interested parties seems perfectly consistent. If globalization has taught the lesson that protectionism cannot work, it is difficult to elaborate the grounds upon which certain agreements should be negotiated while others are put aside, particularly if there is willingness to do so on both sides of the negotiating table. Hockey is the only game, and one cannot shoot — strategically or otherwise — if one is not playing.

The FTAA and APEC, for their part, are inherently more ambitious initiatives, seeking to bind together entire geographic regions (and in the case of APEC, an increasingly far-flung region) in trade liberalization agreements. At the close of the Santiago Summit in April 1998 which formally launched negotiations toward a hemispheric-wide free trade area by 2005, Prime Minister Chrétien heralded the role of freer trade in "helping our peoples to prepare themselves to take advantage of the new economy."[38] Despite the growing reluctance of certain Latin American countries toward the prospect of a hemispheric agreement, the prime minister insisted upon its inevitability, reflecting that "[t]he history of this century shows us the undeniable failure of isolationism and protectionism."[39] Globalization is both the new economy and the demonstration of the failure of protectionism, and regional agreements which adapt to this changing international economic reality are to be embraced as the wisest course of action. The fact is, of course, that negotiations leading toward a FTAA or in the context of the Asia-Pacific Economic Cooperation

forum promoting the initiative of Pacific Rim Free Trade by 2015 actively contributes to shaping globalization as well as responds to it.

While there has been criticism of both the FTAA and the APEC initiatives, in part on the ground of human rights issues, there has been no consistent indication of the government's willingness to consider seriously foreign economic policy under any optic other than trade. Some rhetorical acknowledgement of the lack of democracy in potential trading partners has been made, but there does not appear to be any willingness to slow down the free trade bandwagon. Rather, "the Canadian government continues at a relentless pace to join one trade deal after another, creating an immense web of agreements to allow Canadian business access to markets all over the world,"[40] and this despite talk of human rights and democracy. In contrast to the free trade election of 1988, however, political debate around these freer trade initiatives is often absent — or defined in terms of assisting those who oppose such agreements to face "honestly the natural fear of change."[41] It is as though the free trade fight having been lost (or won, depending on one's position), the legitimate terrain of politics has been redefined. Trade agreements are economic arrangements made necessary by the restructuring exigencies of globalization, and the political and social impacts, if any, are incidental. Trade arrangements have moved from being on highly contested political terrain to being accepted (and often barely noticed) as an inevitable part of globalization, one other thing to be done on the road to eventual prosperity. It is simply not conceivable to imagine the political engagement around trade policy which was evident a decade ago — the space for politics has been profoundly redefined.

Beyond the attempted negotiation and occasional conclusion of formal free trade agreements, the Liberal government has also embraced trade promotion through a series of "Team Canada" initiatives. These voyages, travelling international road shows with the prime minister at the helm, and a supporting cast including Cabinet ministers, provincial premiers, municipal government officials, and business leaders, have targeted quickly growing regions of the world economy in search of trade and investment opportunities for Canadian firms. These high-profile delegations are considered necessary to give political importance to what are essentially business trips. As one senior foreign affairs official argued: "We open the doors, and our business people walk through them. We can act as a catalyst and, if it comes down to competition between Canada and another country, that's where the political overlay can make the difference."[42] Foreign economic policy became akin to an economic dating service, with state officials at all levels actively engaged in supporting the pairing up of firms and market opportunities, ever hopeful that the right "match" will be made. What is most interesting about the "Team Canada" initiative, however, is the extent to which it also plays onto the depoliticized terrain surrounding the discourse around globalization.

Team Canada, most visibly manifested in a series of trade promotion "pilgrimages" launched in November 1994, and held every January since, is in fact part of a larger government strategy to promote Canadian business abroad, and to encourage partnerships between Canadian firms and foreign companies. Team Canada Inc., an elaborate interdepartmental, intergovernmental network developed in partnership with the Canadian business community, provides the technical support required by Canadian firms in their search for business opportunities and partners abroad. "Exports and foreign investment create jobs in Canada,"[43] explained Art Eggleton simply as he announced the launch of a Global Opportunities Response Team (Go-Team) made up of "rapid deployment" trade commissioners who can head out quickly to posts abroad to follow-up recently concluded trade agreements or Team Canada initiatives. What is particularly striking about Team Canada is that it is not conceived in political terms at all, but rather, as a technical response to globalization.[44] This is what the Canadian state can now do for business in order to help it position itself in the international marketplace.

This chapter is not arguing that the Team Canada initiatives are an inherently bad strategy, or even an inherently doubtful one. Rather, it is the non-politicized nature of Team Canada ventures which is so telling. "Political" questions relate to whether or not particular premiers should be participating; during this past foray in January 1998, more for reasons of ice-storm-related weather than to any real questioning of the value of the exercise.[45] It is instructive that Lucien Bouchard has dismissed his predecessor's boycott of Team Canada voyages, for this underscores the extent to which Team Canada is seen as an apolitical response to the exigencies of globalization. There is, in fact, no other way for the state to play the globalization "game" once globalization becomes defined as an apolitical process. Industrial policy, for example, becomes anathema to the meaning which is attributed to globalization (competition, free market, liberalization, efficiency), and, of necessity, becomes increasingly associated with trade policy. If the state, any state, must be seen to be doing something (if only for reasons of political legitimacy), then globalization would seem to profoundly limit its options. Its choices are to be found in some combination of trade agreement development, domestic infrastructure building to attract foreign investors, and international trade cheer-leading. Of course, the Canadian state is not the only one engaged in this type of activity; Canadian provincial and municipal governments are active in promoting their firms and investment attractiveness as well. The discursive framing of globalization is widely understood and shared, and involves the activities of a myriad of governments and organizations, each cheer-leading for their opportunity to "score" the economic goal.

CONCLUSIONS: CONTESTATION FROM THE MARGINS

What does the discourse surrounding globalization tell us in terms of a Canadian "image" on the world stage — an image reflected back to Canada? If, as has been argued, discourse is as much material or empirical practice as the ideas and interpretations formed to give meaning to such practice, it is not as though the state can simply "change its mind" and thus discover or create a new reality. In increasingly accepting globalization as an inevitable "given" bringing with it its own exigencies, however, the discourse surrounding globalization profoundly alters the terrain of the political. In particular, what is not highlighted by this discourse is the extent to which the Canadian state participates in the shaping of globalization. Team Canada initiatives, for example, make no sense *except* in a world of market liberalization and an increased number of trade agreements, for without the pressure to liberalize and the international frameworks facilitating liberalization, the position of Canadian business in the world economy takes on a different interpretation.

This does not mean that the limited "technical" role of the state in responding to the exigencies of globalization is wholly unquestioned. The number of non-governmental organizations assembled — and protesting — during the parallel APEC People's Summit in Vancouver in November 1997 was large by any measure. Posters dotting union halls and university campuses protesting the MAI are similarly indicative of the fact that the terrain on which the discourse surrounding globalization is articulated is not completely closed. Again, though, what is instructive here is the difficulty in achieving any profound political debate over the issues at hand; anecdotally evidenced in the prime minister's unfortunate jokes about the use of pepper spray against APEC protesters on the one hand,[46] or, as outlined earlier, Sergio Marchi's frustration over disagreements about the MAI on the other.

In terms of Canadian foreign economic policy, however, what is clear is that for most analysts, and in most analyses, globalization has become an apolitical backdrop, a conditioning variable, a "given." This is, of course, consistent with the discourse surrounding globalization. In placing globalization as part of the world out there, rather than as a discourse that defines the very meaning of what is a legitimate subject for politics and therefore of foreign policy itself, these analyses are limited to the positing of globalization as some kind of *deus ex machina*, imposing limits but not of our own making, or to the observation that despite change, nothing much has changed (because globalization is not seen within the terrain of the political). What is not perceived is the displacement of the political — to other areas, off to the side — and the fragmentary consequences that this has for Canadian society as a whole. This fragmentation occurs not only because segments of Canadian society are left behind in the forward march of globalization, but because their protests are not understood within the redefined terrain of the political. Globalization is

paradoxically fragmentary in its homogenous effects; as all levels of Canadian society and government accept the mantra of the minimalist state and the competitive ethos, various levels of governments begin to compete against each other for investment dollars — all the while accepting the "non-political" and "technical" nature of their responses to the globalization itself.

The consequences of this two-fold fragmentation are problematic in terms of the Canada that is reflected back to itself. Rather than being a reflection of choices made for the international good (however self-serving those choices might in fact have been), foreign economic policy is a technical process born of global circumstances. Politics does not exist in this space. Even if foreign economic policy is to be defined rather narrowly in terms of the actors who participate, as earlier commentators have celebrated, we are still left with a paradox in the matter of foreign economic policy under globalization. Foreign policy, connoting "the actions, goals, and decisions of authoritative political actions,"[47] suggests that at some level at least, such policy is about the political, and is defined on a political terrain. A new understanding of foreign economic policy — and of Canada — in the era of globalization would necessitate such an acknowledgement.

NOTES

1. Jean Chrétien, Prime Minster of Canada, "Message on the Occasion of Canada Day," 29 June 1998, Ottawa, Ontario. http://pm.gc.ca/cgi-win/pmo_view.exe/ENGLISH?807+0+ NORMAL.
2. Stéphane Dion, President of the Privy Council and Minister of Intergovernmental Affairs, "Notes for an address before the Israel Association for Canadian Studies at the Hebrew University of Jerusalem, Israel," 28 June 1998. http://www.pco-bcp.gc.ca/aia/ro/doc/spchjun2898.htm. See also, Stéphane Dion, "Canada is going to make it after all!" Notes for an address to the biennial conference of the Association for Canadian Studies in the United States, Minneapolis, Minnesota, 21 November 1997.
3. Maureen Appel Molot, "Where Do We, Should We, or Can We Sit? A Review of the Canadian Foreign Policy Literature," *International Journal of Canadian Studies* 1-2 (1990): 77-96.
4. Andrew F. Cooper, *Canadian Foreign Policy: Old Habits and New Directions* (Scarborough, Ont.: Prentice Hall Canada Inc., 1997), p. 35.
5. For a discussion of the way in which the discourse of Canadian foreign policy has been articulated around this perception of the uniqueness of the Canadian contribution internationally, see David Black and Claire Turenne Sjolander, "Multilateralism Re-constituted and the Discourse of Canadian Foreign Policy," *Studies in Political Economy* 49 (Spring 1996): 7-36.
6. Pierre Martin and Michel Fortmann, "Canadian Public Opinion and Peacekeeping in a Turbulent World," *International Journal* 50, 2 (Spring 1995): 384.

7. Cited in Cooper, *Canadian Foreign Policy*, p. 20.

8. Laura Macdonald, "Canada and the 'New World Order'," in *Canadian Politics in the 1990s*, ed. Michael S. Whittington and Glen Williams (Toronto: Nelson Canada, 1995), p. 43.

9. Ibid., p. 42.

10. Foreign economic policy is often conceptualized, whether explicitly or implicitly, as industrial, rather than foreign, policy. On this question, see Claire Turenne Sjolander, "International Trade as Foreign Policy: 'Anything for a Buck'," in *How Ottawa Spends 1997-98. Seeing Red: A Liberal Report Card*, ed. Gene Swimmer (Ottawa: Carleton University Press, 1997); or G. Bruce Doern and Brian W. Tomlin, "Trade-Industrial Policy," in *Border Crossings: The Internationalization of Canadian Public Policy*, ed. G. Bruce Doern, Leslie A. Pal and Brian W. Tomlin (Toronto: Oxford University Press, 1996).

11. Cited in Kim Richard Nossal, *The Politics of Canadian Foreign Policy*, 3d ed. (Scarborough, Ont.: Prentice Hall Canada Inc., 1997), p. 30.

12. Mark Neufeld and Sandra Whitworth, "Imag(in)ing Canadian Foreign Policy," in *Understanding Canada: Building on the New Canadian Political Economy*, ed. Wallace Clement (Montreal and Kingston: McGill-Queen's University Press, 1997), p. 203. The Chrétien government's statement on Canadian foreign policy puts this most bluntly: "The promotion of prosperity and employment is at the heart of the Government's agenda," and is thus central to Canada's foreign policy objectives. Foreign Affairs and International Trade Canada, *Canada and the World: Government Statement* (Ottawa: Canada Communication Group, 1995), p. ii.

13. On this point, see Robert W. Cox, *Production, Power and World Order: Social Forces in the Making of History* (New York: Columbia University Press, 1987), pp. 254-55.

14. For a useful discussion of the theoretical and practical consequences of the separation of politics and economics, see Robert W. Cox, "Production and Hegemony: Toward a Political Economy of World Order," in *The Emerging International Economic Order: Dynamic Processes, Constraints, and Opportunities*, ed. Harold K. Jacobsen and Duncan Sidjanski (Beverly Hills: Sage Publications, 1982).

15. Roland Robertson, *Globalization: Social Theory and Global Culture* (London: Sage Publications Ltd., 1992), p. 8. See also James H. Mittleman, "The Dynamics of Globalization," in *Globalization: Critical Reflections*, ed. James H. Mittleman (Boulder, CO: Lynne Rienner Publishers, 1996).

16. I am indebted to my colleague Jeanne Kirk Laux for the processes, project, and ideology typology which is developed in this section.

17. Michael Hart, "The End of Trade Policy?" in *Canada Among Nations 1993-94: Global Jeopardy*, ed. Christopher J. Maule and Fen Osler Hampson (Ottawa: Carleton University Press, 1993), p. 89.

18. For a statement of the objectives and principles guiding postwar multilateralism, see John Gerard Ruggie, "Multilateralism: the Anatomy of an Institution," *International Organization* 46, 3 (Summer 1992): 561-98, or from a more critical

perspective, Robert W. Cox, "Multilateralism and World Order," *Review of International Studies* 18, 2 (April 1992): 161-80.

19. It is no surprise, for example, that initiatives such as the Foreign Investment Review Agency (FIRA), which had as its mandate to review investment proposals for their ability to confer benefit to the Canadian economy, could not fulfill its mandate. The emergence of new investment strategies which no longer conceived of a sovereign territory as the foundational building bloc for the organization of production made it difficult, if not impossible, to protect production defined along national lines, a point which Canadian, as well as foreign firms, made increasingly clear to the Canadian government.

20. On the emergence of an investment "triad" comprising North America, Europe, and Asia, see the United Nations Conference on Trade and Development (UNCTAD) *World Investment Report 1994: Transnational Corporations, Employment and the Workplace* (New York: United Nations, 1994).

21. This role contrasts with the earlier postwar role of the state described earlier, whose emphasis was on protecting or cushioning the national economy from disruptions emanating from international economic processes.

22. Canada here is not marginal, given its participation in the key structures of global economic governance, including the G7, the WTO, and the OECD.

23. Sergio Marchi, Minister for International Trade, "Notes for an Address to the Centre for Trade Policy and Law," Ottawa, 13 February 1998. http://www.dfait-maeci.gc.ca/english/ news/statements/98_state/98_008e.htm.

24. For an assessment of the importance of multilateralism in Canadian foreign policy, see Tom F. Keating, *Canada and World Order: The Multilateralist Tradition in Canadian Foreign Policy* (Toronto: McClelland & Stewart, 1993).

25. Lloyd Axworthy, Minister of Foreign Affairs, "Between Globalization and Multipolarity: The Case for a Global, Humane Canadian Foreign Policy." http:/ /www.dfait-maeci.gc.ca/english/ foreign/humane.htm.

26. Michael Hart, "Canada in the Global Economy: Where Do We Stand?" in *Canada Among Nations 1997: Asia-Pacific Face-Off*, ed. Fen Osler Hampson, Maureen Appel Molot and Martin Rudner (Ottawa: Carleton University Press, 1997), p. 53.

27. Department of Foreign Affairs and International Trade, "World Trade Organization Head to Visit Canada," 23 May 1996 (No. 95). http://www.dfait-maeci.gc.ca/ english/news/press_~1/96_press/96_095E.HTM.

28. Department of Foreign Affairs and International Trade, "Conference Lays Foundation for Stronger Trading System," 13 December 1996 (No. 247). http:// www.dfait-maeci.gc.ca/english/news/press_~1/96_press/96_247E.HTM.

29. Department of Foreign Affairs and International Trade, "Canada Welcomes WTO Financial Services Agreement," 12 December 1997 (No. 209). http://www.dfait-maeci.gc.ca/english/news/press_~1/97_press/97_209E.HTM.

30. Cited in John Schofield, "Back to Square One: Washington Wins a Hotly Contested Trade Fight," *Maclean's*, 14 July 1997, p. 36.

31. Cited in Hart, "Canada in the Global Economy," p. 73.

32. Marchi, "Notes for an Address to the Centre for Trade Policy and Law."
33. Sergio Marchi, Minister for International Trade, "Notes for an address to the Standing Committee on Foreign Affairs and International Trade," Ottawa, 4 November 1997. http://www.dfait-maeci.gc.ca/english/news/statem~1/97_state/97_048e.htm.
34. Marchi, "Notes for an Address to the Centre for Trade Policy and Law."
35. Sergio Marchi, Minister for International Trade, "Notes for an Address at the Canada-Chile Free Trade Agreement Plenary Session," Santiago, Chile, 21 January 1998. http://www.dfait-maeci.gc.ca/english/news/statements/98_state/98_006e.htm.
36. Marchi, "Notes for an Address at the Canada-Chile Free Trade Agreement Plenary Session."
37. Hart, "Canada in the Global Economy," p. 75.
38. Heather Scoffield, "Summit Maps Path to Free Trade," *The Globe and Mail*, 20 April 1998, p. A8.
39. Mike Trickey, "Canada to Host Next Free-Trade Summit," *The Ottawa Citizen* 20 April 1998, p. A2.
40. Heather Scoffield, "Trade Talks to Touch on Rights," *The Globe and Mail*, 16 April 1998, p. A8.
41. Jean Chrétien, cited in Scoffield, "Summit Maps Path to Free Trade," p. A8.
42. Cited in Alan Freeman, "Why our Political Leaders Have Gone into Sales," *The Globe and Mail*, 4 November 1994, p. A13.
43. Art Eggleton, Minister for International Trade, "Announcement of the Creation of Global Opportunities Response Team (Go-Team)," 7 February 1997. http://www.dfait-maeci.gc.ca/english/news/press_~1/97_press/97_022E/HTM.
44. A similar argument is developed in Claire Turenne Sjolander and Miguel de Larrinaga, "Mission Impossible: Canadian Diplomatic Initiatives from Mines to Markets," in *Worthwhile Initiatives? Canadian Mission-Oriented Diplomacy*, ed. Andrew F. Cooper and Geoffrey Hayes (Toronto: Irwin Publishing, forthcoming 1998).
45. This is not to say that there are no criticisms addressed to the Team Canada initiatives. In high profile comments made in April 1998, for example, Sylvia Ostry suggested that it would be a mistake to "confuse this trade development idiocy with economic policy.... In terms of the resources allocated to these [Team Canada] missions, they don't give us much.... Nobody in their right minds, except the airlines, would defend the trade missions." (Cited in Richard Foot, "'Team Canada' Has Zero Benefits," *The Ottawa Citizen*, 26 April 1998, p. A1). Ostry's comments went on to suggest, however, that a more appropriate strategy would be to negotiate detailed trade agreements with other countries — in effect, to concentrate more attention on the first of the Canadian government's parallel trade policy initiatives.

46. During the APEC meetings in Vancouver in November 1997, the RCMP used pepper spray against student demonstrators. Prime Minister Chrétien, in response to press questions about the appropriateness of the use of pepper spray, commented that he uses pepper on his steak. CBC transcript courtesy of Terry Milewski, "Charter-Free Zone," *CBC National Magazine*, 19 December 1997.
47. Kim Nossal, *The Politics of Canadian Foreign Policy*, p. 4.

The Societal Context

7

Organized Labour in a Federal Society: Solidarity, Coalition Building and Canadian Unions

Tom McIntosh

Ce chapitre étudie comment les syndicats se sont intégrés à la société civile canadienne et ont ainsi pu devenir un lien entre les Canadiens d'un bout à l'autre du pays. Plusieurs obstacles économiques, politiques et sociaux ont ralenti et continuent de ralentir la croissance du mouvement ouvrier et sa capacité à surmonter la barrière linguistique au sein du mouvement. Historiquement, le mouvement ouvrier a réussi, dans une certaine mesure, à surmonter ou, du moins, à faire face à ces obstacles en s'alliant avec d'autres mouvements et d'autres groupes au sein de la société canadienne. Ce processus a non seulement modifié la politique et la société canadiennes, il a aussi changé les revendications dominantes, tant politiques que sociales, du mouvement ouvrier. Le mouvement ouvrier fait maintenant face à de nombreux défis dans la réaffirmation de son rôle dans l'économie politique canadienne des années 1990. Les décennies 1980 et 1990 ont été particulièrement difficiles pour le mouvement ouvrier en raison des restrictions étatiques imposées aux négociations collectives, de l'hostilité croissante des employeurs et d'une série de tensions internes avec ses partenaires sociaux et politiques. Au moment où le mouvement ouvrier s'engage dans le prochain millénaire, sa légitimité est contestée à l'intérieur de la société canadienne. Bien que cette contestation soit importante, il y a lieu de croire que le mouvement ouvrier possède la volonté et la capacité de se réinventer pour y faire face.

> Work, or lack of it, shapes people's identity and provides both the material and, to some extent at least, creative basis of existence.... Thus labour, the human expression of work, is the essential object of concern for the study of society. In the Canadian economy today, wracked by high unemployment, rising inequality, falling real wages, and a collapsing welfare state, it is labour that is at the centre of the political and economic storm.[1]

INTRODUCTION

This chapter explores the manner in which organized labour in Canada became and remains an integral part of civil society. The focus is specifically on the changing institutional, political and economic relationships that provided trade unions with opportunities to overcome or offset the effects of barriers to their growth and, thus, to create linkages between working people across the country. The chapter begins with a look at the specific conditions that helped to shape contemporary trade unionism in Canada and how these factors influenced the specific response of organized labour in the pursuit of its particular economic and political agendas. What becomes apparent is that the specific conditions in which unionism took root in Canada necessitated responses that both extended and constrained the labour movement's political and social agendas.

In more recent years, organized labour has suffered a number of setbacks that have, when taken in combination, served to weaken its ability to act both politically and within civil society. Numerically the labour movement remains relatively stable. However, two decades of economic restructuring, legislative restrictions on union activity, a general ideological shift to the right, internal tensions within the labour movement and a somewhat uneasy relationship with other elements of the Canadian left (the social movements, the New Democratic Party [NDP], etc.) have taken their toll.

Organized labour has long relied on two relationships that were crucial to its position in civil society. The first was the accommodation with the state and private capital in the postwar era which allowed the labour movement a measure of institutional security. The second was its participation in a number of political and social coalitions with other "progressive" elements in Canadian society. The first relationship is clearly in tatters and labour must cope with the ascendancy of a different political economy predicated on different strategies of capital accumulation. The second relationship still adheres, but is under significant stress. Labour's social democratic political allies are themselves being transformed by the harsh "new realities" of turn-of-century capitalism while both the Canadian state and the civil society in which it is embedded are being similarly transformed.[2]

Yet, as discussed in detail below, the challenges faced by the Canadian labour movement are not entirely new and, despite the seriousness of those challenges, labour is not completely unable or unwilling to meet them. This chapter examines, then, how those two relationships were built, how they have faltered and how they may look in the future. The story is necessarily nonlinear and complex. At its heart, though, is the ongoing attempt by the labour movement to anchor itself securely within civil society while engaging in a series of political and economic struggles with both capital and the state. Those struggles in turn serve to alter how the labour movement fits into civil society and the nature of the coalitions it builds.

Throughout its history(s), organized labour in Canada has continually struggled to build a labour movement that was "national" in scope, linking working people across the country into a single coherent movement pursuing a single political and economic agenda. Yet, as will become apparent, a number of factors have continually undercut labour's ability to build such a movement and to speak with a single voice. Like other elements of civil society, Canadian unionism reflects not only the divisions that are inherent in a federal society but also those divisions and cleavages that have long been the stuff of Canadian politics. The regional differentiation of the Canadian economy coupled with significant variations in the political culture of those regions, the persistent linguistic divide and a host of institutional factors have all been barriers to the growth of a truly national labour movement. In addition, internal debates and divisions, such as those between skilled and unskilled workers and between immigrant and native-born labourers further hindered labour's growth.

The specific importance of particular barriers has differed throughout Canadian history, but it is important to note that the linguistic divide between French- and English-speaking labour in Canada has resisted all attempts at resolution. As will be discussed in more detail below, there currently exists a relationship between English-Canadian and Quebec labour predicated on what is best described as "sovereignty-association" within the confederally organized Canadian labour movement as represented by the Canadian Labour Congress (CLC). Insofar as this chapter is focused on the nature of the linkages between working Canadians across the country and their bonds with other elements of civil society, it needs to be stressed that only the most formal connections exist across the linguistic divide. Thus, the attempts to build both a pan-Canadian labour movement and that movement's attempt to build political and social coalitions within civil society are, in essence, the attempts of English-Canadian trade unionists.[3] To the extent that organized labour in "the rest of Canada" interacts with Quebec labour, it does so for the most part through the CLC.

The CLC's relations with the Quebec Federation of Labour (QFL) may, as discussed below, provide some important lessons in terms of how the CLC approaches a more decentralized federation in the years to come. In most policy areas the CLC has been consistently nationalist on economic issues and centralist in its approach to the federation. The exception to this, however, has been a willingness to accommodate the aspirations of both Quebec labour and Quebec nationalism more generally which has been an equally consistent theme of both the CLC and the NDP policy since the 1960s.

At the same time, organized labour in Canada has struggled, with varying degrees of success, to accommodate, if not overcome, most of these other barriers. Though stagnant for the past decade, the unionization rate in Canada continues to hover at about one-third of the non-agricultural workforce.[4] There is some evidence, albeit not overwhelming, that organized labour stands poised

to again play an important political and economic role in the next century. As the fiscal crises of the federal and provincial states, which dominated much of recent political discourse, begins to fade and the process of Canada's integration into a new international political economy proceeds, though unevenly and sometimes haphazardly, opportunities exist for organized labour to reassert its role as the defender of working people's political and economic interests. Such conclusions are, of course, both tentative and contingent. The barriers that faced labour in the past continue to exist and there are important new challenges that will need to be met, but it remains the case that organized labour in Canada is by no means ready to give up the ghost.

The contingency on which labour's future rests is its ability and willingness to rearticulate a political and economic strategy reminiscent of the strategies employed in the last so-called "golden age" of labour's growth and consolidation, namely the decades following the end of World War II. Of course, the period of labour's growth and consolidation in this era, often referred to as "the years of consent"[5] or the achievement of "industrial legality,"[6] were not always as golden as a cursory examination might suggest.

What is evident is that labour's own political and social agendas underwent a significant transformation both prior to and following WWII as it grappled with its position within the Canadian political economy and Canadian civil society. For some this meant that the *raison d'être* of trade unionism was ultimately compromised beyond recognition. For others, labour's accommodation with capital, the state, and civil society was the means by which it secured its position in the Canadian socio-economic structure and which allowed it to give voice to a political and social agenda in defence of working people and other elements of Canadian society. Yet, at its core, the Canadian labour movement has remained committed to a principle of solidarity, not only within the house of labour, but more generally within Canadian society. What becomes evident though is that Canadian labour has often failed to turn its commitment to solidarity into long-term practice.

It was the extension of the notion of solidarity into political and social coalitions with non-labour elements of Canadian society that helped the Canadian labour movement integrate itself more fully and more successfully into the mainstream of Canadian society than might otherwise have been expected. As a consequence, this strategy (which characterized the labour movement's success in the postwar years) meant a fundamental reorientation of its political and social agendas from its earlier incarnations. Indeed, it meant a fundamental transformation in the way in which labour viewed Canadian society — the giving way of its historical class-based focus, with its attendant radical and even revolutionary politics, and the embracing of social-democratic reformist politics.

However, in the 1980s, the economic and social conditions that allowed Canadian labour to build the coalitions that were part of its success began to

change in significant ways. As a result, therefore, the coalitions on which organized labour relied (and which it had helped to build) began to founder. Throughout the 1980s and into the 1990s, organized labour's ability to articulate a coherent political, economic, and social agenda which linked together working people, social activists, and what could be termed the "broad left" of Canadian politics also foundered. The weakening of these coalitions and their marginalization within a shifting political discourse centred on neo-conservative politics and neo-classical economics further served to highlight the institutional barriers that mitigated against labour's "national" focus.

The first section of this chapter will examine the economic, social, and political conditions that were faced by organized labour in the years prior to and after World War II, the time period in which organized labour solidified its legitimacy and began its largest period of growth and political and social influence. The second section explores how and why organized labour entered into a succession of political and social alliances and how those alliances both transformed civil society in Canada while also transforming the labour movement, its agenda, and its prospects. The third section examines how the changing political economy of the 1980s and 1990s poses new and important challenges to organized labour and how labour's position within the Canadian left is increasingly being challenged. In spite of labour's difficulties in finding a secure position within the changing political economy and the tensions that exist within its coalitions with other socio-political actors, there is some evidence that labour is again in the process of reinventing itself. Rising militancy and a recognition of its own need to adapt to a society that is changing rapidly may well mean that the Canadian labour movement is prepared to secure its position in the socio-economic order once again. That this struggle will result in a "different" labour movement is relatively certain.

LABOUR IN CONTEXT

At the time of Confederation trade unions in Canada were, simply put, illegal. The formation of unions was deemed a criminal conspiracy designed to restrain trade and violate fundamental concepts of the individual's right to enter into contracts. The *Trade Union Act, 1872* made unions legal, but offered them no protection and certainly guaranteed them no legitimacy.[7] The legal recognition of trade unions as legitimate representatives of the working class with both legal rights and obligations came first during the Second World War with *Order in Council 1003* and after the war with the so-called *Rand Formula* that created the "union shop," allowed on-site workplace organizing and the automatic check-off of union dues from employees' wage packets. These became the basis for the union security provisions that we currently find in the various labour codes across the country.

Prior to and in the years immediately following the *Trade Union Act, 1872* the labour movement in Canada consisted essentially of a series of locally organized "friendship societies" and collectivities of skilled workers.[8] In the absence of widespread industrial development, these proto-unions were designed to preserve the rights and privileges of skilled workers, often but not exclusively self-employed, by controlling entry into these trades by others. Unions of the kind with which we are now familiar had to await the arrival of larger scale industrialization, which, in the Canadian case, came significantly later than it did in other western nations. At the same time, the process of industrialization in Canada occurred within a different set of historical and social circumstances than in, for example, the United States.[9] If it is the case that organized labour began its entry into the mainstream of Canadian civil society during the economic and social chaos of the Great Depression, then it did so at a time when a variety of factors continually served to undercut its progress.

The division of Canadian labour into an English-speaking and French-speaking component remains to this day as one of the biggest barriers to the attempts to create a "national" labour movement. From the very beginnings of the labour movement, the attempt to build a pan-Canadian movement representing workers from all regions and within all sectors of the economy has run up against the nationalist aspirations of both the Quebec working class and Quebec society more generally. At the same time, the Catholic church played a defining role in shaping the character of the Quebec labour movement. Originally opposed to organizations such as the Knights of Labour (which drew significant support in Quebec in the early years of the twentieth century), the Catholic church later pursued a strategy of integrating labour organizations into corporatist arrangements that sought, at least nominally, to balance the interests of capital, labour, and the Quebec state — arrangements overseen by the Catholic church.[10]

In addition to the French-English split (which was also, in this period, a Catholic-Protestant split), uneven economic development and large variations in regional industrialization, coupled with regional political cultures highly resistant to such changes,[11] meant that the Canadian working class was isolated in small pockets separated by large distances. Thus, the class structure of Canadian society was skewed in favour of rural Canadians. This further exacerbated the religious, ethnic, and linguistic cleavages, to create an environment which was openly hostile to the class politics inherent in unionism at this time. In short, organized labour was, as one historian put it, a minority within a class that was itself a minority within the Canadian social structure.[12] This was compounded by a political system that still only paid lip-service to notions of popular sovereignty through property qualifications (as well as racial and gender restrictions) on the right to vote in various jurisdictions.[13]

To further hinder the early labour movements' attempts to create a pan-Canadian working class base from which to build, the Canadian federation

has a constitutional structure which forces unions to focus at the provincial rather than national political arena. The responsibility for labour-capital relations stems from the provincial responsibility for matters relating to "property and civil rights" as set out in the *Constitution Act, 1867*. Thus, working-class organization was forced to take place within political boundaries that served to undercut trade unionism's pan-Canadian objectives. As will be discussed later, organized labour, and indeed much of the Canadian left, has long had an ambivalent relationship with the Canadian federal condition — it continually saw its agenda as essentially "national" in scope which led to a consistent "centralist" thrust to its politics despite the fact that its political success was as much, if not more, on the provincial scene as it was on the national. Again, though, the exception to this was the general acceptance of Canada's "bicultural" condition that necessitated the recognition and accommodation of Quebec's special status within the labour movement.

The combined result of these factors was that in the years before the Second World War there really was no "Canadian" labour movement. Instead there was a series of independent, uncoordinated labour movements that rose and fell in response to essentially local economic and social conditions. As a result, the achievement of political gains for workers was a fragmented, piecemeal and often temporary phenomenon in which local gains were difficult to carry forward onto the national scene and even more difficult to hold onto in the face of often brutal opposition from both the state and capital.[14]

Through the interwar years it is evident that Canadian labour had a political as well as an economic agenda. Unions nominated their own candidates for Parliament and provincial legislatures, small independent labour parties were formed both in the west and in Ontario, and the Communist Party of Canada took a leading role in organizing the previously unorganized. As well, the Progressive Party became the first significant political party to link the interests of farmers and industrial labourers in the 1920s.[15] The reasons for this political and social action on the part of Canadian trade unions may well lie in the fact that capital showed no reluctance to call on the state to protect its interests, such as in the general strikes of 1919 in Winnipeg and British Columbia. This in turn forced labour to articulate its own political voice in opposition to such tactics. At the same time Canada entered a new phase of economic development in the early decades of the twentieth century whereby capital became increasingly concentrated and centralized and the application of scientific management strategies attempted to wrest control of production from skilled workers. An increasingly coherent state apparatus with a clear desire to regulate labour-capital relations oversaw all of this.[16]

Despite the political activity of unions on a wide array of fronts, it was during the 1920s that Canadian labour suffered its most serious setbacks. Changing immigration patterns brought new ethnic and religious cleavages which when combined with the loss of skilled jobs and the lack of any centralized cohesion amongst its constituent parts created "a labour force

honeycombed with divisions more complex than the older skilled-unskilled distinction which had a centuries long pedigree."[17] The economic dislocation of the Great Depression only served to further hinder the organizational and political ambitions of organized labour.

The years between 1872 and the end of World War II were marked both by alternating periods of labour quiescence and intense labour strife.[18] Of particular importance are the interwar years and the period of the Great Depression. Even though the response of the labour movement to the economic collapse of the 1930s was sporadic, localized, and uncoordinated,[19] the interwar years marked a significant change in the role played by the Canadian state which would ultimately serve to transform the Canadian labour movement.

There was, for historian Bryan Palmer, a duality to the exercise of state power in the 1920s and 1930s: interventionist, often brutally so, in defence of property and profit, and abstentionist in terms of defending those outside those social relations. Yet, out of this contradictory position the state evolved a more subtle, but at least as powerful, role. Through the interwar years the Canadian state moved slowly away from direct coercion toward a new role predicated on regulating labour-capital relations. As part of this transformation the state assumed the role of neutral arbiter. Indeed the success of this transformation relied on the state's ability to convince both parties, but especially organized labour, that it could play this role effectively.[20] To quote Bryan Palmer on this:

> Out of the dilemmas and contradictions ... [of] this period, however, would emerge a new kind of state power, one that sealed a future "compromise" between labour and capital based in industrial legality, welfare provisions, and a social Keynesianism judged affordable in the new prosperity of the post-World War Two world.[21]

Thus, this transformation in the role of the state and the eventual evolution of a system of industrial relations predicated on preserving labour peace helped pave the way for the political and ideological transformation within the labour movement. Ultimately, the integration of labour into a system of rule-based industrial relations would allow for, perhaps even demand, the kind of coalition building that would come to exemplify the contemporary Canadian labour movement in terms of its pursuit of a political and economic agenda. Throughout this time the labour movement(s) reflected a diversity of approach to the articulation of workers' interests and to political activity. McCormack, in his study of radical politics in the western provinces, makes an important distinction between the "the reformers, the rebels and the revolutionaries" that is instructive in conceptualizing the divisions within the labour movement.[22]

They were all to some extent "radicals," but there existed a continuum of political perspective running from a reformist tradition advocating traditional parliamentary politics through to a revolutionary communist strain advocating

the ultimate necessity of overthrowing the economic order. The coexistence of these left analyses was often highly conflictual, with mutual denunciations being a common feature of intra-left politics. What is important to understand, however, is that it is during these years that one can begin to see the marginalization of that revolutionary critique rooted in the intellectual and political tradition of Marx. Though perhaps the most vocal element of the early labour movement, it was not necessarily the predominant one. It is a common feature of both the Canadian and American labour movements' histories that the revolutionary and even the radical perspectives within each was eventually forced to the margins by both internal and external political forces.[23]

At the same time as revolutionary class-based analyses were being drowned out in the postwar years, the political and organizational strength of labour grew at an unprecedented rate. The years following the war were the most successful in labour's history. Union membership grew to well over a third of the non-agricultural workforce, labour legislation guaranteed collective bargaining rights, employment and health and safety standards were codified, organized labour helped to shape the Keynesian welfare state that protected both the organized and the unorganized, and hundreds of thousands of Canadian workers settled into a self-perceived middle-class respectability that was as much the Canadian dream as the American. This was, in a sense, the reward for the triumph of social-democratic reformist politics on the part of the labour left. Dissent within the labour movement over strategy, ideology, and methodology was replaced with consent to a more peaceful social contract. At the outbreak of World War Two there were fewer union members in Canada than there had been two decades earlier (see Table 1), though its percentage of the non-agricultural workforce was marginally larger. Between 1945 and 1975, membership would more than quadruple and its percentage of the workforce would grow one and a half times.

Of particular importance during the period of the late 1960s and into the 1970s is that governments during this time allowed the unionization of the expanding public sector. By the mid-1970s, when the last provincial public sector was unionized in Prince Edward Island, labour had expanded its constituency to include virtually all of the public sector (as high as 85 percent in some sectors).[24] Estimates at this time put the federal and provincial public sectors as making up nearly 40 percent of the Canadian workforce.[25]

The eventual urbanization and industrialization of Canadian society that characterized an era of massive economic expansion can explain part of this. But the height of Canadian unionism arrived after the triumph of the reformist perspective within the labour movement. This "kinder and gentler" form of unionism, itself more acceptable to both the state and private capital, allowed the creation of what Panitch and Swartz have called "the great post-war compromise" — the legal protection and recognition of trade unions in exchange

Table 1: Canadian Union Membership, 1920-1993

Year	Total Membership ('000)	As % of Non-Agricultural Workers	Average Annual % Change
1920	374	16.0	—
1925	271	14.4	-6.2
1930	322	13.9	-3.2
1935	281	14.5	-2.3
1940	362	16.3	5.2
1945	711	24.2	14.5
1951	1,029	28.4	7.7
1955	1,268	33.7	5.4
1960	1,459	32.3	2.8
1965	1,589	29.7	1.7
1970	2.173	33.6	6.5
1975	2,884	36.9	5.6
1980	3.397	37.6	1.8
1985	3,666	39.0	0.4
1990	3,841	33.1	n/a
1993	3,768	32.6	0.6

Source: Adapted from Mary-Lou Coates, David Arrowsmith and Melanie Courchene, *The Current Industrial Relations Scene in Canada, 1989: Labour Movement and Trade Unionism Reference Tables* (Kingston: Industrial Relations Centre, Queen's University, 1989); and Diane Garlaneau, "Unionized Workers," *Perspectives on Labour and Income* (Ottawa: Statistics Canada, Spring 1996), p. 45.

for labour's recognition of a capital accumulation strategy based on high productivity, high wages, and the development of the welfare state (i.e., Fordism).[26]

What is of importance here is the persistence of organized labour as a constituent part of Canadian civil society. During the years of substantial union growth in the postwar era, unionism remained relatively consistent from province to province, apparently in spite of the kinds of regional, linguistic, and institutional divisions spoken of above (see Table 2). The only consistent outliers are Alberta, which is perennially lower than other provinces, and Newfoundland, which was significantly higher than other provinces from the mid-1970s through the 1980s. Not surprisingly, BC's unionization rate is also higher than average. The sudden spurt in PEI's unionization rate comes, most likely, from the unionization of the public sector in the mid-1970s which then

Table 2: *Unionization by Province, 1962-1986 as a Percentage of Paid Workers*

	1962	*1972*	*1982*	*1986*
Canada	31.1	32.5	35.4	34.6
Newfoundland	29.0	32.2	54.2	61.4
Prince Edward Island	14.4	17.3	31.7	37.7
Nova Scotia	28.7	33.9	32.7	36.0
New Brunswick	24.7	35.5	37.4	40.1
Quebec	25.8	36.7	36.7	40.7
Ontario	32.7	32.9	31.0	31.9
Manitoba	30.7	31.3	32.5	39.2
Saskatchewan	29.5	27.5	33.9	38.2
Alberta	24.4	27.7	25.0	29.5
British Columbia	43.1	43.9	44.4	43.7

Source: Adapted from Mary-Lou Coates, David Arrowsmith and Melanie Courchene, *The Current Industrial Relations Scene in Canada, 1989: Labour Movement and Trade Unionism Reference Tables* (Kingston: Industrial Relations Centre, Queen's University, 1989).

places it firmly in the Canadian mainstream. By 1993, the figures do not change significantly with Newfoundland at a 53-percent unionization rate, followed by Quebec (39 percent) and BC and Manitoba both with 36 percent. Alberta continues to be far below the national average.[27]

There is no simple explanation for this consistency. Perhaps, most curiously, the provincial labour codes that developed in the postwar era share more similarities than differences. This is not to deny that there are some important interprovincial variations in labour law (e.g., the banning of so-called replacement workers during a strike or lock-out, which remains high on labour's legislative agenda in a majority of the provinces), but on balance there is a remarkable consistency given that there are eleven jurisdictions with ten of them also having different rules for the public and private sector unions. Similarly, there was no Canadian version, even at a provincial level, of the American *Taft-Hartley Act* that allowed the institutionalization of so-called "right to work" states and legitimized union avoidance techniques which has resulted in the clearly bifurcated nature of American industrial relations.

SOLIDARITY AND THE BUILDING OF COALITIONS

The legitimization of labour's role within the postwar political economy and its integration into civil society needs to be understood, however, as something more than simply the achievement of a political understanding with capital and the state. At the same time that labour accepted the terms of the so-called "years of consent" it was also again in the process of building political and social coalitions between itself and non-labour elements of Canadian society. As mentioned before, it was a process that began as early as the 1880s and carried through to the Progressives in the 1920s and which would, like the story of labour's growth itself, proceed in fits and starts, yielding successes and failures over the five decades following the end of World War II.[28] The success of labour's growth in the postwar economic expansion, resting as it did on the foundations of Fordism and Keynesianism, pushed labour further along this path of coalition building in an effort to overcome the institutional, political, and cultural factors that had previously mitigated against working-class organization in Canada. The marginalization of the radical and revolutionary class analyses coupled with the material benefits that unionization clearly provided in this era broke down some of this resistance to unions.

Insofar as the postwar compromise left labour as a "junior partner" in the new economic order taking shape, then labour would need such alliances if it was to continue to try to push Canada down the "parliamentary road to social democracy." In the years that followed, the labour movement, with its significant resources and its bases in all parts of the country, would eventually become the largest and most powerful element in a loosely organized coalition of social activists, environmentalists, feminists, and other elements of what might best be called the "broad left" of Canadian society that ebbed and flowed through Canadian politics from the 1960s onward. From the Solidarity Coalition that challenged the economic restraint program of the British Columbia government in the 1980s to the Days of Action protests against the policies of the Ontario government from 1996-98, organized labour has used its position as the largest component of the Canadian left to build alliances and to attempt to articulate a common agenda.

What is readily apparent, though, is that such coalition building is a double-edged sword. As noted above, by reaching out beyond the confines of its working-class base, labour necessarily altered its own conception of itself and its understanding of Canadian society.[29] At the same time, the coalitions labour built, especially those in recent times, are often fraught with internal tensions and contradictions. In fairly simple terms, there is an ongoing tension between the materialist concerns of organized labour (wages, job security, the welfare state, etc.) and what has been called the post-materialist concerns of environmentalists, feminists, and other partners within these coalitions.[30] One need only look to the ongoing battles in the forests of British Columbia

to see these contradictions in operation — unionized forestry workers battling environmental groups over logging old-growth forests. In the end, the coalitions that labour has used to extend its own influence, and the support it has provided other elements of the broad left and which served to link a wide range of Canadians, have to be understood as inherently fragile. That they persist in being rebuilt and reconstituted, always in different forms and in response to different political and economic situations, speaks to the resiliency of the labour movement.

What is of interest here is the manner in which organized labour managed to secure its place within civil society while still a "minority within a minority." At the same time, labour also managed to overcome institutional and structural barriers that could have continued to keep it locally focused and fragmented. Part of the answer to this lies in labour's ability to extend the concept of solidarity, which in some sense lies at the heart of unionism, into the building of important political and social coalitions that magnified both its power and its scope. That labour was able to do this successfully may well account in part for its four decades of growth following World War II. What is still an open question is whether, in the face of the collapse of Keynesianism, the increasing importance of non-Fordist strategies of accumulation, and its own position within the Canadian left, organized labour can find new expressions of solidarity and new coalitions that will preserve its status within civil society.

Trade unionism, from its very beginning, was predicated on the notion that working people's interests were best served through collective action. Insofar as industrialization destroyed previous relations of production and challenged existing property relations, it served to make the process of production and of labouring an essentially collective act. The labour of any one individual became essentially meaningless outside its existence as part of a larger collective act of numerous other labourers.

In this way, then, the interests of individual labourers became irrevocably tied to the interests of those other workers with whom they toiled — if they laboured collectively then their interests could only be articulated and protected through collective action and mutual defence.[31] Central to collective action was the notion of "solidarity" — the recognition that one could only protect oneself if one also protected those in similar circumstances and that an assault on another was an assault on oneself.

It is easy to see how notions of solidarity can be expanded beyond simple collective action within a single workplace to include workers in other workplaces, in other parts of the country and other parts of the world. Yet with each concentric circle of inclusion the attachments between workers become increasingly abstract and come into conflict with other attachments held by individuals. "The ever expanding union of workers" of which Marx wrote was, from the very beginning, continually undercut by other calls on individuals' loyalties — to the nation, to the state, to the church, etc.

Yet given the fragmented and dispersed state of the Canadian working class and the slow and uneven process of industrialization, the Canadian labour movement was, in a sense, forced to look beyond the working class for political and social allies. The ideological and strategic divisions of the early labour movement made this process exceptionally fragile, but even the more unified labour movement of the postwar era faced similar problems. The fragility of such coalition politics is further heightened during those periods when external forces also serve to put labour on the defensive. In the interwar years, the direct, often brutal, coercion of the state and resistance on the part of capital to labour's demands created, in a sense, a two-front battle for trade unionists. In more recent years, the restructuring economy, a hostile legislative environment and reduced public support for labour's agenda only serves to make contemporary coalition building as complex, if not as physically dangerous, as in the past. The irony, of course, is that it is during those times of significant external threat that labour most needs to build political alliances and, yet, this is when such coalitions are most difficult to build and maintain.

Take, for example, the formation of the Cooperative Commonwealth Federation (CCF) in the early 1930s as, formally at least, an alliance of labour, farmers, and socialist activists. The farmer-labour alliance was always a somewhat uncomfortable one. The rural residents attracted to the alliance were more often than not the subsistence farmers (and in Atlantic Canada, fishermen) who often supplemented their farm income with wage labour. Yet their commitment to unionism was essentially instrumental — wage labour served to support their "real" lives as farmers and fisherman and was, therefore, a temporary place for them. More prosperous farmers, though they remained outside the mainstream of industrial capitalism, used casual wage-labour on a revolving basis and thus had little interest in advancing workers' interests.[32]

The ringing denunciation of capitalism that opens the *Regina Manifesto* notwithstanding, the CCF was the first major social-democratic parliamentary political force in Canadian politics. The party expressly rejected the inevitability and the desirability of class conflict in favour of a more moderate reformist politics. What is important to stress, though, is that the alliance built around the CCF was not essentially led by organized labour. The labour movement, as noted above, was still a regionally diverse, ideologically splintered and uncoordinated entity. Thus, the CCF attracted only a small portion of the labour movement's official support. It did somewhat better, at least on occasion, in attracting the votes of trade unionists. In the minds of even the more radical elements of Canadian labour, whatever the shortcomings of social democracy, it promised at least some positive reforms.[33]

The CCF's electoral success, especially in the realm of provincial politics, remains an important demonstration of successful coalition building. With such coalitions came an ongoing transformation of how labour viewed itself, its relation to Canadian society, and the advancement of its political and social

agenda, even as such coalitions changed those agendas. In the end, however, the CCF remained, despite its affiliation with some labour organizations, an uncomfortable alliance for many trade unionists and a betrayal in the minds of labour's more radical minority.[34]

The history of labour's relationship with the CCF often underplays the importance of these divisions in the 1930s. Again, there really was no "house of labour" in Canada at this point that could easily be brought into a labour-farmer alliance; rather there was a myriad of organizations, parties, and movements with little coordination and much mutual antipathy. Insofar as the CCF incorporated labour into a broader coalition, it was that reformist element of the union movement that took part. As the labour movement became more institutionally and ideologically unified in the postwar era (and as both the labour movement, the state, and Canadian society generally marginalized the more radical and revolutionary elements) unions would come into a dominant role within a new political coalition.

This came about in 1961. With the CCF quickly fading into political oblivion in light of the prosperity of the 1950s and the ideological crossfire of the Cold War, it became apparent that a new party would need to carry the banner of social democracy into the 1960s. In 1961 the Canadian Labour Congress, formed in 1956, and the CCF formally joined together to form the New Democratic Party with the CLC playing a pivotal role in party strategy, policy and financing. Unlike the CCF, the NDP had organized labour as its most powerful single constituency.[35]

The coalition between the remnants of the CCF and the CLC was made possible in part because, for the first time, there was a labour organization capable and willing to speak as "the voice of labour" in Canada. The Canadian Labour Congress was formed through the merger of the Trades and Labour Congress and the Canadian Congress of Labour and included most of the major "national" and "international" unions in the country. What made the creation of the CLC possible, in part, was the successful campaign on the part of the labour movement's moderate wing to purge the radical elements from positions of influence both within specific unions and within broader labour coalitions. In short, Canadian labour was, as it entered the 1960s, more ideologically cohesive than it ever had been in the past. There is a mythology that the kinds of red-baiting and purges that devastated the radical elements of American labour did not happen in Canada.[36] Yet there was an internal struggle within Canadian labour that replicated the American experience and which saw the eventual triumph of moderate social democratic politics.[37] This would pave the way for both the consolidation of labour under the banner of the CLC and the CLC's alliance with the New Democratic Party.

As presently constituted, the CLC is in effect a confederal[38] organization structured around and ensuring representation at the centre for the 12 provincial and territorial labour federations in the country. The inclusion of the major

industrial trade unions such as the United Steelworkers, the United Autoworkers and, at the time, the Teamsters meant that it was possible to talk about a Canadian house of labour. However, this confederal arrangement means that labour's house has many mansions. The CLC is both a central organization giving voice to the political agenda of Canadian labour and also a coalition of discreet unions and provincial organizations that often pursue different, if not always contradictory, agendas. Given its organizational structure the CLC experiences periods of tension and infighting as the power wielded by its constituent parts waxes and wanes. Most recently this tension has been seen in the rise to prominence of the public sector unions that have now surpassed the old-line industrial unions in size and in a potentially divisive left-right split over political strategy.

There is also an ongoing tension about the politics of Canadian labour, and especially the CLC, in terms of what is best described as its centralist orientation to Canadian politics. Like much of the Canadian left, the labour leadership has never felt entirely comfortable with the give and take of Canada's federal system and has long articulated a political and economic agenda that clearly demanded "national" solutions to "national" problems. In one sense this is consistent with a long-standing desire of the labour leadership to link together the disparate elements of the labour movement into a pan-Canadian organization. The problem, of course, is that the CLC's centralist and nationalist tendencies do not always square with its own more decentralized and confederal institutional structure. Of course, the CLC's confederal structure has allowed it to recognize the "special status" of Quebec labour by essentially institutionalizing a linguistic bifurcation within the Canadian house of labour.

From the period between the 1930s until the 1960s Quebec labour was differentiated from the rest of Canadian labour by the presence of confessional unions whose "national" focus was on the French-Canadian nation. The Quiet Revolution of the 1960s weakened and eventually virtually eliminated the political influence of the Catholic church within Quebec society generally and also within the Quebec labour movement.[39] But the decline of the church's influence within the labour movement did little to reorient its nationalist focus. Through the 1960s to the present the French-Canadian (Catholic) labour movement became the Quebec labour movement, closely tied with the politics of a reinvigorated Quebec nationalism and often with the separatist Parti Québécois. From the 1970s onward, the rest of the Canadian labour movement sought to accommodate the nationalist tendencies within Quebec labour by the gradual recognition of successive levels of independence within nominally pan-Canadian labour organizations and within specific unions (e.g., the United Auto Workers, now the Canadian Auto Workers). Thus, in a certain sense there are at least two distinct labour movements within Canada — one inside Quebec and one in the other nine provinces.[40] That is, the QFL is in many respects independent of the CLC while remaining part of the organization

such that the two maintain a collaborative relationship of equals on issues of common concern.[41]

In some sense the CLC-NDP alliance that was created in 1961 has yielded significant political success. On the other hand, it can also be seen to have somewhat stifled the political activism inside the labour movement. The NDP's electoral success has been entirely on the provincial scene and, with the exception of Bob Rae's win in Ontario in 1990, limited to western Canada and the north. Other than the Rae win, it has formed governments in BC, Saskatchewan, Manitoba, and the Yukon. On the national scene it was a perennial "third party" (albeit not always third in the federal House, it was sometimes fourth or fifth). In 1993 it lost official party status, along with the Progressive Conservatives, amid the resurgence of the Liberals in Ontario and Atlantic Canada, the separatist Bloc Québécois in Quebec, and the Reform Party in the west. It has rebounded in a fashion, capturing 20 seats in the 1997 election by capitalizing on a combination of leader Alexa McDonough's profile in Atlantic Canada and that population's anger at Liberal government cutbacks, especially in the area of Employment Insurance.[42] At the same time, the NDP had maintained a high political profile as the champion of what former leader Ed Broadbent described as "ordinary Canadians." In the early 1970s the party held the balance of power during the Liberal minority government of Pierre Trudeau and proved the more effective opposition party in 1984 after the crushing defeat of the Turner Liberals at the hands of Brian Mulroney's reinvigorated Conservatives. Yet, the NDP has never fully capitalized on the political opportunities it had. David Lewis led the party to a disastrous defeat in 1974, failing to win the party credit for the popular nationalist economic policies it promoted but which the Liberals implemented. By the mid-1980s the Liberals had used the media-grabbing antics of its "Rat Pack" of parliamentary newcomers to wrest attention away from the largest ever NDP contingent in the House, effectively disguising the growing tensions within that party over Turner's leadership.

However one characterizes the success (or lack of it) of the NDP, either provincially or federally, there is one thing that is certain. For the most part the trade union membership has not traditionally voted for the NDP (or for that matter for the CCF).[43] The important role played by the labour leadership in political strategy, in the back rooms of the party and in party financing has never effectively translated into delivering even a majority of union members' votes to the NDP. Traditionally only a third of unionized electors vote for the party. Nor has the party proved to be a vehicle for trade unionists entry into electoral politics, though that has changed somewhat with the 1997 results. Traditionally, the labour movement has not sent its "best and brightest" to win office under the NDP at the federal level and only sporadically in the provincial arenas. This is not, however, unprecedented in the relationship between unions and their political wing:

> As in the British Labour Party, there appears to be a division of functions between the parliamentary wing and the trade unions, at least with respect to full-time union officials. There are no prominent trade union leaders in the caucus, nor have they been candidates.... But from the point of view of economic policy, this is the one area which the trade union leaders guard jealously.[44]

In this area, the CLC has consistently played an important and often decisive role. When the Canadian left in the early 1970s flirted with a left-nationalist economic analysis that was highly critical not only of the role of US capital in the Canadian economy, but also of US-dominated international unions in the Canadian labour movement,[45] the CLC did not hesitate to flex its muscles to ensure that such criticisms did not become NDP policy. Known as the Waffle Group, supporters of a party resolution calling for an "independent, socialist Canada" (a.k.a. *The Waffle Manifesto*) were not only defeated by a labour-led response, but, in parts of the party, the Wafflers were ordered to disband as an entity within the party. This drove some of the party's intellectual wing to leave, albeit temporarily in some cases.[46] The irony in all of this is that little more than a decade later the same CLC would endorse a left-nationalist critique of the *Canada-U.S. Free Trade Agreement* that could have been written by the same people that issued the *Manifesto*.

Having united, more or less, the majority of Canadian trade unionists and played an instrumental role in the creation of longest-surviving "third" party in federal politics, the labour movement, or at least the CLC, seemed willing to maintain a curious distance from the electoral process. In a sense, the NDP became the vehicle through which labour acted within this arena. The NDP also became the forum in which labour bumped up against the other elements of the Canadian left — feminists, environmentalists, social activists, etc. And in this way, there existed what appeared to be a coalition of interests that expressed itself within the confines of the electoral system through the NDP, and which manifested itself in a myriad of shorter term alliances when political action became extra-parliamentary.

But again, this coalition is much more complex than it first appears. It has to be understood that labour did not enter the NDP as simply a large number of individual trade unionists committed to social democracy, but as large, bureaucratic and, in terms of the Canadian left, economically powerful institutions. Other constituencies within the NDP coalition, the non-labour elements, entered as individuals. There may be a large number of Greenpeace members within the NDP, but Greenpeace is not affiliated with the party in the same way as the Canadian Union of Public Employees (CUPE) or the Canadian AutoWorkers (CAW). Indeed, the affiliation of unions is much stronger than the affiliation of unionists and thus within that coalition, the labour movement is clearly "first amongst equals." Or, maybe more succinctly, "first amongst unequals." It may be true that the NDP is numerically dominated by individual members and that policy convention delegates come,

mostly, from individual riding associations, but this belies power wielded behind the scenes by the labour leadership.

According to Archer and Whitehorn, though, the materialist/postmaterialist split that is supposed to be plaguing parties of the left in western nations is not evident in the NDP, at least not at the federal level. Part of this rests on the fact that economic concerns remained consistently high on the political agendas of Canadians through the 1980s and into the 1990s, thus not providing the "luxury" of concern about non-economic matters. As a result, there was no significant electoral support for "green" parties. Further, they contend, the federal NDP has accommodated support for environmental policy with little internal conflict. At the same time they admit that there a number of areas where "new politics" has the potential to divide the party, and point especially to the area of gender politics. It is, however, still a debatable proposition.[47]

Such analysis may be correct, as far as it goes. But the focus should not be on just the internal dynamics of the party, though they are important in and of themselves. The NDP is not just about those activists who attend conventions and belong to particular caucuses within the party. It is also about the much larger group of people who do not belong to the party, are not active within it, but who, nonetheless tend to vote for the NDP and whom the NDP actively courts during and between elections. These are the people Ed Broadbent called the "ordinary Canadians" and those who live on "Main Street, not Bay Street."

In addition, there needs also to be a focus on how the NDP manages the competing interests within the broad left of Canadian politics when it has to do so both in the political arena more generally and also from the position of government — when it must also confront the demands of those economic and political interests outside its traditional circle of friends and allies. It is one matter to ensure acceptance of policy resolutions calling for increased environmental protection within the confines of a party convention. It is another to try to accommodate, as a government, a labour movement (sometimes allied with employers) wanting to clear-cut a portion of the BC forests amid the protests of various environmental and aboriginal groups. This, it seems, is the real test of the resiliency of the red-green coalition.

It is true that in recent years the labour movement made important efforts to both accommodate and incorporate these competing agendas — both within the NDP as its electoral arm and within itself. The CLC has a strong history of expressing its solidarity with the goals and aspirations of the social movement left in Canada.[48] But the CLC, by virtue of its size and structure, is a long way from the shop floor where such expressions of solidarity may have little force or effect, but where they are in fact most needed. Thus, the building of solidaristic networks has fallen to individual unions and, here, the record is somewhat mixed. Much has been made of labour's inability to treat the non-labour left as equals in a common struggle, with the tendency of labour

to treat the concerns of its allies as being of secondary importance.[49] At the same time, historian Kim Moody points to the significant efforts that some Canadian unions, especially the Canadian Auto Workers (CAW), have gone to in order to reach out beyond the shop floor and also to bring what were once "non-labour" issues onto the shop floor. It is a process that he calls "social movement unionism," and while he has no illusions about the inherent problems in such politics, he also recognizes that the last two decades of economic and legislative assault on labour movements across the industrialized western nations necessitates a renewed commitment to the creation of new alliances rooted in a more robust conception of social and economic solidarity.[50]

Yet, as Moody recognizes, the need for labour to seriously (re-)engage with the social movement left comes at a time when labour itself is under direct and indirect assault by both capital and the state. The 1980s and 1990s have not been easy decades for organized labour in Canada. Public sector unions were faced with massive levels of wage freezes and rollbacks as governments made them a scapegoat for the economic ills of the nation.[51] In 1983, 85 percent of all contracts in the public administration sector (which includes only a part of the public sector workforce), and 75 percent the following year, could be deemed to include significant concessions on the part of employees. Most of these were legislated by governments willing to circumvent the collective bargaining process. In the private sector, concession rates were lower, but still significant. In manufacturing, transportation, and mining sectors the concession rates in 1983 ranged from 36 to over 60 percent and between 25 and 40 percent the following year. To put this in another way, 1983 saw 41.4 percent of all contracts negotiated in Canada governed in some way by federal or provincial restraint legislation, affecting over half of the unionized workforce negotiating contracts that year.[52]

By singling out public sector workers and effectively "demonizing" them in the public's perception, governments also managed to insert a wedge between the public and private sector unions. At the ideological level, trade unionists in the private sector willingly accepted the image of the public sector as essentially parasitical — overpaid, underworked, and wasters of taxpayers' money. Even if this did not play at the leadership level within the labour movement, it made inroads at the rank and file level where private sector workers, whose real wages were declining and who faced an increasingly insecure economic future as the process of restructuring gained momentum, resented the apparently secure, high-wage workers within the public sector.

At a more concrete level, the continual subversion of collective bargaining within the public sector also threatened to bifurcate Canadian industrial relations. From 1982 through 1984, the federal Liberals effectively suspended collective bargaining within the federal public sector. The Mulroney Conservatives

reintroduced the suspension in the early 1990s, and this was extended until 1997 by the Chrétien Liberals. Increasingly, public sector workers were being excommunicated from the collective bargaining process through supposedly temporary government legislation. As the suspensions of bargaining continued or were reintroduced, the temporary began to look increasingly permanent.[53] To many, it began to become obvious that the postwar compromise, the so-called "years of consent," was over and the labour movement was facing increased resistance from employers.

Thus, as labour entered the 1990s, it was facing a wide range of problems. The political coalition with the NDP was yielding little fruit. The party lost official status in Parliament after the 1993 election and its renewed strength after the 1997 election has yet to translate into an easily identifiable upswing in public support for social democratic politics. At the same time, the NDP did manage some provincial victories — in BC, Saskatchewan, Ontario, and the Yukon. But as these governments accepted the cost-cutting and deficit reduction strategies of their Liberal and Conservative rivals, the labour movement began increasingly to question their role within this political coalition. Indeed, the withdrawal of support by Ontario unions from the NDP government of Bob Rae, in the wake of the Social Contract legislation, ensured that the already very unpopular government would be defeated. In the 1995 Ontario election the NDP finished third. The irony for the labour movement in all this was that if it thought that the Social Contract was regressive, then the Conservative "Common Sense Revolution" that followed was downright draconian.

With the public sector unions under siege and the private sector unions concentrated in the old-line Fordist sectors of the economy the labour movement has had a difficult time making a clear case for its own relevance in the changing economic and social order. Unionization remained strong in the traditional areas of the trades and manufacturing, but failed to build on this base by expanding into other economic sectors, and less industrialized regions. Large sectors of the Canadian working class, especially women and immigrants, remain outside the house of labour, even though unionization appears, in wage terms, to be more beneficial to women than to men.[54] In the growing sectors of the economy, such as financial services and in much of the low-wage service sector, the labour movement barely registers on the radar.[55] As self-employment and niche-focused firms become more important in an increasingly atomized economy, trade unions are faced with finding strategies that will allow them not only to penetrate these sectors organizationally, but also to bring those workers into a newly reconstructed political and social coalition. As the 1990s draw to a close, then, labour needs to examine seriously both the challenges and opportunities that currently exist for reconstituting these coalitions.

SOLIDARITY AND COALITION BUILDING IN A NEW CENTURY

With the CCF and the NDP, organized labour had focused much of its coalition building directly on the political arena, both federally and provincially. Yet the legislative accomplishments of that coalition, built as it was in the 1960s and 1970s, proved unable to withstand the economic and social transformations of the 1980s and the 1990s. It is no longer clear that labour's influence within that coalition is yielding significant results in terms of government policy. It is true that NDP governments do tend to deliver more progressive labour legislation, especially around issues like anti-scab legislation and certification rules, but labour's economic agenda has not had the sway over NDP governments. In the 1990s all the NDP provincial governments that were elected either ran on or adopted an economic platform that, to a greater or lesser extent, mirrored the debt- and deficit-reduction strategies of other parties and governments. This inability on the part of labour to hold sway over the economic agenda of supposedly friendly NDP governments, points to a more general set of problems faced by labour throughout the 1980s and 1990s.

First, the ability of labour to create a successful set of coalitions that allowed it to put forward its reformist social-democratic agenda was, as was noted above, predicated on its postwar accommodation with capital and the state. That accommodation, built as it was on the twin pillars of Fordism and Keynesianism, no longer holds. Economic transformations — the emergence of regional trading blocs, increased capital mobility, the relative decline of western economic dominance, and concern over the level of public debt — and their political manifestations, such as the rise of neo-conservative and neo-liberal politics, combined to kill it. The political coalition found itself without a basis from which to counter the arguments for the retrenchment of state activity; and labour found itself accepting unprecedented levels of concessions and legislative restrictions on its activities.[56]

Second, labour has failed to appreciate fully the degree to which both Canadian society and the Canadian left (from which it drew its coalition partners, both in electoral and more broadly political and social terms) had changed over the previous decades. The rise of new social movements, with their basis in essentially non-material concerns — peace, the environment, sexual and gender equality, etc. — has left labour often scratching its head. While labour had long ago abandoned its own radical class analysis for social-democratic reformist politics, its agenda remained consistently materialist.

Again, this is not to say that the labour leadership ignored the rise of feminist politics, environmentalism or other social movements, but rather that they were unsuccessful in integrating those elements of the left into the political agenda of rank and file unionists. Indeed the political and economic agenda of labour and these elements of the left were often directly at odds, as was noted above. In addition, other elements of the Canadian left, notably welfare

and poverty activists, went after the arrogance of a labour leadership that paid lip-service to their concerns, but failed to actively seek the organization of those left outside the house of labour.[57]

Third, there are important changes to the internal composition of labour that further weakens both its political and social position. The public and private sector unions have, for decades, had an uncomfortable relationship, but in the past few decades this relationship had become even more strained. Public sector unions have little history in the struggle that built the house of labour (their unionization having come as much at the hands of the state as through political action) and have often been characterized as the "johnny-come-latelies" of the labour movement. For their own part, public sector unions have felt uncomfortable in tying their political and social agenda with that of their industrial, more clearly "working class" brothers and sisters. This tension, which always lurked under the surface, became more apparent through the 1980s and into the 1990s.

In short, the political and social coalition that was built by organized labour has had its economic bases cut out from under it and is divided internally. Yet at the same time, there are some reasons for optimism, qualified though they may be. Understanding both these challenges and opportunities may well shed some light on labour's ability to build a more lasting political and social coalition. After nearly two decades of economic restructuring and the politics of debt-reduction, the labour-dominated coalition that was so severely strained during that period may have some reason for optimism in the post-deficit era.

One of the consistent characteristics of the history of labour in Canada, and indeed of most western countries, is that labour organizing and growth occurs most often in periods of relative economic prosperity and rising expectations.[58] Thus, as both provincial and federal governments become less obsessed with their deficits and public debt declines as the economy expands, then there exists opportunities for labour to similarly grow. As the dust settles from the upheavals of the 1980s and 1990s it becomes increasingly apparent that the "recovery" has left a society more economically divided than before. Yet as governments and industry continually tell us, the economy is expanding, debt is under control, the recession is over, and the future is rosy. But it is a rosy future for a much smaller portion of Canadian society. However one reads the economic indicators, public opinion seems to consistently indicate that Canadians feel less economically secure than ever — wages are at best stagnant, job security is a thing of the past and unemployment is persistently high. The turmoil created by the collapse of the Asian economies in the past number of months reverberated through the international political economy and the possibility that these events could trigger a worldwide economic recession is still with us.

At the same time, there appears to be an increased willingness of union members, and especially white-collar workers, to agitate for a new accommodation

within the emerging political economy. Strike levels are increasing and public support is growing. In the last decade, white-collar and professional workers have become increasingly willing to use their right to strike to challenge the government — PSAC, OPSEU, and the Ontario teachers' unions, nurses and hospital workers in Calgary have all garnered significant, but admittedly not decisive, levels of public support in their job actions. The same cannot always be said for private sector workers — witness the Maple Leaf food workers who had their plant closed recently when they walked off the job. This despite the fact that it is the Ontario teachers' union pension fund that is the company's major shareholder.

While the internal divisions within the labour movement remain, they appear to have become less important than they were a few years ago. The Ontario Federation of Labour and the Ontario NDP appear to have a more congenial relationship than was the case when the NDP was actually in power — they once again have a common enemy in Mike Harris' Conservatives and the Ontario NDP no longer has to worry as much about what the Ontario Stock Exchange thinks about its policy positions. The internal challenge for organized labour will depend, to some extent, on how it deals with increased agitation for confronting both government and private capital. If the "new militancy" that Moody detects in a number of labour movements internationally is sustained in the Canadian case, then the left-right split that long simmered beneath the surface in both organized labour and the NDP could emerge on the surface. At the same time, the CLC and the provincial federations appear more united now than was the case a few years ago.

Another dilemma which labour will be forced to face is the increased decentralization of the federation. The Canadian left has, as was noted above, had a somewhat ambivalent relationship with the dynamics of federalism. The tendency on the left, at least traditionally, has been to put more faith in "national" solutions to economic and social problems where at all possible. Yet, the provinces are asserting their right to determine policy within their constitutional purview without federal interference while also pushing for an increased voice in those areas where federal action may impinge on their areas of legislative competence (e.g., environmental policy).

As federal transfers to the provinces decreased, provinces were increasingly reluctant to let the federal government determine the rules of the game as to how those remaining transfers are spent. The recent agreement on the "social union" which, on the surface at least, would move the federations toward more collaborative models of intergovernmentalism in a number of areas poses an interesting challenge to labour. If the federation does in fact become more "collaborative" in a number of policy areas, then organized labour may have to come to grips with a political reality whereby "national" solutions do not necessarily translate as "federal government" solutions. In short, organized

labour could well be forced to take federalism seriously as a defining feature of the Canadian state, economy, and civil society.

Every bit as important, the labour movement must also take seriously the non-materialist concerns of not only its membership, but also that of the broader constituency it wants to reach. But this requires important moves on the part of labour: in terms of its willingness to reach meaningful coalitions with other social movements; to organize in new and expanding sectors; to accommodate a more diverse working class in terms of its gender and ethnic composition; and to begin a process of union democratization that has stagnated since the 1950s. The labour movement, as the largest, best organized, and most economically powerful element of the Canadian left, can only hope to rebuild the coalition it has lost by expanding the agenda beyond the economic to include the social and non-material concerns that it has to date given only formal acknowledgement.

Moody's analysis of social-movement unionism points to some elements of the Canadian labour movement as being worthy of imitation, especially the social and political activism of the Canadian Auto Workers.[59] Moody's point is a simple one. If the labour movements of the western liberal democracies are going to sustain themselves and even prosper in this "leaner, meaner" world, then they must simultaneously open themselves up to more inclusive and democratic practices as organizations and also begin to take notions like solidarity much more seriously than they have in the past in terms of their relationships outside the labour movement.

To be sure, such calls for union democratization are often made and labour continues to pay lip-service to the notion. But a viable new coalition for labour will necessitate labour first breaking down the bureaucratic structures that separate the rank and file from the leadership. While recognizing that such comments have a certain clichéd tone to them, there is also some indications that the rank and file, again especially within the white-collar and professional unions, are pushing for more open and responsive unions. And some of the older industrial unions, the CAW among them, have begun to address seriously the division between the rank and file membership and the labour hierarchy, but progress has been slow and uncoordinated. The expectations and interests of the membership are far more diverse today than they were in the decades after WWII and the composition of that membership is likewise different.

In short, labour faces a somewhat uncertain future in many respects. The decade and a half of concessions, legislative restrictions, and open hostility have eased somewhat. But it has also left a rather battered and weary labour movement to pick up the pieces. It faces both new and old barriers in its attempt to establish again a political and social coalition to pursue a newly articulated set of both material and non-material interests. As Canada moves

toward a redefinition of the federation in a number of areas and as economic indicators remain strong, then labour has an opportunity to capitalize on the rising expectations amongst both organized and unorganized workers. In no sense is this a simple or straightforward task. There are important lessons from the four decades of growth and consolidation that need to be learned and some of these lessons are less than flattering.

NOTES

1. Paul Phillips, "Labour in the New Political Economy," in *Understanding Canada*, ed. Wallace Clement (Montreal and Kingston: McGill-Queen's University Press, 1997), p. 64.
2. See Reg Whitaker, "The Changing Canadian State," in this volume.
3. There is, of course, a story to be told about the integration of Quebec's labour movement into Quebec civil society and the process of creating linkages between elements of Quebec society. Some of that story is recounted in brief terms in this chapter, but, again, the focus here is on those factors that served to limit the inclusion of Quebec labour in the pan-Canadian labour movement and the consequences of this.
4. Diane Garlaneau, "Unionized Workers," *Perspectives on Labour and Income* (Ottawa: Statistics Canada, Spring 1996), p. 43.
5. Leo Panitch and Donald Swartz, *The Assault on Trade Union Freedoms: From Wage Controls to Social Contract* (Toronto: Garamond, 1993), pp. 1-20.
6. Bryan Palmer, *Working Class Experience: Rethinking the History of Canadian Labour, 1800-1991* (Toronto: McClelland & Stewart, 1992), ch. 6.
7. There was no recognition that working people had the right to bargain collectively over the terms and conditions of their employment or of the right to withdraw their labour in order to achieve a contract.
8. Eugene Forsey, *Trade Unions in Canada, 1812-1902* (Toronto: University of Toronto Press, 1982); and Charles Lipton, *The Trade Union Movement in Canada, 1827-1959*, 3d ed. (Toronto: New Canada Publications, 1973), pp. 39-42.
9. See, for example: H. Clare Pentland, *Labour and Capital in Canada, 1650-1860* (Toronto: James Lorimer, 1981); Stanley R. Ryerson, *The Founding of Canada: Beginnings to 1815* (Toronto: Progress, 1960); and *Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815-1873* (Toronto: Progress, 1968). It is not so much that Canada's experience with industrialization is "unique," but rather that the process of industrialization in any country needs to be understood within the specific historical circumstances in which it is rooted. It is in attempting to understand the specificity of each set of circumstances, then, that the commonalties between them become apparent. For example, the story of the American working class is dominated by the reality of a society deeply divided by the legacy of slavery and the particular property relations inherent in such a mode of production. Thus the particularities of American in-

dustrial development need to be understood within the context of the conflict with this legacy. The contemporary American labour movement is a reflection of these particular historical and social circumstances. See Mike Davis, *Prisoners of the American Dream* (New York: Verso, 1986), ch. 1; and Phillip J. Wood, *Southern Capitalism: The Political Economy of North Carolina, 1880-1980* (Durham: Duke University Press, 1986), pp. 22-58. The Canadian working class was deeply cross-cut by the reinforcing cleavages of language and religion which leaves a similar, albeit different, legacy. Beyond this division, it needs to be understood that in the pre-war era, there was much about Canada's economic, institutional and social make-up that militated against the development of a well-organized, coordinated labour movement.

10. Lipton, *The Trade Union Movement in Canada, 1827-1959*, pp. 328-32.
11. C.B. Macpherson, *Democracy in Alberta: Social Credit and the Party System*, 2d ed. (Toronto: University of Toronto Press, 1962); and Phillip J. Wood, "Marxism and the Maritimes: On the Determinants of Regional Capitalist Development," *Studies in Political Economy* 29 (1989): 123-54.
12. Craig Heron, *The Canadian Labour Movement: A Short History* (Toronto: James Lorimer, 1989), pp. xiii-xviii.
13. These economic conditions were not unique to Canada. Similar conditions existed in the United States and there are important parallels in the development of organized labour between the two countries. (See Davis, *Prisoners of the American Dream*.) However, the US with its larger population and smaller size industrialized at a much quicker rate and its urban working class remained more highly unionized than Canada's until the 1950s.
14. Heron, *The Canadian Labour Movement*, p. xv.
15. There is a significant literature on these events but the classic study remains: W.L. Morton, *The Progressive Party of Canada* (Toronto: University of Toronto, 1950).
16. Gregory S. Kealey, "Labour and Working Class History in Canada: Prospects in the 1980s," *Canadian Labour History: Selected Readings*, ed. David J. Bercuson, (Toronto: Copp Clark, 1987), pp. 232-56.
17. Ibid., p. 236.
18. Gregory S. Kealey, *Workers and Canadian History* (Kingston and Montreal: McGill-Queen's University Press, 1995), part 3; Lipton, *The Trade Union Movement in Canada, 1827-1959*, part 2; and A. Ross McCormack, *Reformers, Rebels and Revolutionaries: The Western Canadian Radical Movement, 1899-1919* (Toronto: University of Toronto, 1977).
19. Heron, *The Canadian Labour Movement*, pp. 66-77; Palmer, *Working Class Experience*, ch. 2; Irving M. Abella, *Nationalism, Communism and Canadian Labour: The CIO, the Communist Party and the Canadian Congress of Labour* (Toronto: University of Toronto Press, 1974); and Stuart Jamieson, *Times of Trouble: Labour Unrest and Industrial Conflict in Canada, 1900-1966*, Study No. 22 (Ottawa: Task Force on Labour Relations, 1968).

20. Palmer, *Working Class Experience*, chs. 5 and 6. While not wanting to overemphasize the importance of any one individual, a great deal of the credit (or blame) for the success of the state as an "impartial umpire" policy goes to William Lyon Mackenzie King who as both minister of labour and later as prime minister sought the creation of an environment of labour peace. As he made clear in his 1918 book *Industry and Humanity*, extended periods of labour unrest and the mounting violence that accompanied repressive state tactics ultimately threatened the stability of the social order in general. In short, capitalism works better in peaceful conditions and if ensuring peace meant the integration of labour into the mainstream of the economic order (which would recognize their rights while also forcing them to accept some obligations to maintain labour peace) then so be it.

21. Palmer, *Working Class Experience*, p. 259.

22. McCormack, *Reformers, Rebels and Revolutionaries*, pp. 3-17.

23. The marginalization of the revolutionary left within the labour movements of both Canada and the United States was the result of an essentially two-pronged assault. In the first instance, the state played an indispensable role in this process through harassment and intimidation of revolutionary political activists, leading eventually to the banning of the Communist Party of Canada in the 1930s. The reformist or social-democratic elements of the labour movement sought not only to distance themselves from their revolutionary cousins politically, but also to bolster their own political legitimacy by actively pushing them out of positions of influence within the labour movement. See Norman Penner, *The Canadian Left: A Critical Analysis* (Toronto: Prentice-Hall, 1977), pp. 77-123; Palmer, *Working Class Experience*, pp. 290-98.

24. Peter Warrian, *Hard Bargain: Transforming Public Sector Labour-Managementl Relations* (Toronto: McGilligan Books, 1996).

25. See Palmer, *Working Class Experience*, pp. 320-25. The problem with these estimates is that there does not exist a common or consistent definition of what the public sector includes. Traditional industrial sector codes do not differentiate between public and private sector employees doing the same job (e.g., a teacher is a teacher regardless of whether they teach in a private school or a public one). The category of "public administration" employee covers those who work directly for the government but does not cover employees of Crown Corporations, police, firepersons, teachers or a myriad of others who would be considered public employees. Self-identification in public opinion surveys tends, though, to confirm Palmer's figure. See *Decima Quarterly Database*, Centre For the Study of Democracy, Canadian Public Opinion Archive, Queen's University.

26. One must, however, be careful in describing the history of union growth in Canada (or indeed in any nation) in a linear fashion. The story of union growth in Canada is one marked by fits and starts, gains and losses, steps forward and steps back. In the words of Craig Heron: "There was really no "golden age" when workers were more united than ever again; rather each new wave of labour resurgence brought a newly reconstituted working class into motion against quite different

odds." Heron, *The Canadian Labour Movement,* p. xvi. While there is some differences in the use of "Fordism" within the literature, it can generally be seen to be a strategy of capital accumulation based on a high-wage, high-productivity model centred on a mature manufacturing sector. There is, though, a tendency to assume a degree of universality to the Fordist model within western capitalist states. Yet, one of the important distinctions about the American political economy is the coexistence of a large Fordist sector of the economy (the so-called "industrial heartland" or "rust-belt") with an increasingly significant non-Fordist manufacturing sector centred in the south and west.

27. Garlaneau, "Unionized Workers," p. 45.

28. Again, McCormack's analysis provides some important insights into the variety of political coalitions that were built, including those that attempted to cross class boundaries, in the early years of the western labour movement. At the same time, the differences in political approach between elements of the labour left serve often to undercut such coalitions, as outbreaks of internal warfare often overtake the participants.

29. It should also be noted that cross-class alliance building is hardly a phenomenon restricted to reformist social democrats. The early revolutionary parties in Canada, especially the Communist Party of Canada, also made moves in this direction and, internationally, revolutionary leaders in Russia, China, and elsewhere built cross-class coalitions as part of a revolutionary agenda.

30. The literature on the rise of a "post-materialist" culture in western states is quite vast and beyond the scope of this paper. However, a review of the importance of these tensions, in the context of the operations of the New Democratic Party, can be found in Keith Archer and Alan Whitehorn, *Political Activists: The NDP in Convention* (Toronto: Oxford University Press, 1997), pp. 176-94.

31. Thomas A. McIntosh, *Labouring Under the Charter: Trade Unions and the Recovery of the Canadian Labour Regime*, Research and Current Issues Series No. 58 (Kingston: Industrial Relations Centre, Queen's University, 1989), ch. 2.

32. At the same time, the CCF also introduced another important element into the mix that is the Canadian left, the progressive politics of certain Christian denominations. The history of the CCF is, in some sense, the history of the social gospel movement and some of the party's most successful and important leaders were ministers who preached social justice as a means of both spiritual and material salvation. This element still exists within the contemporary New Democratic Party, but its direct influence on the party and on the Canadian left generally is more marginal than it was in the heyday of the CCF.

33. There are numerous histories of the CCF and the NDP, but they tend to suffer one similar shortcoming in that they are mostly written by party activists and insiders. This tends not to be the case with studies of other "third" parties or of the "major" parties. This is not to say that this makes these works suspect, but they do tend to be less critical than is the case with other studies of other parties. Indeed, there are some cases of what can only be termed outright "revisionism" of party history when it comes to dealing with some of the party's internal conflicts. This is certainly the case when dealing with the "Waffle" phenomenon in

the early 1970s. Among the most useful are: Walter D. Young, *Anatomy of a Party: The National CCF, 1932-1961* (Toronto: University of Toronto, 1969); Desmond Morton, *The New Democrats, 1961-1986: The Politics of Change* (Toronto: Copp Clark, 1986); Robert Hackett, "The Waffle," *Canadian Dimension* 15 (1980), nos. 1 and 2.

34. Palmer, *Working Class Experience*, pp. 302-05.

35. It is true that, in convention, the NDP is numerically dominated by individual members from the riding associations (see Archer and Whitehorn, *Political Activists*), but it is also true that organized labour plays a role in the party's "back-rooms" that to some degree belies both their numerical representation in conventions and the voting patterns of trade unionists. For example, the federal NDP caucus recently proposed a strategy on "reaching out" to small and medium-sized business interests in an effort to broaden the party's electoral base. Within a few weeks, party leader Alexa McDonough held meetings with Canadian labour leaders, angered at not having been consulted about this change of direction, to reassure them that their interests were not being abandoned. *The Globe and Mail* (national edition), 5 October 1998.

36. See Richard O. Boyer and Herbert M. Morais, *Labor's Untold Story* (New York: Cameron Associates, 1955); Arthur Preiss, *Labor's Great Leap* (New York: Pathfinder, 1974); Davis, *Prisoners of the American Dream*, pp. 82-101.

37. Much of this story is underplayed in the general histories of the CCF and NDP, but some accounts of it can be found in Cameron Smith, *Unfinished Journey: The Lewis Family* (Toronto: Summerhill, 1989); and Len Scher, *The Un-Canadians: True Stories of the Blacklist Era* (Toronto: Lester, 1992).

38. For a discussion of "confederal" arrangements and their relationship to other forms of federalism, see Ronald L. Watts, *Comparing Federal Systems in the 1990s* (Kingston: Institute of Intergovernmental Relations, Queen's University, 1997).

39. The water-shed event in history of Quebec labour in this regard is clearly the strike in Asbestos, Quebec in 1949 that led, over the next decade, to the secularization of the Quebec labour movement and saw the rise of a much more aggressive, nationalist-oriented movement. See, for example, *The Asbestos Strike*, ed. P.E. Trudeau, translated by James Bloake (Toronto: James Lewis and Samual, [1956], 1974); and Gerard Pelletier, *Years of Impatience, 1950-1960* (Toronto: McClelland & Stewart). More general histories of the Quebec labour movement can be found in Pierre Vennat, *Une revolution non-tranquille: le syndicalisme au Quebec, de 1960 a l'an 2000* (Montreal: Editions du Meridien, 1992); Louis-Marie Tremblay, *Le syndicalisme québécois: ideologies de la CSN et de la FTQ, 1940-1970* (Montreal: Presses de l'Université de Montréal, 1975); and, Black Rose Editorial Collective, ed., *Quebec Labour: The CNTU, Yesterday and Today* (Montreal: Black Rose Books, 1975).

40. Heron, *The Canadian Labour Movement*, p. 154.

41. It is worth noting that the CLC is not the only pan-Canadian labour central, though it is larger than the others combined. The largest competitor was, until recently, the Canadian Federation of Labour (CFL) which represented independ-

ent unions and remained staunchly non-partisan in its politics. The CFL also became the home of the Teamsters when that union was expelled from both the CLC and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) amid charges of widespread corruption and links to organized crime in the US. The non-partisan stance of the CFL essentially rendered it a non-actor in the politics of the Canadian left, though it did lobby governments on issues directly related to industrial relations until its dissolution in 1997. This was triggered, in part, by the return of the Teamsters to the CLC and AFL-CIO after the electoral triumph of a reform movement within the union.

42. It is not clear how to interpret the NDP breakthrough in the Atlantic region. It remains to be seen whether this is more than the popularity of McDonough and the unpopularity of the government. It would be grossly premature to say that the region has suddenly gone "red," but it is certainly clear that the party has managed to tap into a real frustration within the region over its position within the federation.

43. Keith Archer, "The Failure of the New Democratic Party: Unions, Unionists and Politics in Canada," *Canadian Journal of Political Science* 18, 2 (1985): 353-66; and Penner, *From Protest to Power*, pp. 90-95.

44. Penner, *From Protest to Power*, pp. 97-98.

45. The left-nationalist political economy of this time (best described as the unhappy marriage of Harold Innis and Karl Marx) was an amalgam of Innisian staples theory, dependency theory, and Marxist analytic categories. Some of its policy roots can be found in the nationalism of 1960s Liberal Finance Minister Walter Gordon who first made US domination of the Canadian economy a political issue. The academic literature is best exemplified by Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada* (Toronto: Macmillan, [1970] 1972); Gary Teeple (ed.), *Capitalism and the National Question in Canada* (Toronto: University of Toronto Press, 1972); and Robert M. Laxer (ed.), *(Canada) Ltd.: The Political Economy of Dependency* (Toronto: McClelland & Stewart, 1973).

46. Hackett, "The Waffle," pp. 37-64. This remains the only book-length study of the Waffle movement (although it is a double issue of *Canadian Dimension*) and one of the few that does not lapse into either utter denunciation or misty-eyed nostalgia. See also John Ball, "The Ontario Waffle and the Struggle for an Independent Socialist Canada: Conflict within the NDP," *Canadian Historical Review* 14, 2 (1983): 188-215.

47. Archer and Whitehorn, *Political Activists*, pp. 192-93.

48. Rianne Mahon, "Canadian Labour in the Battles of the Eighties," *Studies in Political Economy* 11 (1983):149-75.

49. Perhaps the most scathing criticism in this regard concerns the role of the BC Federation of Labour in the anti-government protests in the mid-1980s in that province. See Bryan Palmer, *Solidarity: The Rise and Fall of an Opposition in British Columbia* (Vancouver: NewStar, 1987). Similar doubts about labour's role in such coalitions are raised in Laurie E. Adkin and Catherine Alpaugh, "Labour, Ecology and the Politics of Convergence," in *Social Movements/Social Change*, Socialist Studies No. 4, ed. F. Cunningham *et al.* (Toronto: Between

the Lines, 1988), pp. 48-73; and, Laurie E. Adkin, *The Politics of Sustainable Development* (Montreal: Black Rose Books, 1998).

50. Kim Moody, *Workers in a Lean World: Unions in the International Economy* (London: Verso, 1997), pp. 269-310.

51. Panitch and Swartz, *The Assault on Trade Union Freedoms*, pp. 21-44; and, Thomas McIntosh, *The Political Economy of Industrial Relations: The State and Concession Bargaining in Canada*, Kingston: Department of Political Studies, Queen's University, PhD dissertation, 1996, pp. 139-231.

52. McIntosh, *The Political Economy of Industrial Relations*, pp. 201-25.

53. Gene Swimmer and Mark Thompson (eds.), *Public Sector Collective Bargaining in Canada: Beginning of the End or End of the Beginning* (Kingston: Industrial Relations Centre Press, Queen's University, 1995).

54. In 1990 unionized women earned, on average, $4.61/hr. more than non-unionized women, whereas unionized men earned, on average, only $3.18/hr. more than non-unionized men. Of course, unionized men earned, on average, $2.57/hr. more than unionized women and non-unionized men earned, on average, $3.10/hr. more than non-unionized women. Still, unionization appears to go some of the way toward closing the gender wage gap. Garlaneau, "Unionized Workers," p. 51.

55. Of course, unionizing in some of these sectors poses its own challenges. The workforce is often predominantly part-time, young, and transitory. Much of the service sector consists of independently owned franchises which require unionizing one shop at a time. While a great deal is made of the union victories in individual WalMarts, Starbucks, and McDonalds, those victories are very fragile and will require a huge commitment of union resources in order to secure and expand upon its position.

56. McIntosh, *The Political Economy of Industrial Relations*, ch. 6.

57. Palmer, *Solidarity*.

58. See Palmer, *Working Class Experience*; and Heron, *The Canadian Labour Movement*.

59. Moody, *Workers in a Lean World*, pp. 19-21, 239-40.

8

Interprovincial Student Mobility in Canada

Kathleen M. Day and R. Quentin Grafton

À partir de données de Statistiques Canada et de Développement des Ressources humaines du Canada, ce chapitre décrit les tendances provinciales en matière de migration étudiante, de frais de scolarité et du coût des logements pour la période de 1972-1973 à 1996-1997. Un modèle multinomial logit a été utilisé pour déterminer l'importance du coût des études universitaires, de la disponibilité des bourses d'études, du chômage, des tendances migratoires passées, de la distance entre les provinces et du climat sur le taux de migration étudiante entre les provinces. L'impact de la hausse des frais de scolarités, de l'imposition de frais plus élevés aux étudiants de l'extérieur de la province au Québec et en Colombie-Britannique ainsi que des Bourses du millénaire a été simulé en se servant de ce modèle. Les résultats indiquent que les écarts grandissants entre les frais de scolarité d'une province à l'autre — et en particulier l'imposition de frais plus élevés aux étudiants de l'extérieur de la province — auront probablement un impact sur le niveau de migration interprovinciale. En revanche, une augmentation des bourses d'étude, même généralisée à l'ensemble des provinces, n'aurait qu'un impact marginal sur les taux de migration.

Go west, young man, go west!
John L.B. Soule (1815-1891)

INTRODUCTION

From the earliest times, migration in one form or another has been one of the most enduring and important features of Canadian life. Long before the arrival of Europeans, First Nations traveled over large areas in response to the seasons and the movements of the animals upon which their survival depended. The settlement of eastern Canada by migrants from Europe and loyalists after

the American War of Independence and the subsequent development of the western provinces occurred because of migration to and within Canada. Even today, migration plays a pivotal role in shaping Canada's economy and society.

An important element of migration is the movement of young Canadians from their home province to study at universities in other parts of the country. These Canadians represent a little more than 8 percent of the total full-time undergraduate student population. In some provinces, such as Prince Edward Island in 1996-97, the number of full-time undergraduate students (FTUS) studying out of province represents about 40 percent of the total number of students studying in the province itself. In Canada as a whole, the total number of FTUS studying out of province was 39,000 in 1996-97, which represents just over 0.1 percent of the total Canadian population. This relatively small number, however, obscures the importance of student migration. First, over the past 25 years about 150,000 Canadians have studied out of their home province. Second, most student migrants spend four years or more outside their home province, at a formative time in their lives. Third, the future leaders of business, the public service, and political life almost exclusively come from among the university educated. Fourth, the ability to live and study outside their home province provides young Canadians with an opportunity to connect with fellow Canadians in other provinces in a way that out-of-province vacations, visits, and business trips do not.

Using the most recent data available from the Centre for Education Statistics at Statistics Canada, the Learning and Literacy Directorate of Human Resources Development Canada, and other sources,[1] we examine the issue of student migration and mobility in Canada and address the following questions:

- What are the trends in Canadian student migration, and what is the break-down of in- and out-migration by province?
- To what extent do tuition fees, accommodation costs, student loans and other factors explain student migration in Canada?
- What will be the impact of increased tuition fees, changes in scholarship programs and the introduction of differential fees for out-of-province students on student mobility in the future?

We will present first a description of the trends and current state of student out- and in-migration.[2] The next section outlines the trends in tuition fees and accommodation costs with a focus on particular provinces, and the following section briefly summarizes the trends in Canada Student Loans and scholarship spending by province. In part five, we present estimates of a multinomial logit model that measures the impact of the many factors that may influence student mobility. Using the econometric model, we look to the future and then provide some predictions of the likely effects on student migration rates

of differential fees for out-of-province students, rising tuition fees and increased funding for scholarships.

PATTERNS AND TRENDS IN STUDENT MOBILITY

The student migration data used in our study come from the Centre for Education Statistics at Statistics Canada.[3] Our analysis is restricted to FTUS in Canada, who account for over 80 percent of university students. Foreign and graduate students, and students originating in the Yukon and Northwest Territories, are excluded from consideration. The data are aggregated across institutions to the provincial level so as to examine the direction of and trends in migration.

One problem with these data is that for a few institutions in some years the province of origin of the student was not recorded.[4] These students are thus listed in a category called "not reported" and cannot be included in the analysis of migration patterns. The extent of the problem varies from year to year and province to province; it is most serious in Quebec, Saskatchewan, and British Columbia. In Quebec the two problem years are 1975-76 and 1976-77, when the "not reported" category constituted over 30 percent of Canadian students studying in the province. In British Columbia serious reporting errors were observed between 1992-93 and 1995-96, when over 50 percent of enrolled students did not report their province of origin. In Saskatchewan the problem lasted from 1976-77 to 1993-94, during which years province of origin is unavailable for between 30 and 50 percent of FTUS enrolled in the province. The discussion and analysis that follows is thus restricted to the analysis of patterns and trends in the mobility of FTUS for whom both origin and destination are known. Unfortunately these data are the only data available on university student mobility in Canada.

Despite the many changes in higher education in the past 25 years, the proportion of FTUS who study out of their home provinces has remained between 7 and 9 percent of the total. In other words, as the number of Canadian FTUS more than doubled from just over 200,000 in 1972-73 to 473,000 in 1996-97, the number of migrating FTUS increased by a similar proportion, rising from 17,000 to over 39,000 over the same period. To better understand the trends and nature of student mobility, we can examine the contribution of each province to the total number of students who leave to study out of province (out-migration) as well as the importance of each province as a destination for students (in-migration). A more detailed description of the trends in both out- and in-migration, as a proportion of the total FTUS per province, provides further insights into student mobility in Canada.[5] In our presentation, we provide a focus on Quebec, Ontario, Nova Scotia, and British Columbia,

four provinces which combined account for most of the out- or in-migration in Canada.

OUT-MIGRATION

We begin by examining where student migrants come from. Table 1 displays the number of full-time undergraduate out-migrants from each province. While Ontario provided the greatest number of out-migrants in 1996-97, its share (about 27 percent) was far less than its 38-percent share of the Canadian population. Similarly, Quebec's 14-percent share of student migrants was less than its 25-percent share of the population. Surprisingly, almost as many migrants originated in the Atlantic provinces (approximately 27 percent of the total) as in Ontario, although the region accounts for only 8 percent of the population. The percentage of total student migrants originating in the Prairie provinces (17 percent) and British Columbia (14 percent) in 1996-97 is similar to their population shares. Thus, relative to their population size, Ontario and Quebec provide far fewer migrants than would be expected while the Atlantic provinces provide a much greater share of Canadian students who study out of province than their population share would suggest.

A closer look at the data also shows that the contribution of provinces and regions to student migration has changed markedly over the past 25 years. In particular, Quebec's contribution has not only declined as a proportion of the Canadian total, from 40 to 14 percent over the period, but it has also fallen in absolute terms such that more Quebec students were studying outside their province in 1972-73 than today. In contrast to the decline in student migration from Quebec, the number of migrants from Ontario increased from 2,300 to almost 11,000 over the past 25 years, and as a proportion of the Canadian total has more than doubled. Large increases in out-migration, as a proportion of total Canadian student migrants, were also experienced by British Columbia (from less than 6 to more than 14 percent) and Newfoundland (from 3 to 8 percent) over the period 1972-73 to 1996-97.

The relative importance of out-migration within each province is shown by the rate of migration out of the province, defined as the ratio of out-migrants to the number of FTUS originating within the province. Out-migration rates are much lower in provinces with larger populations, such as Ontario and Quebec, than in the smaller provinces. Out-migration rates are highest in the Atlantic region; the rate of out-migration was 40 percent in Prince Edward Island, 21 percent in New Brunswick, 22 percent in Newfoundland, and 14 percent in Nova Scotia in 1996-97, as compared to les than 6 percent in Ontario. In terms of trends over the period 1972-73 to 1996-97, the greatest decline in the rate of out-migration, from 21 to 5 percent, was observed in Quebec, while British Columbia has experienced the greatest increase (from 4 to 13 percent).

Table 1: Out-Migration of Full-Time Undergraduate Students, by Province

Academic Year	Nfld.	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Canada
1972-73	552	704	981	1,639	6,814	2,297	742	1,192	1,350	938	17,209
1973-74	523	733	1,003	1,754	6,990	2,443	756	1,223	1,463	1,020	17,908
1974-75	522	769	1,198	1,985	7,417	2,194	888	991	1,581	1,285	18,830
1975-76	577	846	1,367	2,252	7,652	3,580	882	1,133	1,835	1,641	21,765
1976-77	608	862	1,510	2,248	7,733	3,641	911	1,054	1,902	1,908	22,377
1977-78	685	900	1,483	2,355	8,149	3,938	953	943	1,867	2,048	23,321
1978-79	704	900	1,446	2,317	7,709	3,763	919	920	1,989	2,264	22,931
1979-80	754	896	1,575	2,347	8,234	4,024	1,025	944	2,333	2,535	24,667
1980-81	728	945	1,618	2,380	7,855	4,226	1,121	1,011	2,638	2,712	25,234
1981-82	810	1,034	1,705	2,454	7,563	4,533	1,161	1,014	2,837	2,958	26,069
1982-83	838	1,094	1,742	2,474	7,272	4,867	1,176	1,065	3,161	2,964	26,653
1983-84	803	1,113	1,797	2,660	7,418	5,471	1,195	1,118	3,479	3,099	28,153
1984-85	854	1,173	1,723	2,624	6,861	5,540	1,204	1,141	3,549	3,062	27,731
1985-86	1,090	1,172	1,893	2,809	6,752	5,890	1,241	1,273	3,760	3,375	29,255
1986-87	1,315	1,176	2,016	2,950	6,406	6,273	1,296	1,422	3,747	3,591	30,192
1987-88	1,603	1,208	2,084	3,089	6,261	6,795	1,325	1,615	3,725	3,809	31,514
1988-89	1,780	1,239	2,024	3,420	6,008	7,869	1,304	1,917	3,751	3,762	33,074
1989-90	1,990	1,267	2,205	3,451	5,909	9,201	1,404	2,039	3,905	3,876	35,247
1990-91	2,078	1,252	2,330	3,580	5,645	9,935	1,417	2,140	3,930	4,112	36,419
1991-92	2,205	1,215	2,525	3,569	5,555	9,253	1,238	1,971	3,370	4,110	35,011
1992-93	2,259	1,209	2,633	3,525	5,582	9,290	1,172	1,892	3,128	4,211	34,901
1993-94	2,310	1,123	2,777	3,478	5,542	9,789	1,180	1,926	3,223	4,629	35,977
1994-95	2,611	1,064	2,884	3,478	5,468	10,198	1,300	1,895	3,489	5,185	37,572
1995-96	2,794	1,134	3,002	3,475	5,411	10,317	1,338	1,901	3,312	5,429	38,113
1996-97	3,071	1,134	3,073	3,461	5,375	10,778	1,461	1,956	3,476	5,555	39,340

Note: Students from the Yukon and Northwest Territories or whose province of origin is unknown are excluded.

IN-MIGRATION

To understand student mobility we need to examine not only the sources but also the destinations of migrants. Table 2 indicates that Ontario is the most popular destination of migrating students; in 1996-97 it welcomed over 10,000 students, representing about 27 percent of the total Canadian migrant FTUS. Quebec is also an important destination for students, receiving 19 percent of migrating students in 1996-97, while in the same year Nova Scotia and New Brunswick received 19 and 11 percent respectively of Canadian FTUS migrants. In total, 31 percent of Canadian student migrants chose to study in the Atlantic provinces, although their population share is just 8 percent. By contrast, British Columbia received only 6 percent of Canadian FTUS migrants in 1996-97 while its population share in Canada is over 13 percent. The Prairie provinces constitute the only region whose share of student migrants is comparable to their population share (17 percent).

The greatest change in student in-migration patterns over the past 25 years has been a ten-fold increase in the proportion of migrants that chose to study in Quebec, from less than 2 percent in 1972-73 to 19 percent in 1996-97. The increasing importance of Quebec as a destination for migrants is reflected in a decline in the relative importance of Ontario and British Columbia. Together they welcomed half of Canada's FTUS migrants in 1972-73, but in 1996-97 they were the destination of just one-third of migrating students.

The fact that Ontario receives more out-of-province students than any other region does not necessarily mean that its university system is the most heavily dependent on out-of-province students. In fact, rates of in-migration, calculated as a proportion of the students originating in a particular province, indicate that the Maritime provinces are the most heavily dependent on out-of-province students. In 1996-97 Nova Scotia's in-migration rate was 33 percent, New Brunswick's was 26 percent, and Prince Edward Island's was 19 percent. By contrast, the in-migration rate for Newfoundland for the same year was less than 2 percent. The largest provinces in terms of population — Ontario, Quebec, and British Columbia — also have some of the lowest in-migration rates at 5, 8, and 6 percent respectively in 1996-97.

Over the past 25 years, rates of in-migration have increased dramatically for both Quebec (from less than 1 to 8 percent) and Prince Edward Island (from 10 to 19 percent). In comparison, in-migration rates have been relatively stable in Ontario, Manitoba, and Alberta, where they have not gone below 4 percent or exceeded 10 percent over the period 1972-73 to 1996-97. Student in-migration rates in Newfoundland, British Columbia, and Saskatchewan have fluctuated over the same period, reaching a peak in Newfoundland in 1983-84 (at 4 percent), in British Columbia in 1990-91 (at 12 percent) and Saskatchewan in 1980-81 (at 13 percent). Like Ontario, Manitoba, and Alberta,

Table 2: In-Migration of Full-Time Undergraduate Students, by Province

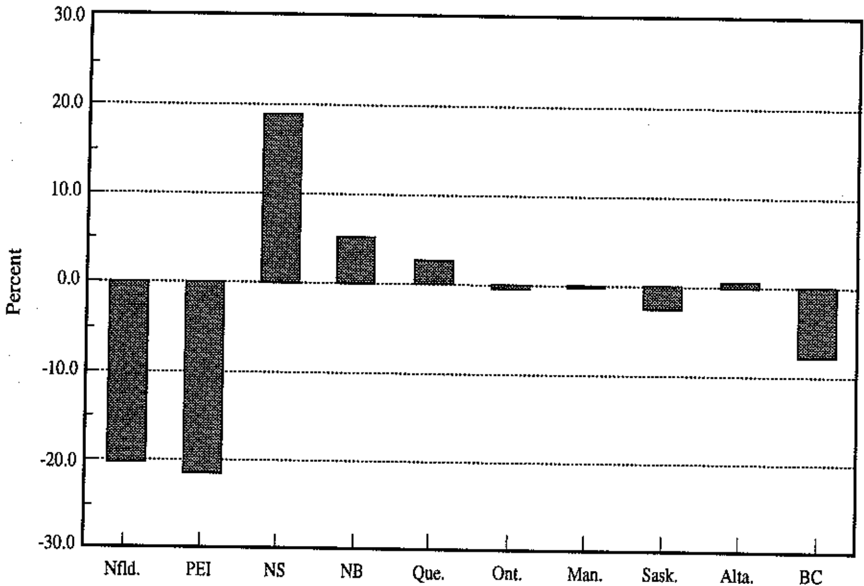
Academic Year	Nfld.	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Canada
1972-73	163	192	3,009	2,076	279	7,198	1,144	586	1,292	1,270	17,209
1973-74	172	155	2,988	2,216	351	7,289	1,066	743	1,415	1,513	17,908
1974-75	158	161	3,111	2,164	452	8,371	170	784	1,603	1,856	18,830
1975-76	231	201	3,463	2,499	1,330	8,359	1,259	874	1,668	1,881	21,765
1976-77	246	199	3,737	2,687	1,365	8,543	1,244	903	1,720	1,733	22,377
1977-78	206	223	3,886	2,740	1,670	9,056	1,193	775	1,866	1,706	23,321
1978-79	210	190	3,813	2,211	1,754	9,321	1,130	851	1,774	1,677	22,931
1979-80	214	162	3,755	2,673	1,969	9,926	1,150	1,058	1,833	1,927	24,667
1980-81	256	142	3,606	2,672	2,201	9,991	1,123	1,251	1,823	2,169	25,234
1981-82	295	137	3,856	2,655	2,553	9,978	1,122	1,292	1,909	2,272	26,069
1982-83	301	141	3,981	2,748	2,814	9,946	1,154	1,234	1,875	2,459	26,653
1983-84	328	152	4,363	2,731	3,333	10,204	1,383	1,231	1,750	2,678	28,153
1984-85	303	168	4,501	2,718	3,493	9,556	1,231	1,295	1,909	2,557	27,731
1985-86	263	195	4,724	2,698	4,161	10,014	1,192	1,233	2,058	2,717	29,255
1986-87	208	223	4,898	2,705	4,820	10,181	1,139	1,220	2,159	2,639	30,192
1987-88	186	287	5,089	2,604	5,695	10,588	1,117	1,010	2,195	2,743	31,514
1988-89	215	316	5,377	2,737	6,256	10,610	1,375	511	2,319	3,358	33,074
1989-90	292	372	5,795	2,788	7,141	10,848	1,409	773	2,201	3,628	35,247
1990-91	357	411	6,120	2,888	7,367	10,707	1,382	777	2,520	3,890	36,419
1991-92	357	458	6,597	3,062	7,412	10,693	1,491	762	2,539	1,640	35,011
1992-93	332	472	6,612	3,337	7,394	10,555	1,480	743	2,608	1,368	34,901
1993-94	319	522	6,673	3,542	7,714	10,746	1,515	810	2,799	1,337	35,977
1994-95	311	539	6,819	3,927	8,047	10,631	1,685	1,362	2,963	1,288	37,572
1995-96	177	556	7,077	4,191	7,949	10,606	1,543	1,472	3,310	1,232	38,113
1996-97	194	526	7,279	4,297	7,641	10,455	1,473	1,423	3,731	2,321	39,340

Note: Students from the Yukon and Northwest Territories or whose province of origin are unknown are excluded.

Nova Scotia and New Brunswick have enjoyed relatively stable in-migration rates over the 1972-73 to 1996-97 period.

When in-migration and out-migration rates for 1996-97 are combined to compute the rate of net in-migration to each province, the results, shown in Figure 1, are somewhat surprising. The net effect on Ontario of interprovincial movements of students is close to negligible, while Nova Scotia turns out to be the biggest net recipient in percentage terms. Net in-migration to Nova Scotia amounts to almost 19 percent of total FTUS originating in that province. New Brunswick is also a bigger net gainer than Ontario, in percentage terms. British Columbia's status as a net loser is also surprising, given that most of its universities are located in areas that enjoy relatively balmy climates for Canada. Overall, the other western provinces seem to be more successful at attracting students than British Columbia. However, British Columbia is not as big a net loser of FTUS as Newfoundland and Prince Edward Island, whose high negative rates of net out-migration are not surprising given their small populations.

Figure 1: Rates of Net Student In-Migration, 1996-1997



FOCUS ON QUEBEC

Over the past 25 years Quebec has witnessed a dramatic decline in the number of its students who choose to study outside the province. At the same time, the number of students from outside Quebec who choose to study there has increased significantly. In 1972-73 6,814 Canadian FTUS from Quebec, or 26 percent of the total FTUS in Quebec, chose to study out of province. By 1996-97 the number had fallen to 5,375 and represented just 5 percent of the total FTUS in Quebec. By contrast, in 1972-73 just 279 Canadian out-of-province FTUS chose Quebec as a destination for study, a number that represented just 1 percent of the total FTUS in the province. By 1996-97, however, the number of out-of-province Canadian FTUS studying in Quebec had risen to 7,641, or 8 percent of the Quebec total.

This dramatic increase in the enrolment of out-of-province students in Quebec has occurred almost entirely at Quebec's English-language universities, which have typically attracted the lion's share of out-of-province students over the years. In 1995-96 McGill, Bishop's, and Concordia together accounted for some 70 percent of out-of-province student migrants into Quebec, a proportion only slightly greater than it was 25 years ago. Just one university, McGill, is the destination of a little less than half of all out-of-province students studying in Quebec. Both McGill and Bishop's are heavily dependent on out-of-province students, who constitute almost 31 percent of FTUS at the former and nearly 58 percent of FTUS at the latter. Increased efforts by these two universities to recruit out-of-province students may have contributed to the increase in in-migration to Quebec.[6]

The sources of Canadian out-of-province FTUS in Quebec and the destinations of Quebec students studying out of province in 1996-97 are displayed in Figures 2 and 3. Despite the dramatic changes in the numbers of in- and out-migrants, the relative importance of the different provinces has not changed a great deal since 1972-73. The primary source of Canadian FTUS in-migrants to Quebec is Ontario, which in 1972-73 accounted for about half of all in-migrants. Twenty-five years later, in 1996-97, it provided almost two-thirds of the out-of-province students. New Brunswick supplied 28 percent of Canadian FTUS in Quebec in 1972-73, but most recently has become the source of just 9 percent of student in-migrants. In the case of out-migration, New Brunswick has become less important as a destination, falling from 14 percent to 9 percent of the total Quebec FTUS studying out of province over the period 1972-73 to 1996-97. By contrast, Ontario has become relatively more important, and is now the destination of about 80 percent of Quebec FTUS studying out of province.

Figure 2: Distribution of In-Migrants to Quebec, 1996-1997

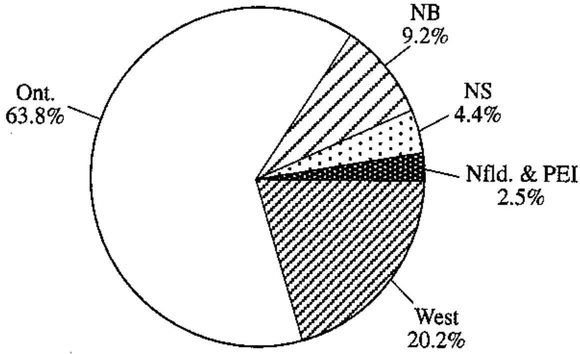
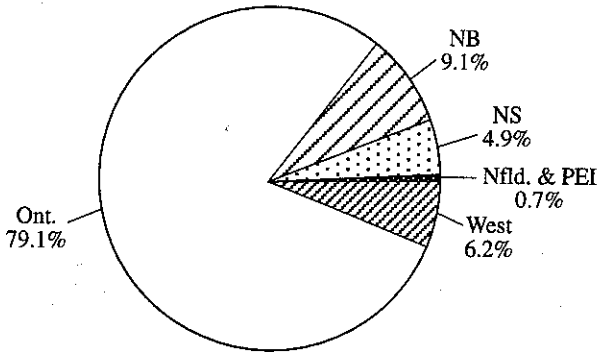


Figure 3: Distribution of Out-Migrants from Quebec, 1996-1997



FOCUS ON NOVA SCOTIA

During the period 1972-73 to 1996-97, the number of Nova Scotians studying out of province rose from 981, or 8 percent of the total FTUS in the province, to 3,073 or 14 percent of the total. The number of out-of-province Canadian FTUS studying in Nova Scotia increased from 3,009, or 25 percent of all Canadian FTUS in the province in 1972-73, to 7,279 or 33 percent of students in 1996-97. Thus for the past 25 years, student migrants have consistently been an important component of the total student body in Nova Scotia. Most of these students attended either Dalhousie University, Acadia University, St. Mary's University, or St. Francis-Xavier University, which collectively accounted for about 80 percent of in-migrants. Dalhousie University had both the largest number (at a little less than half the total in-migrants to Nova Scotia) and the highest proportion (at over one-third of total enrolment) of out-of-province students in 1995-96.

In 1972-73, 67 percent of FTUS in-migrants to Nova Scotia came from the Atlantic region, 17 percent from Ontario, 12 percent from Quebec, and the remaining 4 percent from the western provinces. As Figure 4 shows, this decomposition has changed over time. By 1996-97, Ontario's share had almost doubled to 31 percent, while those of the other Atlantic provinces and Quebec fell to 57 and less than 4 percent of the total respectively. Over the same period, the proportion of in-migrants coming from the Prairies and British Columbia more than doubled to 9 percent of the Canadian out-of-province students studying in Nova Scotia.

Figure 4: Distribution of In-Migrants to Nova Scotia, 1996-1997

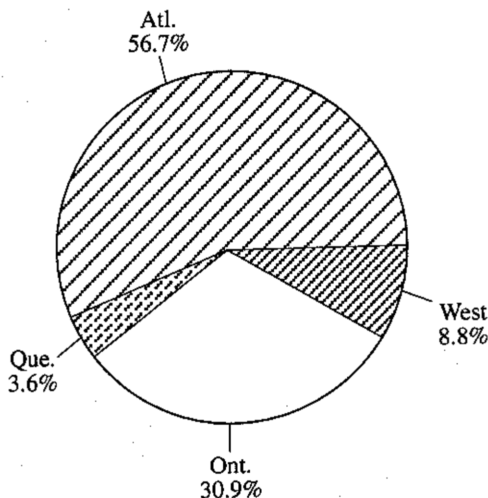
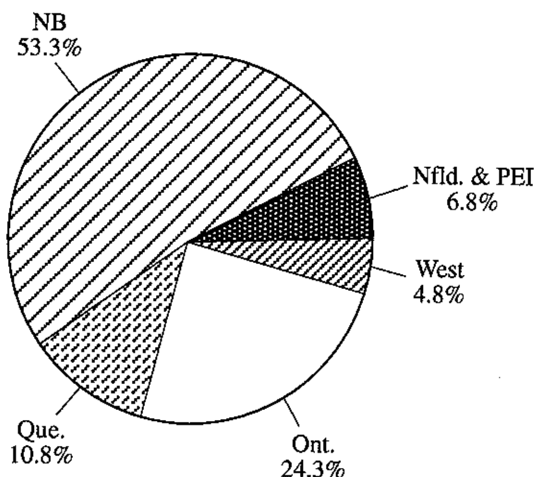


Figure 5: Distribution of Out-Migrants from Nova Scotia, 1996-1997



The destinations of Nova Scotia students have also changed since 1972-73. Figure 5 shows how out-going students from Nova Scotia distributed themselves across the country in 1996-97. The proportion of students choosing Quebec as a place of study was less than 1 percent in 1972-73, peaked at 22 percent in 1987-88 and then fell to 11 percent in 1996-97. The most important destinations for Nova Scotia students are New Brunswick and Ontario, which in 1996-97 accounted for 54 and 24 percent of the Nova Scotian FTUS studying out of province. The number of students going to Newfoundland and Prince Edward Island has also fluctuated over the period; in 1996-97 these provinces were the destination of about 7 percent of Nova Scotian student migrants.

FOCUS ON ONTARIO

Ontario is both the largest source and most important destination for migrating Canadian FTUS. In 1996-97, 10,778 FTUS, or about 6 percent of the total number of FTUS in Ontario, chose to study out of province, while in the same year a similar number, 10,606, of Canadian FTUS came to Ontario from other provinces. Over the period 1972-73 to 1996-97 both the number of in-migrants to and out-migrants from Ontario has increased, but the largest percentage increase has been in out-migration. The number of out-migrants

increased 4.5 times (from 2,297), while the number of in-migrants has risen slightly less than 50 percent (from 7,198). Overall, in-migration has declined as a proportion of the total FTUS studying in Ontario. The two Ontario universities which rely most heavily on in-migrants are the University of Ottawa and Queen's University, where 21 percent and 15 percent respectively of the total FTUS come from outside Ontario. In 1996-97 these two institutions alone received over 40 percent of the total number of out-of-province students studying in Ontario.

Figure 6 shows the provinces of origin from which the out-of-province students studying in Ontario came. The proportion of in-migrants from Quebec was about 41 percent, a sharp decline from the 72 percent of out-of-province students that came from Quebec in 1972-73. In fact, the actual number of students from Quebec studying in Ontario has also declined in absolute terms, falling from around 5,200 to 4,250 over the period. However, the number of students from other provinces has increased over the past 25 years. In particular, the proportion of in-migrants originating from Alberta and British Columbia in the past 25 years has increased from 11 percent in 1972-73 to 31 percent in 1996-97. The Atlantic region is also sending more students to Ontario; its relative importance has more than doubled, from around 9 percent to 18 percent during the period 1972-73 to 1996-97.

Figure 6: Distribution of In-Migrants to Ontario, 1996-1997

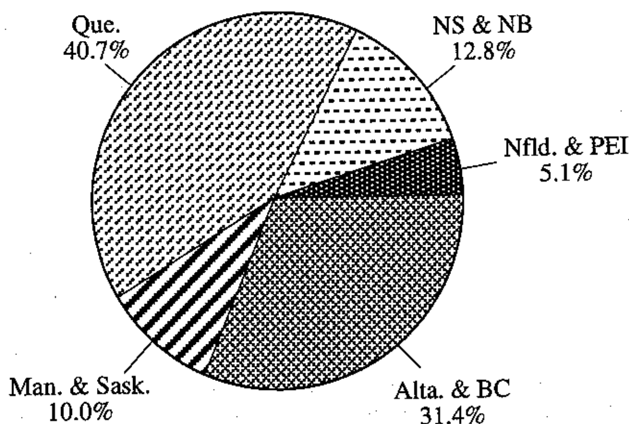
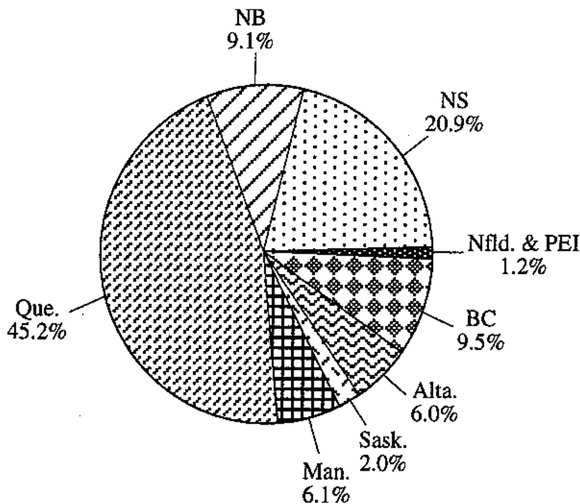


Figure 7: Distribution of Out-Migrants from Ontario, 1996-1997



The decline in the importance of Quebec as a source of in-migrants contrasts with its increased importance as a destination for Ontario FTUS studying out of province. In 1972-73, Quebec was the destination choice of just 6 percent of Ontario out-migrants while in 1996-97, as Figure 7 shows, it was the choice of 45 percent of all Ontario students studying out of province. The increasing importance of Quebec corresponds to the decline in importance of British Columbia, which was the province of choice of 30 percent of students leaving Ontario in 1974-75 but of just 10 percent in 1996-97. A large decline in the relative importance of Manitoba was also observed over this period, with the proportion of students going to Manitoba falling from 21 percent of total FTUS from Ontario studying out of province in 1972-73, to 6 percent in 1996-97.

FOCUS ON BRITISH COLUMBIA

In 1996-97, British Columbia was second only to Ontario in terms of the number of out-migrating university undergraduates. A total of 5,555 students, a number equivalent to 15 percent of the total number of FTUS studying within the province, chose to study elsewhere. By contrast, only 2,321 students, or about 6 percent of all those students studying in British Columbia who reported their province of origin, came from outside the province. While both

the number and the proportion of out-of-province students in British Columbia have fluctuated over the past 25 years, peaking in 1990-91 at 3,890 or 10 percent of students, the 1996-97 proportion is smaller than that of 1972-73. As in the case of the other provinces, the in-migrating students are not evenly distributed across universities in the province; in 1990-91, the most recent year for which migrant information was available from the University of British Columbia, it accounted for over 70 percent of total in-migration to the province.

Figures 8 and 9 provide some information about the sources of in-migrants to and the destinations of out-migrants from British Columbia in 1996-97. The principal sources of in-migrants from 1972-73 to 1996-97 were Ontario and Alberta, which together in 1996-97 accounted for 79 percent of the out-of-province FTUS going to British Columbia, up from 68 percent in 1972-73. As far as outflows of students are concerned, over the past 25 years the biggest change has been in the proportion of BC students choosing to study in Quebec. In 1972-73, Quebec was the destination choice of just 2 percent of BC students, but by 1996-97 it accounted for 15.6 percent of the total. The increasing importance of Quebec is matched by a decline in that of the Prairies, from 61 percent of the total FTUS in 1972-73 to 39 percent in 1996-97. The most important destination for out-migrants from British Columbia remains Ontario, which increased its share from 31 percent in 1972-73 to 38 percent in 1996-97.

Figure 8: Distribution of In-Migrants to British Columbia, 1996-1997

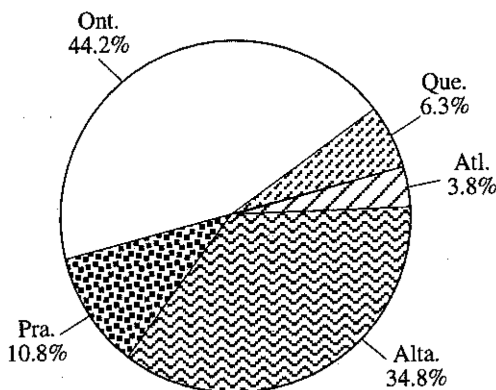
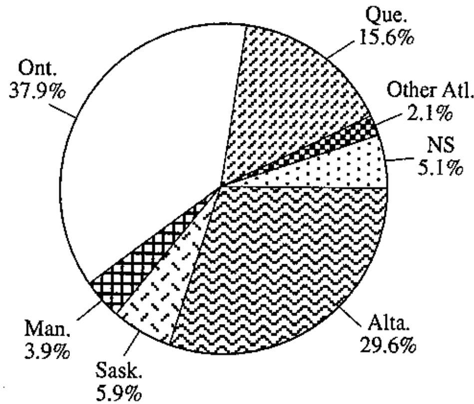


Figure 9: Distribution of Out-Migrants from British Columbia, 1996-1997



PATTERNS AND TRENDS IN TUITION FEES AND ACCOMMODATION COSTS

An important factor affecting the choice of where to study is the cost associated with studying in a particular location. If fees and accommodation and living costs are much more (or less) expensive in other provinces there is a disincentive (or incentive) to study out of province. We examine the costs faced by students in terms of their tuition fees, as approximated by the annual full-time fees for an undergraduate in an Arts program, and yearly residence accommodation costs charged to students by universities. Although students in professional programs at some universities in some years (particularly recently) have faced higher fees than students registered in Arts, the majority of undergraduates face the same fees as Arts students.[7]

TUITION FEES

In all provinces, tuition fees have increased dramatically over the past 25 years, but significant differences in the level of fees exist among provinces. The

simple average over all provinces of full-time tuition fees in an undergraduate Arts program rose from $455 in 1972-73 to $2,954 in 1997-98. In constant 1986 dollars, Canadian average fees more than doubled from 1983-84 to 1997-98, rising from $1,074 to $2,144. Over this 15-year period, tuition fees in constant dollars rose the most in Quebec (180 percent) and the least in British Columbia (54 percent). In most provinces, however, fees have at least doubled in real terms in the past 15 years, with increases of 154 percent in Alberta, 129 percent in Manitoba, 126 percent in Newfoundland, 104 percent in Saskatchewan, and 100 percent in Ontario. Relative to the other provinces, the real tuition fee increases in Nova Scotia (87 percent), Prince Edward Island (69 percent), and New Brunswick (69 percent) have been quite low.

Table 3 presents average nominal tuition fees in Arts in the ten provinces. Despite its relatively low percentage increase in tuition, Nova Scotia had the dubious distinction of being the most expensive province in which to study in 1997-98, with fees of $3,814. In the same year, similar fees were charged by Ontario ($3,238), Newfoundland ($3,150), Prince Edward Island ($3,150), New Brunswick ($3,182), and Alberta ($3,085). The lowest fees in Canada were charged by Quebec ($2,208), despite the fact that its fees had proportionately increased the most over the past 15 years. In 1997-98 Quebec also introduced higher fees for out-of-province students. Other provinces with relatively low fees in 1997 included British Columbia ($2,308), Manitoba ($2,580), and Saskatchewan ($2,832).

RESIDENCE ACCOMMODATION COSTS

The Canadian average of residence accommodation costs (including room and board), in nominal dollars, rose from $941 in 1973-74 to $10,019 in 1997-98. But as with tuition fees, this overall trend obscures some important differences across provinces. As Table 4 indicates, the most expensive provinces in terms of residence costs in 1997-98 were Prince Edward Island ($14,588), New Brunswick ($13,366), British Columbia ($12,783), and Ontario ($12,665). Residence costs were lowest in Quebec at $4,530, followed by Manitoba ($5,861), Saskatchewan ($6,296), and Nova Scotia ($8,841). With the exception of the latter three provinces, all the provinces, including Alberta ($10,469) and Newfoundland ($10,789), had residence costs more than double those of Quebec.

In constant 1986 dollars, average residential costs in Canada have risen 178 percent since 1973-74 and 85 percent since 1983-84. The greatest increases in real residence costs betwwen 1973-74 and 1997-98 occurred in Prince Edward Island (300 percent), New Brunswick (277 percent), British Columbia (240 percent), and Newfoundland (217 percent). The lowest proportionate increases in residence costs were in Manitoba (68 percent) and

Table 3: Average Nominal Tuition Fees for Arts for Full-Time Undergraduate Canadians, by Province

Year	Nfld.	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Canadian Average	SD	CV
						Dollars							
1972-73	250	550	656	603	491	558	425	313	333	366	455	130	0.29
1973-74	250	550	656	589	429	584	312	468	267	357	446	138	0.31
1974-75	250	600	522	589	430	584	312	468	267	357	438	129	0.29
1975-76	250	600	522	589	430	586	425	468	267	357	449	122	0.27
1976-77	250	660	694	687	361	586	425	468	267	357	475	162	0.34
1977-78	600	680	756	710	365	635	450	432	333	393	535	149	0.28
1978-79	630	750	770	727	361	637	513	471	367	449	567	148	0.26
1979-80	630	790	834	810	495	693	570	663	550	487	652	122	0.19
1980-81	630	865	901	822	501	774	634	709	605	587	703	126	0.18
1981-82	690	950	978	962	508	867	670	762	606	675	767	156	0.20
1982-83	850	1,120	1,130	1,112	508	993	670	832	717	855	879	200	0.23
1983-84	892	1,200	1,310	1,208	508	1,035	725	891	779	961	951	234	0.25
1984-85	936	1,270	1,404	1,292	529	1,096	798	986	842	1,243	1,039	258	0.25
1985-86	1,006	1,350	1,461	1,393	530	1,149	846	1,072	851	1,371	1,103	286	0.26
1986-87	1,056	1,480	1,536	1,507	530	1,203	886	1,134	888	1,429	1,165	315	0.27
1987-88	1,056	1,480	1,536	1,507	530	1,203	886	1,134	888	1,429	1,165	315	0.27
1988-89	1,164	1,640	1,694	1,735	516	1,414	1,171	1,340	1,018	1,514	1,321	353	0.27
1989-90	1,280	1,720	1,813	1,828	516	1,536	1,288	1,412	1,074	1,624	1,409	379	0.27
1990-91	1,344	1,840	1,973	1,977	904	1,658	1,375	1,551	1,204	1,706	1,553	330	0.21
1991-92	1,544	2,120	2,153	2,123	1,307	1,790	1,616	1,863	1,390	1,892	1,780	292	0.16
1992-93	1,700	2,280	2,425	2,368	1,461	1,915	1,946	2,314	1,771	1,892	2,007	308	0.15
1993-94	2,000	2,490	2,674	2,504	1,546	2,048	2,043	2,310	2,097	2,008	2,172	311	0.14
1994-95	2,150	2,620	2,949	2,504	1,691	2,252	2,145	2,258	2,350	2,172	2,309	317	0.14
1995-96	2,312	2,820	3,308	2,647	1,693	2,452	2,247	2,595	2,596	2,290	2,496	399	0.16
1996-97	2,670	2,920	3,580	2,978	1,694	2,931	2,473	2,655	2,830	2,290	2,702	470	0.17
1997-98	3,150	3,150	3,814	3,182	2,208	3,238	2,580	2,832	3,085	2,303	2,954	458	0.16

Note: SD is the standard deviation and CV is the coefficient of variation.

Table 4: Average Nominal Residence Accommodation Costs for Full-Time Undergraduate Canadians, by Province

Year	Nfld.	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Canadian Average	SD	CV
						Dollars							
1973-74	890	950	837	926	502	1,747	911	555	1,111	981	941	322	0.34
1974-75	994	2,550	1,345	2,144	920	1,844	1,382	1,847	897	1,029	1,495	545	0.36
1975-76	994	1,125	1,383	1,194	1,110	1,898	1,630	2,035	1,061	1,173	1,360	349	0.26
1976-77	1,136	2,211	2,036	1,407	1,089	2,071	1,757	342	1,232	1,426	1,471	539	0.37
1977-78	1,903	2,408	1,897	1,944	1,194	2,169	2,148	284	1,852	1,360	1,716	588	0.34
1978-79	1,934	2,674	2,138	2,213	1,245	2,251	2,416	312	2,097	1,480	1,876	656	0.35
1979-80	1,934	2,107	2,160	1,827	1,365	2,387	2,718	332	2,984	1,609	1,942	708	0.36
1980-81	2,024	2,373	2,324	1,818	794	2,602	3,097	343	3,420	1,795	2,059	898	0.44
1981-82	3,518	2,535	2,469	3,453	872	3,193	3,953	555	3,774	2,801	2,712	1106	0.41
1982-83	4,095	2,542	2,743	4,842	1,040	3,772	4,716	657	4,517	2,859	3,178	1405	0.44
1983-84	4,326	3,861	2,898	5,178	1,133	3,999	5,330	682	4,454	2,951	3,481	1495	0.43
1984-85	4,527	4,192	3,095	7,433	1,167	4,342	4,689	733	6,503	3,021	3,970	1986	0.50
1985-86	4,784	4,459	3,516	8,055	1,199	4,891	4,877	745	5,867	4,057	4,245	2010	0.47
1986-87	5,046	4,682	3,946	8,855	1,250	5,273	5,127	835	6,595	4,301	4,591	2212	0.48
1987-88	5,329	4,966	4,341	9,438	1,274	5,569	5,318	843	7,259	3,779	4,812	2410	0.50
1988-89	5,600	5,323	6,022	9,906	1,399	5,899	5,465	789	5,134	4,100	4,964	2411	0.49
1989-90	5,818	5,556	6,341	10,237	1,466	6,418	5,300	813	5,293	5,187	5,243	2487	0.47
1990-91	6,062	5,823	6,670	10,809	1,623	7,284	5,666	839	5,649	5,400	5,583	2644	0.47
1991-92	3,111	5,605	6,795	11,391	1,959	8,705	6,001	1,514	6,346	6,346	5,777	2859	0.49
1992-93	6,956	12,038	7,616	11,859	1,712	8,641	6,497	891	6,403	6,410	6,902	3438	0.50
1993-94	10,928	14,009	8,539	11,863	2,459	10,434	6,678	5,829	10,256	9,367	9,036	3150	0.35
1994-95	11,320	13,604	8,668	12,192	2,865	11,330	6,943	5,957	10,657	11,577	9,511	3166	0.33
1995-96	11,800	13,798	8,557	12,636	2,952	11,547	6,750	6,136	9,978	12,007	9,616	3268	0.34
1996-97	10,661	14,162	8,619	12,826	4,402	12,145	6,524	6,014	10,200	12,560	9,811	3127	0.32
1997-98	10,789	14,588	8,841	13,366	4,530	12,665	5,861	6,296	10,469	12,783	10,019	3319	0.33

Note: SD is the standard deviation and CV is the coefficient of variation.

Ontario (89 percent). All other provinces, including Quebec (135 percent), Alberta (146 percent), Nova Scotia (176 percent), and Saskatchewan (197 percent), had more than doubled their residence costs.

TUITION AND ACCOMMODATION COSTS

Combining both tuition and residence accommodation costs provides an approximation of the total costs faced by students when deciding to stay in or leave their home province for higher education. The Canadian average of tuition and residence costs, in nominal dollars, was $12,973 in 1997-98. In constant 1986 dollars the combined cost rose 144 percent between 1973-74 and 1997-98; since 1983-84, there has been an increase of 88 percent.

A comparison of the total of tuition fees and residence accommodation costs across provinces reveals that students in Quebec faced the lowest costs at just 52 percent of the Canadian average in 1997-98. Thus, although Quebec has had the highest rate of increase in tuition fees since 1983, the relatively small rise in residence costs still makes it the cheapest province by far in which to study. Other provinces that in 1997-98 had combined tuition and accommodation costs below the Canadian average included Manitoba (65 percent of the average), Saskatchewan (70 percent of the average), and Nova Scotia (98 percent of the average). The most expensive province in which to study was Prince Edward Island, where costs were 37 percent higher than the average. Other provinces where costs were above average were New Brunswick (28 percent higher), Ontario (23 percent higher), British Columbia (16 percent higher), Newfoundland (7 percent higher), and Alberta (4 percent higher). Over the past 25 years, the combined tuition and residence costs of Newfoundland, Prince Edward Island, British Columbia, and New Brunswick have increased relative to the Canadian average. By contrast, the costs in Quebec, Manitoba, Saskatchewan, Nova Scotia, and Ontario have fallen relative to the Canadian average.

PATTERNS AND TRENDS IN STUDENT LOANS AND SCHOLARSHIPS

For many students, loans, scholarships, and bursaries provide a means to help finance higher education. Student loans are provided by both the federal and provincial governments, while scholarships and bursaries are available from institutions and other public sources. The extent to which these types of funding will influence student migration will depend on their terms and conditions; for example, some provincial government funding is not portable and therefore will benefit only students who choose to remain in their home province.

STUDENT LOANS

Student loans are available from the provinces and the federal government. We examine only the trends in the federal Canada Student Loan Program (CSLP) because data on provincial assistance are not available. Since 1994 Canada Student Loans (CSL) have been restricted to 60 percent of the assessed need of students.[8] Should they wish, provinces can provide additional assistance to cover the remaining needs of students. This additional assistance may take a number of forms, including grants and loan remissions as well as loans, and may exceed the remaining 40 percent of the assessed need. With the exception of New Brunswick, all the Atlantic provinces permit full portability of their provincial loans. A number of provinces, including Ontario and New Brunswick, allow portability but impose some restrictions on students studying at private schools. The provinces with the greatest restrictions on provincial loans are Alberta, Saskatchewan, British Columbia, and Quebec.

According to special tabulations provided to us by the Learning and Literacy Directorate of Human Resources Development Canada,[9] which cover all provinces excluding Quebec,[10] in 1996 Canada student loans were negotiated by over 320,000 college and university students, many of whom already had existing student loans. In some provinces, such as British Columbia and Ontario, the real average Canada Student Loan has increased by a third or more in the past 25 years, while in the Atlantic provinces there has been a decline in the loan per student. This decline in average loans in the Atlantic region has occurred despite increases in loan limits under the CSLP since 1994.

Finnie and Garneau, using data from the National Graduates Survey, provide some loan statistics for university undergraduates only.[11] They found that the overall incidence of borrowing by students in bachelor's programs in 1990 was a little less than 50 percent of all students in Canada (including Quebec). Upon graduation, the average loan per student was over $8,000.

For 1988-89 only, data are available on the province of origin and province of study of university students who were Canada Student Loan (CSL) borrowers. Interestingly, for that year all provinces except Nova Scotia had more CSL out-migrants than in-migrants. In 1988-89 the rates of out-migration of CSL borrowers in Prince Edward Island, New Brunswick, and Alberta were 46, 25, and 19 percent while the rates of out-migration as a proportion of all students enrolled were 40, 21, and 8 percent. This fact suggests that the CSLP may have helped students move to other provinces to study.[12]

SCHOLARSHIPS

Scholarships to attend institutions of higher learning have traditionally been one of the most important methods universities have used to recruit the best

and the brightest into their programs. For the best students, scholarships offer an important means to study out of province. For others, bursaries, which are based on need rather than academic merit, may provide that opportunity. Given the large increase in tuition fees and accommodation expenses in recent years at most universities, scholarships and bursaries are likely to become an increasingly important factor in determining student migration.

Data on total scholarships, bursaries, and prizes awarded by institutions are available from the Financial Statistics of Universities and Colleges database of the Centre for Education Statistics at Statistics Canada. We aggregated these data across institutions to obtain total scholarships, bursaries and prizes for each province. Unfortunately, these data include both graduate and undergraduate awards, but still provide some idea of the relative generosity of institutions within different provinces.[13] In 1995 the four largest provinces in terms of total scholarship spending (in current dollars) were Ontario ($88 million), British Columbia ($36 million), Quebec ($34 million), and Alberta ($22 million). Together they accounted for over 80 percent of the Canadian total of almost $220 million. By contrast, the recently announced Canada Millennium Scholarships (CMS) will provide total funding of about $300 million/year, or on average $3,000/year, to 100,000 part-time and full-time university and college students.[14] Thus, the CMS represents more than a doubling of the current funds available for students interested in pursing higher education.

Despite the fact that Ontario universities spend by far the most on scholarships, bursaries, and prizes, Ontario ranks only fifth in terms of the real amount spent per student. In 1995 the most generous province in terms of real spending on scholarships was British Columbia. Its average expenditure of $550 per student was more than five times greater than that spent by the least generous province, Manitoba. Of all the large provinces, Quebec spent the least at $194, which was two-thirds of that spent by Ontario per student enrolled and less than 60 percent of that spent in Nova Scotia. The trend in scholarship spending also varies a great deal by province. In constant 1986 dollars scholarships, bursaries, and prizes awarded in Newfoundland in 1972 were just $20 per student enrolled, but by 1995 had increased 25-fold to almost $500. Awards per student enrolled have increased in most other provinces as well, with the exception of Nova Scotia and New Brunswick. In 1995 these two provinces spent less per student in real terms than they did in 1972.

A MODEL OF INTERPROVINCIAL STUDENT MIGRATION

In order to verify whether changes in costs and financial support have influenced student mobility, we need to estimate a model of student migration. Interprovincial migration has been studied in detail by Canadian economists,