
*Is Decentralization
Conservative?
Federalism and the
Contemporary Debate on
the Canadian Welfare State*

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The problem of centralization is not just a problem of Quebec versus the rest of Canada. It would exist as a problem were Canada all French or all British.

Frank R. Scott, 1951¹

There is a general agreement, in the literature and in political debates on federalism and on the welfare state, around the idea that the movement towards decentralization tends to accompany and to favour conservative, less generous policy orientations, whereas centralization is more likely to be associated with progressive, more redistributive policies (Nathan and Balmaceda, 1990: 75). Following Ronald Watts, I will define decentralization as a situation where the constituent units of a federation have both a broad scope of jurisdiction and a high degree of autonomy (1996: 65).² Policies are defined as conservative when they emphasize formal freedom (individual rights) and favour market forces, and as progressive when they stress real freedom (rights but also more or less equal opportunities) and promote democratic participation and collective institutions (Van Parijs, 1995: 22; Noël, 1996: 15).

The arguments about the conservative bias of decentralization vary, but they may be grouped into six broad categories. Systemic arguments claim that in decentralized arrangements, lower-level governments are compelled by competitive pressures or by a lack of fiscal resources to "rush to the bottom" and to reduce social protection. Social forces arguments see business and conservative groups as more influential at lower levels, whereas labour and progressive social movements would be more effective at the centre. Political arguments consider that lower-level governments seek power for its own sake, have little interest in the substance of social policy, and will be encouraged by decentralization to seek even more powers. Institutional arguments propose that centralized policies are better anchored institutionally because they are more easily accountable, more associated with the unity and the legitimacy of the union, and less visible to the public.

Economic arguments stress that centralized policies can better respond to the imperatives posed by national and increasingly global market forces. Finally, philosophical arguments insist on the normative superiority of a larger, more inclusive political arrangement, able to redistribute more broadly between persons and between regions.

Most of these arguments are familiar and they appear logical and well grounded empirically. Very often, pleas for decentralization do not even contradict them; they simply marshal different reasons for decentralization, arguing for instance that decentralized arrangements are more sensitive to local conditions and preferences, that they favour participation, or that they facilitate policy innovation. Many authors, of course, support decentralization precisely because they accept the idea that it favours conservative orientations.

The theoretical and empirical foundations of this interpretation of decentralization are not, however, as solid as is often assumed. The first, and longest, part of this chapter reviews the arguments associating decentralization with conservative public policies, and points to their theoretical and empirical limitations. Like Peter Leslie (who nevertheless advocates centralization), I conclude that the effects of decentralization on the overall orientation of public policy and on interregional conflicts and accommodations remain basically uncertain (1987: 132). Reaching similar conclusions from a comparative assessment of federal institutions and social policy, Paul Pierson rejects any simple conclusion and argues instead that "we may have little alternative to the painstaking and detailed investigation of cases" (1995a: 473). Such a prudent conclusion may seem warranted by the inconclusive nature of the evidence, but it is not entirely satisfying. It leaves unquestioned an old and well-entrenched debate about the effects and the merits of various federal arrangements. It does not address, in particular, the theoretical and political implications of the dominant idea that there is indeed a conservative bias in decentralization.

In the second part of this chapter, I reconsider this old debate from a different perspective. My starting point is that, like all interesting political notions, the idea of decentralization is riddled with ambivalence. This is so because centralization and decentralization have multiple meanings. Contrary to what the traditional association of decentralization with conservative policies may suggest, there are indeed conservative and progressive arguments for *and* against both centralization and decentralization. In Canada, for instance, we may find conservative columnist Andrew Coyne agreeing with many on the left to support stronger federal powers (1997). Elsewhere, among the proponents of decentralization, we find public-choice economists like James Buchanan (1995), but also someone clearly on the left like German political scientist Claus Offe (1996: 27–29). This is the case because there are conservative and progressive arguments on both sides of the centralization/decentralization debate (Lipietz, 1996: 259). The arguments, of course, are not the same. Conservative arguments stress individual preferences and rights and seek to limit the role of politics and of gov-

ernments; progressive arguments privilege the community and promote political action, democracy, and government intervention. When conservatives favour decentralization, it is because they presume it will reduce government intervention; when progressives do so, they expect it will enhance democracy and facilitate intervention. Parallel arguments apply to centralization.

These different arguments, however, are not always equally important or forceful. Their weight is historically and spatially specific. At a given time in a given place, the left and the right tend to align behind specific arguments, usually with good political reasons. The third part of this chapter opens with this observation, and seeks to reinsert current Canadian debates about decentralization in their historical context. It argues that the Canadian left's promotion of centralization is losing touch with the current evolution of the welfare state. In Canada, as elsewhere among the member countries of the Organization for Economic Cooperation and Development (OECD), a new debate about social policies is taking shape, and this debate raises issues that are not easily captured by the conventional understanding of a centralized, universalist welfare state. Faced with new challenges, the left and the right are gradually defining new positions about a variety of questions, including the question of decentralization. This changing context, as well as the uncertainties identified in the first part, impose a reconsideration of the debate about centralization and social policies. The current context, I would argue, favours decentralization.

But how far should the welfare state be decentralized? This chapter's conclusion briefly addresses this question, to argue against any hard and fast rule on the matter. Centralization and decentralization remain, in the end, choices made by political communities, and these choices reflect various viewpoints about the community, about its political organization and about its social orientations. No specific solution ever becomes obviously preferable.

IS DECENTRALIZATION CONSERVATIVE?

Systemic Arguments

The most common, and apparently most convincing, progressive argument against decentralization is a systemic argument about the competitive logic of policy-making in a decentralized arrangement. In a recent book on American federalism, Paul Peterson expresses the idea with a law-like statement: "the smaller the territorial reach of a local government, the more open its economy and the less its capacity for redistribution" (1995: 28). Without central norms, constraints or interventions, the argument goes, lower-level governments are pitted against each other in a competition to satisfy business and attract investments and, as a consequence, they get caught in a "race to the bottom." They lower social standards to a minimum, whether or not voters or their representatives wish to do so (Pierson, 1995a: 452 and 457; Howse, 1996: 11).

This argument seems particularly powerful because it evokes systemic pressures, at play regardless of the actors' intentions. As such, it is akin to a variety of theoretical representations of cooperation and collective action, such as the realist approach in international relations, the tragedy of the commons, the prisoner's dilemma, or the logic of collective action. Like these various representations, the "race to the bottom" image offers a pessimistic assessment of the possibilities left to individual actors when there is no overarching authority. Like these parallel arguments, however, it may also fail to recognize that cooperation often emerges in decentralized settings.

Consider, first, the empirical evidence. Nowhere has the "race to the bottom" argument more plausibility and more political relevance than in the United States, a large federation with an integrated economy and, presumably, a number of states willing to limit as much as possible the development of social programs. The Aid to Families with Dependent Children (AFDC) program, in particular, often has been seen as a case where generous states were likely to become "welfare magnets" attractive to the poor, a phenomenon that in turn would trigger a "race to the bottom" among state governments (Peterson and Rom, 1990). Replaced in 1996 by the Temporary Assistance for Needy Families (TANF) program, a federal block funding grant combined with time limits and strict work requirements, AFDC entitled single-parent families (and, in some states, families where both parents were unemployed) to income support when their income and assets fell below a state's eligibility standards.

With respect to migrations induced by relatively generous benefits – the "welfare magnet" effect – the evidence is clear: poor people do not move to seek higher benefits (Hanson and Hartman, 1994; Walker, 1994; Schram and Krueger, 1994: 79; Levine and Zimmerman, 1996; Schram, Nitz and Krueger, 1998; and, for the case of California, Smolensky, Evenhouse and Reilly, 1997: 311–13). Even scholars who claimed there was such an effect now admit that there is little evidence to confirm its existence: there has been no migration driving the poor towards the more generous states (Rom, 1995; Peterson, Rom and Scheve, 1996: 3; Donahue, 1997: 133). Some advocates of centralization argue that the consequences are the same, since voters and state politicians believe these effects are real and act as if they were. Governors, argues John Donahue, "demonstrably base policy changes on the 'welfare magnet' scenario" (1997: 134; see also Reischauer and Weaver, 1995: 19; Peterson, Rom and Scheve, 1996). But this argument is contradicted by the lack of a downward convergence in benefit levels over the years. John Donahue himself recognizes that AFDC benefits did not evolve "in a common downward spiral; they varied as much among the states in 1985 as they had in 1940" (1997: 133; see also Rom, 1995: 71).³ More importantly, when it falls back on the prevalence of erroneous perceptions, the "race to the bottom" idea is no longer a strong systemic argument about objective forces, but rather a much weaker statement about mistaken beliefs and policy preferences – a very different type of explanation, which will be discussed below.

In other areas of American social policy, the "race to the bottom" scenario does not fare better. In education, for instance, a sector where the federal government has no more than a minor role, "the race has been to the top, not the bottom ... With California being the stark and sole exception, all states have spent more money on their schools," and "historically low-spending states have played catch-up, increasing their expenditures on schools even more than the average" (Rothstein, 1998: 72). This trend cannot be attributed solely to middle-class self-interest or to the economic development consequences of education since the growth in spending has particularly benefited special education for the handicapped and compensatory education for minorities and the poor (Rothstein, 1998: 72). In environmental protection, the idea of a "race to the bottom" would also be "outdated," failing to comprehend how states, businesses, and the public have changed in the last thirty years (Graham, 1998).

In Canada, the most thorough analysis of the systemic argument has been presented by Keith Banting. In *The Welfare State and Canadian Federalism*, Banting argues that, in the 1920s and 1930s, the mobility of capital and labour constrained provincial social policy initiatives and reduced "the likelihood that provincial diffusion would create as complete a system as would emerge under more centralized political arrangements" (1987: 66; see also Banting, 1998: 15).

The evidence presented by Banting, however, is rather limited. The author presents a few references demonstrating that capital "mobility was certainly a concern of provincial leaders during the 1920s and 1930s," but admits the assumed pressure "did not prevent the diffusion of Worker's Compensation, nor at a later date the establishment of health insurance in Saskatchewan" (1987: 64-66). One could argue that Workers' Compensation did not require public financing (1987: 61). But this financing issue is distinct from the mobility argument. In "The Province of Quebec at the Time of the Strike," Pierre Elliott Trudeau offered additional, telling evidence when, notwithstanding his aim to portray Quebec as lagging in every respect, he observed a very strong pattern of diffusion in provincial labour laws. Such laws should be at the forefront of a competition for mobile capital. Yet, from the nineteenth century to the Second World War, almost every innovation was diffused within a few years; as a result, "both the spirit and the letter of labour laws were the same from province to province, even in Quebec" (1974: 54-56).⁴ Different commission reports, quoted by Banting, point in conflicting directions, some stressing competition, others policy diffusion or the restraint associated with "the financial concepts of that time" (quoted in Banting 1987: 66). Overall, the demonstration is mostly about perceptions of mobility and competition, rather than about their actual presence or effects. As explained above, perceptions may be important, but they are not sufficient to confirm the existence of a systemic mechanism. They could just be erroneous. To such limited evidence, Banting adds a quotation from an economist, who asserts that rational choice theorists are "fairly certain that there would be less redistribution in total under provincial than

under federal jurisdiction," and concludes that the mobility of capital and labour would most likely have prevented provincial diffusion from producing "the same range of income security as has developed under federal jurisdiction" (66-67). The demonstration provided does not warrant such a conclusion.

Consider, now, recent trends. In contemporary Canada, social assistance has been very decentralized, more so in fact than in the United States, and differences in benefits have remained important (Boychuk, 1995: 131, and 1997: 10-12 and 26-27). Yet, there is no evidence that poor people move from one province to another to take advantage of significant differences in benefits (Boychuk, 1995: 125). Likewise, poor provinces do not seem to pursue a strategy of "competitive deregulation" and support instead the development of national social programs (Pierson, 1995a: 469). In social assistance and social services, genuine differences between provinces persist, and there is no trend toward convergence, downward or upward (Boychuk, 1995: 131).

At this point, it is interesting to bring into the discussion a somewhat different case that casts light on the reasoning behind the systemic argument. One of the main worries of Canadian opponents to North American economic integration was that it would force Canada to harmonize its social policies with those of the United States. A recent survey of the evidence finds "only limited support" for this proposition, and argues the two countries "continue to travel different paths in social policy." The author of the survey, Keith Banting, concludes that these findings provide a useful "warning against the assumption that convergence is necessarily a consequence of economic integration" (1997: 270, 274, 306 and 309). "Determinist" predictions of harmonization around a standardized model, adds Banting, exaggerate the role of economic factors and neglect the importance of domestic politics (309).

The notion of convergence presented in Banting's comparative analysis is not exactly the same as the idea of a competitive race to the bottom; two countries could remain divergent while eroding their social programs to remain competitive. Clearly, however, the convergence that worried Canadian nationalists and that did not materialize in the 1980s and early 1990s was a downward convergence driven by labour and capital mobility, in a scenario akin to the race to the bottom. Beyond the differences, this example points in the right direction when it warns us against determinist predictions about the evolution of social policies.

Like the presumption of convergence under North American free trade, the systemic, "race to the bottom" argument makes economic pressures determine policy. This interpretation leaves little room for politics, or for the diversity of the social preferences and political processes involved. In addition, as Gerard Boychuk notes, the argument assumes "that economic imperatives point clearly in a particular policy direction" (1995: 124). As such, it is akin to the conservative argument against the welfare state: social

programs are reduced to costs and constraints that hinder the functioning of markets and undermine the competitiveness of an economy. The less there are, the better. The idea that good social programs could contribute to a society's prosperity and competitiveness is precluded (Muszynski, 1994: 316–17 and 321). In a competition, those states at the bottom are the only ones that can win.

Finally, the systemic argument makes very little of a federal society. To borrow an image from Jon Elster, a country like Canada becomes a market, rather than a political forum (1986). In a federal society, however, provinces are not mere units competing to attract investments or to offload their poor. They are small societies embedded in a larger one. This implies that politics matter not only within each province but also in the broader federal society. Social policy may become an "instrument of statecraft" used by various governments to shape political communities and legitimize their power (Banting, 1995a: 271). More important, it is an integral part of an implicit "social contract" defining the larger federal society (Simeon, Hoberg and Banting, 1997: 409). Citizens and their representatives care about social policies and their outcomes, in their state or province but also beyond. When they deliberate, innovate, or resist change, they tend to pay close attention to what goes on elsewhere in the country. American welfare reforms, for instance – presumably the case most favourable to the "race to the bottom" argument – appear driven mainly by country-wide debates and trends; "in fact," concludes a recent study of the determinants of state innovations, "states appear to respond to national trends in welfare use more than they do to their own circumstances" (Shaw and Lieberman, 1996: 10–11). Welfare innovations also diffuse rapidly, largely because the debate is general, involving groups, policy organizations, experts, officials, politicians, the media, and citizens throughout the whole country (Norris and Thompson, 1995: 220).⁵

A variant of the systemic argument stresses uneven fiscal resources rather than the pressures induced by labour and capital mobility. In a decentralized arrangement, with no or insufficient fiscal equalization mechanisms, the governments of poorer areas would be unable to match the social programs of wealthier areas, unless they were willing to levy higher taxes. As a result, there would be important regional disparities in social policy and, according to Keith Banting, "on average, less comprehensive protection" (1987: 63). It is true that, in a decentralized arrangement, different governments provide different levels of social protection. Responding in various ways to distinct social preferences and situations is precisely the purpose of decentralization. The relationship between social policies and wealth, however, which is more preoccupying since it implies unequal opportunities, is not quite as obvious as it seems.

The comparative literature on the welfare state has established that, beyond a certain threshold, social policy generosity (measured by social expenditures or by various qualitative indicators) is less a function of a

country's national income than of its political life and institutions (Esping-Andersen, 1996: 6). Sweden and the Netherlands, for instance, have built more generous welfare states, with less national income, than the United States or Japan. Canada itself, of course, is less wealthy than the United States. Studies of public policies in the American states point in the same direction. In early research, the prevailing view was that economic conditions dictated policies, to the point that state politics hardly mattered (Dye, 1966: 296-97). Later studies, however, qualified this assessment and demonstrated the relevance of various social and political factors (Plotnick and Winters, 1985; Brown, 1995). This seems particularly true for redistributive policies, because they appear less influenced by state income than social and physical infrastructure expenditures (Peterson, 1995: 104; Tweedie, 1994: 664).

More fundamentally, the very idea of a causal relation between state wealth and public policies could be an illusion. When variables measuring state public opinion are included in multiple regression equations explaining state public policy orientations, socio-economic variables simply become non-significant (Erikson, Wright and McIver, 1993: 84 and 245). Oklahoma and Oregon, for instance, have very similar socio-economic profiles, but very different public policies, primarily because the former has a conservative electorate, and the latter a more liberal population (Erikson, Wright and McIver, 1993: 73-74). Among the American states, as in the OECD, wealth simply does not dictate social policies. In the case of Canada, the impact of fiscal resources on provincial policies is difficult to test because "federal transfers remove a high proportion of the original inequality in provincial access to public revenue" (Simeon, with Miller, 1980: 249). Still, for the 1956-1974 period, about half the variance in health, education, and welfare spending could not be explained by economic variables (Simeon, with Miller, 1980: 280). The activism of the Quebec government, for instance, and the conservativeness of its Ontario counterpart, probably had more to do with the policy preferences of their respective electorates than with their relative wealth (Simeon, with Miller, 1980: 279; Simeon and Blake, 1980: 92-94 and 100).

Without denying the relevance of fiscal resources, comparative research on OECD countries, on American states, and on Canadian provinces does not support the idea that relatively poor areas must necessarily adopt less generous policies. As for the thesis that lower social protection occurs in a decentralized arrangement, this rests on a number of unspecified assumptions about policy preferences, population sizes, and fiscal resources that are difficult to assess. In a paper on the "welfare magnets" notion, Russell Hanson and John Hartman argue, on the contrary, that a national social assistance standard would probably make the situation worse for the American poor, because "any standard likely to win the assent of a majority in Congress is likely to be near the median state's current standard," and well below the standards of the more liberal states, where welfare recipients are concentrated (1994: 26-27).

Social Forces Arguments

If systemic pressures do not impose a conservative drift in a decentralized polity, internal social forces may. It has often been argued that, compared to central institutions, lower-level governments advantage business and penalize labour and the poor (McRoberts, 1993: 171; Howse, 1995: 276). Many reasons are advanced to justify this argument, most of them having to do with the size of the units involved.

First, this understanding of social forces can be a variant of the systemic argument. Paul Pierson, for instance, suggests that in a decentralized system, business has "mobility options" that increase its power relative to labour and the poor (1995a: 453; see also Cairns, 1988: 109). The absence of a race to the bottom does not preclude the possibility that the threat of "exit" works, at least at the level of perceptions. There is, indeed, some evidence that governments compete against each other to attract or maintain private investments, even though the impact of this competition on investments and economic growth is far from clear (Donohue, 1997: 75-76, 94, 181; Young, Faucher and Blais, 1984: 799; Simeon and Robinson, 1990: 234-35). This, however, does not mean the situation is very different at the centre. In Canada, at least, federal policies to promote economic development have "dwarfed provincial efforts" (Young, Faucher and Blais, 1984: 798). More generally, there is little reason to believe that what Charles Lindblom has called "the privileged position of business" plays less at the centre than within the units, especially now that mobility appears less circumscribed by national borders (Lindblom, 1977; Simeon, 1994: 23, 37-38; Howse and Chandler, 1997).

A second variant of the social forces argument insists less on mobility than on the predominance of certain sectors within a smaller territorial unit. State politics, argues John Donahue, is more likely to be influenced by locally powerful industrial sectors (1997: 90). The argument is familiar in Canada. Garth Stevenson, in particular, has presented the provinces as heavily dependent on the primary and secondary industries concentrated on their territory (1977: 79; 1982: 77). Little evidence, however, confirms this point of view. As Young, Faucher and Blais note, resource industries, or for that matter any industrial sector, represent a very small share of provincial revenues and they have also benefited heavily from federal interventions (1984: 805-808). Even in western provinces heavily dependent on specific resources, provincial governments have proven to be competent and largely autonomous actors, able to impose rules on key industries and to capture rents from resource production (Richards and Pratt, 1979: 7-8). If anything, in a service economy with dense trade, investment, and corporate ties, business should militate for a more integrated economic union and, as a matter of fact, it does (Schwanen, 1996: 8-9; Fortin, 1992: 233). The 1994 Agreement on Internal Trade, which "lessens the capacity of governments, especially provincial governments, to act" was openly supported by a business community that demands even more integration (Doern and

MacDonald, 1997: 151–53). This orientation does not preclude business involvement in provincial politics. It simply suggests that there is no tight relationship between centralization or decentralization and business, or other, interests. The different actors, concludes Alan Cairns, “work the federal system” to their advantage, intervening at the most favourable level when they need to do so (1988: 110; see also Pierson, 1995a: 454).

A somewhat different way of presenting the social forces argument consists of stressing the heightened possibility of constituting particular, more narrow, regional majorities in a decentralized system. “Government on a national scale,” argues Robert Howse, “will be less susceptible to majority tyranny, precisely because national political outcomes are likely to reflect a greater diversity of opinions and interests” (1995: 275). This possibility, however, can work either way (as Howse recognizes). It is precisely because regional majorities could be constituted that Saskatchewan introduced universal hospital and medical insurance and that Quebec conceded the right to strike to public-sector workers, two progressive innovations that were later generalized (McRoberts, 1993: 172). The real threat associated with regional majorities does not derive from decentralization, but rather from intrastate federalism, the representation of such majorities within central institutions. In the United States, it was not state governments that resisted and blocked federal income transfer programs and progressive welfare reforms, but a “veto coalition” composed of business, conservative Republicans, and southern Democrats. Southern Democrats, in particular, played a critical blocking role in Congress (Pierson, 1995b: 303–306, 327; King, 1995a: 13–14, 162–63, 210–211; King, 1996).⁶ In Canada, intrastate federalism is weakly developed (McRoberts, 1993: 153). If the Reform Party’s project of an effective Senate prevailed, the political power of conservative regional majorities would increase seriously, and the country would probably become more conservative. But it would also be more, not less, centralized.

A final version of the social forces argument deserves mention, less because it is credible than because it is ubiquitous, although usually implicit. Daniel Latouche puts it nicely in his essay for the Macdonald Commission: “to a liberal-minded intellectual in English Canada, it is apparently impossible for anyone who operates in a provincial setting to take a progressive attitude to social issues or to have respect for civil liberties and concern for justice and equal opportunity.” “Of course,” adds Latouche, all “have honeyed and deferential words for local democracy, and control by the grassroots, and respect for regional characteristics, but there could never be a question of putting this local practice into a permanent political structure” (1986: 111). Replying to this argument is tricky because it is usually implicit. Robert Howse, however, presents it in a fairly straightforward way, when he explains that “in smaller and more homogeneous communities, the contest between opposing ideas and interests may be much less vigorous, thereby resulting in a more impoverished process of democratic debate and deliberation” (1995: 275).⁷ The problem with this argument is that Canadian provinces and American states are not small, homogeneous communities.

Decentralizing policies to California, observe Neil and Barbara Gilbert, means shifting responsibilities to a state that "is three times as large as England geographically and has twice the population of Sweden" (1989: 22). One could argue that political participation is lower in American state politics than in national elections (Howse, 1995: 277). A good case can be made, however, that political debates within states remain meaningful (Erikson, Wright and McIver, 1993: 244-53). Many American activists are beginning to look again at the states, where large lobbies seem less powerful and innovation easier to achieve (Berke, 1997; Schram and Weissert, 1997: 2). In any case, in Canada, participation is higher in Quebec politics than in federal politics. The general point is that, beyond truly small communities which the provinces and states are not, there is no obvious relationship between size and the quality of democratic life.

Political Arguments

The political arguments considered here associate intergovernmental political conflicts with conservatism. The basic idea is that politicians and bureaucrats at all levels of government seek to preserve and "enlarge the scope of their functions" (Cairns, 1988: 105). "Federal and provincial governments," writes Alan Cairns, "are not neutral containers or reflecting mirrors, but aggressive actors steadily extending their tentacles of control, regulation, and manipulation into society" (1988: 107). Power is sought for its own sake, even when the clash of interests risks generating complex and contradictory policies (107 and 117). Cooperative and progressive solutions are hard to obtain for two reasons. First, when a government establishes its predominance in a policy field, it occupies (or pre-empts) the field and makes major reforms difficult (Pierson, 1995a: 456). Second, in such intergovernmental conflicts, governments care less about the substance of policy than about the division of powers, and they are unlikely to yield for the sake of better policies (Banting, 1987: 122, 138-39, 143-44, 172-73).

Whether or not this point of view has empirical value, it is more an argument about federalism than about decentralization. The characteristics attributed to governments are indeed shared equally by all levels of government, and the problems associated with intergovernmental conflicts are roughly the same in more or less centralized arrangements. In Canada, for instance, it was the federal government that pre-empted most of the social policy field, because it "established a strong social role when the provinces were politically and financially weak" (Banting, 1995a: 298). As a result, it probably prevents progressive reforms some provinces would wish to pursue, as is currently the case with Quebec's family policy (Noël, 1998: 262-63). This, however, is a problem of centralization, not decentralization.

In addition, the conflictual nature of intergovernmental relations and the presumed disregard of governments for the substance of policy are probably exaggerated. The recent cooperative efforts of the provinces and the federal government on internal trade, on manpower training, on social policy, and

on constitutional matters indicate that not all is conflict in intergovernmental relations. As for the argument that provinces disregard the substance of policy, this presumes that the different actors broadly agree on the core issues. Keith Banting, who claims this is the case, acknowledges however that significant differences remain which separate the citizens and elites of the various Canadian provinces (1987: 143, 163). Banting seems to consider these differences trivial when he justifies centralization, and worrisome when he ponders the possible consequences of decentralization (compare 1987: 139 and 163). I would argue that differences, even minor, do actually matter; in social policy, in particular, "the devil is in the details" (Osberg, 1994: 57, 62).

A related political argument sees in any decentralization a first step on a slippery slope towards further decentralization and eventually disintegration (Banting, 1987: 179). If intergovernmental relations were a purely conflictual, zero-sum game, this expectation could make sense. When the possibility of cooperation is accepted, however, it appears more dubious (Young, Faucher and Blais, 1984: 808–812). In any case, this slippery-slope argument is really an argument about unity, not about conservatism. I will address the unity question more specifically in the next section.

Institutional Arguments

Three institutional arguments against decentralization need to be addressed. This can be done briefly since, once again, these are more arguments about institutional preferences than about conservative or progressive policy orientations.

The first argument concerns accountability. Assuming decentralized policies would still be financed by federal revenues, Robert Howse argues there is "a significant moral hazard ... with respect to federal sub-units spending money that has been raised by the national government," because "sub-unit governments are not fully accountable" for funds they did not raise (1995: 283; 1996: 12, 14). Andrew Coyne goes further, and enunciates "Coyne's Law," which states that "the closer the government, the less accountable it is" (1997: 21). I will only discuss Howse's point.

Consider employment insurance. In 1994, the Canadian Institute of Actuaries proposed the creation of a distinct account for unemployment insurance revenues and expenditures, arguing that the confusion in general revenues and expenditures of funds entirely contributed by employers and workers was not a sound accounting practice (Bloc québécois, 1995: 272). The suggestion, of course, was not followed. While motives should not be imputed, it is obviously convenient for the federal government to include employment insurance revenues in the general budget, and use a good portion of these revenues for other purposes (the federal government withdraws more than \$5 billion per year, out of total employment insurance revenues of about \$19 billion [Vaillancourt, 1997: 49]). One can hardly say, however, that this practice makes employment insurance "accountable in terms of

the actual results achieved" (Howse, 1996: 12). But this is not the end of the story. When the federal government accepted to transfer to the provinces some of the active labour market measures associated with employment insurance, it imposed a series of limitations and controls, presumably to maintain accountability. Money that was not accountable in terms of results in Ottawa, somehow became "a significant moral hazard" when spent by the provinces. With respect to the "actual results," the restrictions imposed by the federal government were not even helpful. The very purpose of transferring these activities to the provinces was to integrate the labour market programs available to different categories of unemployed (Bouchard, Labrie and Noël, 1996: 88-91). "Training," noted Thomas Courchene, "should not be the privilege of the UI beneficiaries at the expense, say, of those on welfare" (1994: 286). Such a privilege is precisely what the new agreements impose, in the name of accountability (Human Resources Development Canada, 1997). According to André Burelle, everything would have been clearer if the provinces had been transferred the revenues, through tax points, as well as the expenses (1997). The general point is that central policies are not, in essence, more accountable than provincial ones (for other examples, see Young, Faucher and Blais, 1984: 812-13; Richards, 1996: 4; Boessenkool, 1996: 17). Federalism creates special difficulties in this respect, but they occur at every level of centralization or decentralization.

As mentioned above, decentralization can also be presented as a threat to national unity, especially for a divided country like Canada (Banting, 1987: 165-67, 177; Morris and Changfoot, 1996; Whitaker, 1997: 58). While this argument is not really related to conservatism, it is an important one, about which a few words should be said. One answer would be to deride a unity strategy that relies so much on central government spending (see Marcel Côté, quoted in Courchene, 1995a: 52). This reply is unfair because social policy involves much more than spending; it uses political power to institutionalize values deemed important to a society (Marshall, 1975: 15). These values, however, are associated with the programs, not the providers. What helps define Canada as a community is universal health insurance, not the Canada Health Act, or social assistance for all in need rather than the Canada Assistance Plan or the Canadian Health and Social Transfer (programs that hardly anybody knows). Ottawa, explains Courchene, can mostly deliver "thou shall nots" or "negative integration"; the provinces should provide "positive integration" (1995a: 61; 1996). They already do. It is the provinces, for example, that decide who is a person in need and define most of the content of Canadian social assistance (Boychuk, 1996: 16). Universal health insurance was also a creation of the provinces, which introduced it and gave it a substantive content (Courchene, 1994a: 174-81). "In the absence of national minimum standards," writes Carolyn Tuohy, "the broad popularity of medicare together with the interests of powerful provider groups are likely to operate in favour of the continuation of a generous program" (1993: 301). If social policy holds Canadians together, it must be admitted that the provinces have much to do with it. Provincial govern-

ments are also Canadian governments.

A third institutional argument claims that redistribution works best when it is hidden. "In comparison to the political certainty of the transfers hidden in the federal income security programs," argues Keith Banting, "decentralization plus equalization would be a high-risk strategy for poorer regions" (1987: 164). The major restrictions to social transfers and to employment insurance implemented in the mid-1990s, combined with the relative stability of equalization payments, cast some doubts about the "political certainty" of transfers hidden in income security programs (Phillips, 1995: 69; St-Hilaire, 1996: 28; Bickerton, 1996: 21). In fact, straightforward equalization payments may be easier to defend than hidden equalization mechanisms which tend to raise doubts about the fairness of any given social policy (Courchene, 1995b: 55). One should also keep in mind that hidden transfers also facilitated, in the 1980s, welfare state retrenchment "by stealth" (Rice and Prince, 1993). The idea that hidden transfers are more sustainable is associated with a general presumption that Canadians are less generous than their elites, so that there would not be as strong a social union if citizens were given full information and the power to decide. This mistrust of democracy underlies much of the progressive argument against decentralization. I will come back to this broader question below.

A variant of the argument on redistribution suggests that, by loosening the bonds of the union, decentralization would undermine public support for equalization. While this may be the case at a very high level of decentralization, there is no simple relationship between centralization and redistribution. The need for equalization is, in fact, a product of decentralization, and some fairly decentralized federations like Canada remain strongly committed to the reduction of regional disparities. In Germany and Australia, this commitment is even stronger, whereas it is almost non-existent in the United States (Watts, 1996: 47). Overall, these variations seem more related to a country's orientation towards redistribution than to the centralized or decentralized character of its federal system. (For an overview of how countries vary in their support for redistribution, see Noël and Thérien, 1995.)

Economic Arguments

Some arguments against decentralization are cast in technical or efficiency terms. Economic imperatives would sustain a need for centralization. In the 1960s, decentralization was accused of distorting Keynesian fiscal and monetary policies, of misallocating resources in economic development efforts, and of fostering inequality (see Simeon and Robinson, 1990: 210). Nowadays, decentralization undermines efforts to build a competitive economy for the new global economy. "Economic success," writes Roger Gibbins, "seems to be coupled with relatively strong national governments (albeit governments that themselves are constrained by new global realities) and with relatively centralized federations" (1997: 21). These assertions

appear to clash with the often repeated political claims that Canada is the most decentralized federation in the world and an economic success story. In any case, such broad evaluations are very difficult to assess and the opposite argument, that nowadays economic success requires decentralization, can be made convincingly. Tom Courchene, in particular, has discussed extensively the fact that comparative advantage is increasingly a regional phenomenon and the importance, in this respect, of what he calls "untraded interdependencies" (Courchene, 1995a: 30-31). The recent transformation of the New Brunswick economy probably has more to do with provincial policies and interventions than with a "strong national government," and the same is true, I would argue, for the earlier evolution of Quebec's economy (Noël, 1993).

The economic imperatives argument can also be more specific. It is often said, for instance, that the decentralization of labour market policies erodes "the government's overall capacity to manage a national labour-market strategy and, for that matter, the Canadian economic union" (Bakvis, 1996: 155; Burton, 1996; Gibbins, 1997: 7-8). The development of active measures, deplores one commentator, "now remains contingent on provincial inclinations" (Stoyko, 1997: 104). In this case, at least, the argument seems moot. The labour market in Canada is local, regional, and provincial, and it is primarily at the local and provincial levels that the concertation necessary for active labour market measures can take place effectively. The call for a "national" policy only makes sense if we assume that anything we deem important becomes a "national" issue. In the labour-market case, decentralization is necessary to promote effective and progressive social policies (Noël, 1998: 262).

The more general economic or efficiency argument I wish to present has to do with the proper balance between market integration and state autonomy. Given the market pressures brought by economic integration, explains Fritz Scharpf in an article on European welfare states, constraints emerge for national states that could erode existing social policies. These policies, however, are still popular and well entrenched, and what matters most is to preserve the capacity of each state to maintain them and innovate, against the temptation to establish uniform rules that are more likely to be driven by market integration than by social imperatives (1997; Streeck, 1995: 393-98). This situation, I would argue, is not far from the Canadian one. For Canada, the most problematic scenario is not a race to the bottom between the provinces or between Canada and the United States, but rather an erosion of the provinces' capacity to sustain original social policies and social contracts (Robinson, 1995: 251). The adequate response to such a challenge will not come from national standards, but rather from the protection and promotion of the autonomous capacity of each province to maintain social programs, foster existing social contracts, and introduce innovative social policies.

Philosophical Arguments

A final set of progressive arguments against decentralization contends that a broader, more inclusive, redistribution arrangement is intrinsically superior to a narrower, local alternative. Rarely presented in Canada, this argument has been made most convincingly by the Belgian philosopher Philippe Van Parijs, who argues that "progress consists in gradually extending the type of solidarity between persons exemplified by our social security system, to persons who belong to an ever-increasing number of human communities" (Van Parijs, 1993: 60, my translation). I have discussed elsewhere the limitations of this viewpoint, which reduces justice to its redistributive dimension and does not pay sufficient attention to the concrete political conditions under which progressive policies can be achieved. It is not obvious, for instance, that a large redistributive entity like the United States comes closer to an ideal of justice than a much smaller one like Norway. The argument nevertheless has force, and reminds us of the importance of maintaining redistribution within a federation, and beyond (Noël, 1998: 253-54).

Conclusion

Among the arguments associating decentralization with conservativeness, the most common and, apparently, the most convincing is the systemic argument. We have seen above that there is little empirical evidence that a race to the bottom is taking place, even in American social assistance. In fact, in the United States, the "bottom" was reached in Washington, D.C., with the adoption in the summer of 1996 of the Personal Responsibility and Work Opportunity Reconciliation Act, a federal law that ends a sixty-year-old entitlement and terminates any federal help for a family that goes beyond a five-year time limit on welfare, even if it "has done everything that was asked of it and even if it is still needy" (Edelman, 1997: 45; Bloom, 1997).⁸ Beyond the evidence, which can always be challenged, it was also argued that the systemic argument leaves little room for politics, assumes economic circumstances dictate unique and optimal policy solutions, and denies the existence of a federal society that would be more than a market. Arguments about social forces appear equally unconvincing. There is no evidence that business is more powerful, or labour and social movements less, at lower levels of government or in areas with smaller populations. Theoretically, it is also hard to sustain an argument about size, when the units involved are equal or larger than many democratic countries.

Many other arguments are only indirectly related to conservatism and appear, in any case, dubious. The idea that lower-level governments have little interest in social policy and only seek to expand their power, for instance, misrepresents the importance of details and of implementation in social policy. If it were true, the argument would apply equally to all levels of government, in more or less centralized settings. The same holds for accountability problems, which are problems of federalism, not of decen-

tralization. There is also no evidence that values uniting citizens can only be promoted by central governments, that hidden transfers are more resilient politically, or that centralization is needed to build a competitive economy and a generous welfare state. Finally, philosophically, a broader-based redistribution system is not necessarily preferable.

If we accept these different counter-arguments as true, there is no political, technical or philosophical impediment to decentralization. Another argument, however, can be put forward: What if a strong central government is needed to define common values and objectives above the heads, so to speak, of citizens, interest groups, and lower-level governments? In a comparative context, the argument may appear somewhat unusual, at least in such an explicit fashion. It is, however, a very important idea in Canadian political life, particularly on the left. The next section introduces this idea and discusses it in the broader context of contemporary debates about centralization and decentralization.

DECENTRALIZATION, LEFT AND RIGHT

"The real issue facing federal policy makers," wrote Keith Banting in the summer of 1994, "is whether they can generate a 'people's package' that can be used to rally public support against the probable objections of at least some provinces and most social groups" (1994: 66). For Banting, it was incumbent upon the federal government to define and articulate a social vision for Canada, one that would appeal to citizens but would not emerge autonomously from their debates. This prescription appears to be based on the perception, widely shared in Ottawa, that there is "a considerable gap ... between the advocacy voices ... and the preferences of the wider public as measured by opinion polls" (Banting, 1995b: 288; see also Jenson and Phillips, 1996: 123-26). Something deeper is also at play, however. At the outset, Canadian social policies were understood as a way of shaping a new "national" identity, in a divided country. This new identity, which constituted Canadians as individuals endowed with common rights, "was sponsored by the Liberals, supported by the Tories, and claimed as a victory by the CCF" (Jenson, 1995: 107-108). The Canadian left, in particular, pressed the creation by the federal government of "a national community whose social agenda and Constitution should be responsive to the will of a national majority, unimpeded by governments based on recalcitrant local majorities" (Russell, 1993: 62). The role of the state was not to respond to, but rather to shape public demands and expectations, and beyond that to shape the public itself.

This viewpoint responded to the fragmented nature of Canadian society, but it was not uniquely Canadian. Everywhere, the social-democratic and liberal left was tempted by the idea of running ahead of civil society to establish new citizenship rights. Localism and traditional identities were distrusted, and the central state was seen as the engine of modernity (Wolfe, 1989: 128; Simeon and Robinson, 1990: 121-22).

This understanding of the role of the state is still very present in the Canadian left, and the state is expected to create a national consensus even when there are no public foundations for such a consensus (see, for instance, Cohn, 1996: 169, 180). Hence, the preference for hidden transfers, unilateral actions, and "people's packages." This perspective on welfare politics does not, however, encompass the entire tradition of the left, in Canada or in comparable societies. From its early struggles over civil rights and universal suffrage, the purpose of the left has always encompassed more than state intervention or income redistribution. First and foremost, the left fought for the promotion of what Philippe Van Parijs calls real freedom – in contrast to formal freedom (1991: 225). The aim was to fully realize the democratic promises of liberalism, notably by giving persons the means, as well as the right, to be free. During the 1945–75 period, this objective was pursued largely through the construction of the welfare state. As a result, the left came to be associated with the promotion of government intervention, to the point where its fundamental concern with freedom and democratic practices was sometimes neglected or forgotten (Noël, 1996: 14). As a new era of debates opens, this preoccupation is coming back to the forefront, and conflicts over redistribution are increasingly redefined as conflicts "over the democratic procedures according to which the resources are allocated" (Kitschelt, 1994: 6).

This preoccupation with real freedom and democracy explains why there is a decentralist tradition on the left, just as there are also both centralist and decentralist traditions on the right. In nineteenth-century Canada, notes Peter Russell, centralism "was primarily a Conservative cause" (1993: 62). John A. Macdonald wanted a strong central government rather impervious to democratic impulses, and popular challenges came largely from the regions (Whitaker, 1992: 217–18; Simeon and Robinson, 1990: 42–43).

For the left, decentralization is valuable insofar as it helps communities, enhances democratic practices, and promotes political action; centralization, on the other hand, is sought when it facilitates the promotion of state intervention and equality. On the right, centralization is desired insofar as it helps create and integrate markets, whereas decentralization appears primarily as a means to reduce government intervention. The left wishes to decentralize towards communities, the right towards the market.

These ambivalent orientations indicate a much more complex debate than what is implied by the idea that decentralization favours conservative policies, an evaluation that is closely associated with the welfare state of the 1945–75 period. The terms of the debate about the welfare state are now changing, and so are the attitudes both of the left and of the right towards decentralization.

TRANSFORMING THE WELFARE STATE

Between 1945 and 1975, the social-democratic idea of the welfare state was hegemonic; it dominated, as the society-wide project around which debates,

reform proposals, and reactions were framed. The conservative idea of society had not disappeared but, to a large extent, it was reactive, fighting what appeared as a rearguard struggle. In Canada, for instance, the initial opposition to federal welfare state initiatives was largely a defensive affirmation of provincial prerogatives and of the status quo (Vaillancourt, 1988: 119).

At the same time, on the right, new ideas were germinating. Inspired by the broad idea of rational choice, scholars were beginning to portray citizens as egoists unable to cooperate, voters as rationally ignorant, bureaucrats and politicians as maximizers of power and votes, and groups and social movements as rent-seeking enterprises. In such a perspective, which updated the old conservative distrust of democracy and of the state, citizens could not expect much from the democratic process or even from cooperative social relations. The best they could hope for was to have as many social functions fulfilled by the market as possible, this mechanism being immunized by competition from rent-seeking and power-seeking. In parallel, monetarism was rising, as an attack on the Keynesian ideas that counter-cyclical policies could be effective, that the state could manage the aggregate economy, and that unemployment and poverty could be challenged.

When conservatives took power, in the late 1970s and early 1980s, they had a counter-hegemonic set of ideas to implement. It was now the turn of the left to fight a rearguard struggle. So hegemonic became the right that even social-democratic governments and parties began to adjust. Some observers, on the left as well as on the right, started saying that the left-right debate had simply lost all relevance (Bobbio, 1996: 1-17). "In politics there is no left or right any more," proclaimed a 1996 *Globe and Mail* editorial, "just arithmetics" (November 25, 1996: A20).

Just as the "end of ideology" of the late 1950s and early 1960s proved to be a misleading impression, so is the "arithmetics" of the late 1990s. While neoliberalism prevailed, and while much of the political left was busy defending entitlements and established programs, new ideas were gradually emerging on the left. It is still hard to discern what these ideas are exactly, just as it would have been difficult in 1957 to see in *An Economic Theory of Democracy*, by Anthony Downs, anything but a limited intellectual exercise in pushing a logic to its limits (1957).

Some themes are nevertheless emerging. Chief among them is the idea of a basic income guaranteed by the state, whether as a pure, unconditional, basic income or in the form of negative income tax measures (Van Parijs, 1995; Offe, 1996: 201-221; Myles and Pierson, 1997). Central as well are: the affirmation of the need to respect difference and a multiplicity of identities; new conceptions of the economy as social; the idea of diverse personal paths towards economic and social integration; and the stress on democratic and empowering forms of street-level and local public administration (Noël, 1996). Many ideas and experiments are being developed around the common themes of enhancing real freedom and improving democratic procedures. While it is too early to speak of a coherent vision, all these ideas combine a commitment to equality with a rejection of welfare programs

defined solely as cheques and services provided to individual clients of the state. The idea is to use the state as a lever to empower persons and communities, vis-à-vis the market but also within the broader democratic process.

This is where decentralization fits in. In the neoliberal agenda, decentralization is sought to undermine national standards and programs, and to transfer as many activities as possible to the private sector. Conservatives decentralize to the market as well as to lower-level governments (Bennett, 1990: 1). The traditional left, committed to "national" standards, rightly sees this approach as threatening. New perspectives from the left, however, also emphasize decentralization, albeit in the name of local development, community associations, and empowerment. This new social-democratic understanding of decentralization could be associated with a "national" approach defined by a strong central government. Provincial governments, after all, are themselves big governments, nowhere near the ideal of the warm, autonomous community (Whitaker, 1992: 249). Still, a new sensitivity to the politics of place and of identity, a focus on the community and on empowerment, and an emphasis on local development make it easier for the left to question its old views about the superiority of more or less hidden, centralized, impersonal, and uniform programs. At the very least, the idea of decentralization is not anathema any more, and the alleged virtues of centralization can be questioned, theoretically, empirically, and politically. As a consequence, the federal principle, according to which different societies can arrange themselves differently, can also be reaffirmed.

In health care, for instance, decentralized alternatives to the 1984 Canada Health Act tend to be associated by the traditional left with three possible scenarios: a more or less equivalent status quo accepted by provincial governments committed to the same principles; an asymmetric version of the current situation, where at least some provinces would provide inferior services; and a market-driven scenario, where the current system would unravel and yield to private-sector alternatives (see Maioni's essay in this volume). The best scenario here is a fragile status quo. A new understanding is emerging on the left, however, that stresses the limitations of a federal policy defined solely by the provision of "medically necessary services." From this perspective, the defence of the Canada Health Act by the left also supports a traditional, and to a large extent outdated, understanding of health care as the medical treatment of sickness. Decentralization could allow a fourth scenario – the development at the provincial level of integrated and more encompassing approaches, better able to take into consideration the social determinants of health (poverty, for instance) and to devise innovative and preventive responses to what constitute public, rather than personal, health problems (Vaillancourt, 1997: 80–83; Courchene, 1994a: 173–89).

At any given time, "only a very limited number of changes have any significant chance of succeeding," wrote Michael Harrington in one of his last books. As a consequence, the left and the right always "explore a relatively narrow range of possible futures and, when they are serious, respond to the

same reality in fundamentally different ways" (1986: 15). In the 1990s, the two sides must respond to the economic and social challenges posed by globalization and by the failure of national markets to produce jobs and relatively well distributed incomes (Myles, 1996). The right is tempted to leave most functions to the market, but also finds appealing the possibility of a better policy mix, more favourable to competitiveness; the left is tempted by the assertion of national prerogatives, but also pays attention to what some have called "progressive competitiveness." Many, on both sides, explore the idea of a new social contract between the various social actors, one which would allow different societies to face the challenge of globalization without losing the capacity to maintain high levels of employment and an acceptable distribution of income (Rhodes, 1996).

In this country, the chances for such a social contract appear slim, given "the continuing and intensifying doubt about the very existence of a single Canadian political community" (Simeon, 1994: 42). This uncertainty, observes Richard Simeon, "is an enormous barrier to our ability to address the economic and social policy agenda," and it may be easier to seek social contracts at the provincial level (42-43; see also Courchene, 1995a). Decentralization, not centralization, may be needed to protect and improve Canadian social policies. The first step, however, would probably be to accept that there is, and there will be, not one but many Canadian welfare states.

CONCLUSION

In the summer of 1996, the American federal government imposed strict constraints on the states, forcing all of them to rethink their welfare policies in a much harsher fashion. "National" standards ended entitlements and imposed a punitive regime on the poor of every state. A year later, the new Labour government of Tony Blair held successful referendums to devolve powers to Scotland and Wales, and announced another one to give London its first elected mayor ever, in a clear reversal of years of strongly centralist conservatism (Apple, 1997). These two highly visible examples hold one basic lesson: centralization is not necessarily progressive, and neither is decentralization a monopoly of the right. Both sides in the political debate seek centralization and decentralization, depending on the context, to achieve different aims.

The progressive case against decentralization is much weaker, theoretically and empirically, than is usually thought. The evidence about "welfare magnets," "races to the bottom," and business-dominated lower-level governments is remarkably limited. The idea that these mechanisms nevertheless work because politicians believe they do is a much weaker, and also largely unsubstantiated, argument. Other arguments – about intergovernmentalism, accountability, unity, hidden transfers, efficiency, and morality – also appear unconvincing. Theoretically, these various arguments tend to empty social relations and politics of any content. A federal society

becomes an amorphous sum of individuals, holding no values or principles in common, uninterested in what happens in their own or in other provinces or states, and looking to the central government for an identity. Lower-level governments act as agents of capital or, at best, as promoters of their own power, and automatically adopt the policies business obviously needs.

A poor theory, with unconvincing evidence, the general argument criticized here is also poor politics for the left, because it relies too much on state power and too little on democracy. Indeed, beneath the view that decentralization is conservative lies the idea that elites at the centre know better what should be done, and the corollary notion that a common identity can be manufactured, and paid for, by the central government.

Consider, first, elitism. There are countless allusions, in the liberal or social-democratic defense of centralism, to the idea that open, public, and democratic deliberations are dangerous for the welfare state. Interest groups and lower-level governments are, of course, distrusted, but so is the public which, in general, is better kept at a distance from the nitty-gritty of redistribution. The more hidden the process and the policies, the better.

There is no doubt that policies involving rights and entitlements cannot fluctuate with daily opinion polls (Thompson, 1988: 155). Still, the popular support for the welfare state is very high and stable, even in the United States, and it probably constitutes the best guarantee against social policy retrenchments. "The success of retrenchment advocates," concludes Paul Pierson in a recent article, "will vary with the chances for lowering the visibility of reforms" (1996: 177). Retrenchment strategies also need to circumvent social movements and interest groups (Esping-Andersen, 1996: 24). An elitist and exclusive approach, deemed necessary by many advocates of centralization, is precisely what is needed to push aside public interest groups and pursue a politics of cutbacks "by stealth" (Jenson and Phillips, 1996).

The corollary idea of manufacturing a common identity with the help of central social programs is also poor politics. For one thing, as Will Kymlicka explains, "*to some extent* national identities must be taken as given" (1995: 184, emphasis in the original). A sense of unity and solidarity cannot be constructed solely from the centre. On the contrary, "people from different national groups will only share an allegiance to the larger polity if they see it as the context within which their national identity is nurtured, rather than subordinated" (189). Pushing ahead with central intervention can create a strong central government without giving rise to a strong national identity. This, argues Michael Sandel, is what happened in the United States:

As the welfare state developed, it drew less on an ethic of social solidarity and mutual obligation and more on an ethic of fair procedures and individual rights. But the liberalism of the procedural republic proved an inadequate substitute for the strong sense of citizenship the welfare state requires. (1996: 346)

In Canada, federal programs had this procedural, individualistic character: they "addressed Canadians as individuals more than as members of regional collectivities" (Jenson, 1995: 108). The Canadian welfare state nevertheless became better anchored than the American one, largely *because* Canada was a more decentralized federation than the United States (for one classical example, see Maioni, 1997: 424). Provincial welfare states emerged that gave a substantive content to social policy and, in the process, created strong provincial communities, able to emulate each other. If Canadians find their way towards a new social contract, this is where they will find it. Betting everything on elites and on central intervention is not only poor theory; it is also bad politics for the left.

How far should decentralization go? In a somewhat but not entirely different context – as he comments on "justice and tribalism" – Michael Walzer puts forward the seventeenth-century argument for toleration to propose a politics of accommodation, expressed in a variety of ways. The various outcomes, argues Walzer, "are more likely to be determined by concrete circumstances than by abstract principles." The most important task is to establish a consensus "that validates a variety of choices" or, in this case, to leave open various decentralization possibilities (1994: 80–81).

It may well be that in a decentralized, and perhaps asymmetric arrangement, some lower-level governments will adopt less progressive policies. This, however, is what the federal principle is all about: "to allow each government to look after its share of the common good *as it sees fit*" (Trudeau, 1968: 80, emphasis in the original). Presumably, differences in policies will correspond to differences in social preferences (as seems to be the case in both Canada and the United States: see Fletcher and Wallace, 1985: 151; Norrie, Simeon and Krasnick, 1986: 148; Erikson, Wright and McIver, 1993). If not, the political debate should operate, because democracy, as was noted by Pierre Elliott Trudeau, "has its logic, and freedom its requirements" (1968: 53).

Decentralization, many will argue, will not solve the Quebec problem (Whitaker, 1997: 58; Gibbins, 1997). This is true, not because more will always be demanded, but simply because the heart of the matter is recognition, not the division of powers. This is why at the outset I used a quote from Frank R. Scott to pose the problem as a general one, relevant for any federation. Decentralization will not solve the Quebec problem, but it may well solve the problem of the welfare state, by laying the foundations for new social contracts and well-anchored, improved social policies. In doing so, decentralization would also reaffirm the federal nature of Canadian society, certainly a positive step in the search for a new, viable partnership between Quebec and Canada. For this to happen, however, we must do away with the old notions of centralism, of manufactured identities, and of "people's packages" designed above the heads of Canadians. If the 1997 Speech from the Throne can be taken as indicative – with its multi-faceted proposal for direct interventions in social policy – this is not the direction the present fed-

eral government has chosen to follow (Prime Minister of Canada, 1997). In Canadian social policy, however, citizens, groups, and provinces are usually the most important players, and there is no reason for progressives to fear this reality.

Notes

- 1 Scott, 1977: 253. I am grateful to Bob Young, who invited me to write on decentralization, and to participants in the "Stretching the Federation" conference for helpful comments on an earlier version of this chapter. Keith Banting, Peter Graefe, Harvey Lazar, Ian Robinson, Richard Simeon, and participants at conferences in the Canadian Studies Program of the University of California, Berkeley and in the Political Science Department of Reed College also provided much appreciated suggestions, especially when they disagreed. I also wish to thank Alain Bernier for his work as a research assistant.
- 2 To characterize a federation, where the division of powers is defined by the constitution and, strictly speaking, does not imply a hierarchy, Daniel Elazar prefers using the term non-centralization (1987: 34). When he writes about the evolution of federalism, however, Elazar still refers to the more common concepts of centralization and decentralization (1987: 198-203).
- 3 Schram, Nitz and Krueger argue, using the combined AFDC-Food Stamps benefits, that there was in fact a "race to the bottom," which "compressed state benefit variation over time" (1998: 219-220). In many ways, the inclusion of Food Stamps provides a better picture. It gives, in particular, a more accurate representation of the income of families receiving social assistance. In-kind and uniform benefits for which all AFDC recipients in the country qualify, Food Stamps are financed almost entirely by the federal government and, unlike AFDC benefits, they are indexed automatically for inflation (Blank, 1997: 106; Rom, 1995: 72). For an argument about downward convergence, however, the addition of a federal and uniform benefit poses a problem. Since the 1970s, states have let inflation erode AFDC benefits and allowed federally financed and indexed Food Stamps to substitute for lost income. As a result, the federal, uniform component of the combined AFDC-Food Stamps benefits has become increasingly important and, not surprisingly, variations in the combined benefits have decreased (Moffitt, 1990; Blank, 1997: 100-107). This convergence did not stem from a "race to the bottom," but rather from an increase in the federal role, for variations in AFDC benefits alone did not diminish (Schram, Nitz and Krueger, 1998: 218). As for the decline in AFDC and in the combined benefits, many factors other than competition are at play. At the very least, one should note that federal social assistance programs were cut as well (Blank, 1997: 93). In a recent pooled time-series analysis, Jack Tweedie

- finds that while high-benefit states seem influenced negatively by benefit levels in surrounding states, "low-benefit states respond to other states' benefits by *increasing* their own benefit levels" (Tweedie, 1994: 667, emphasis in the original). This dual pattern evokes mutual adjustment and policy diffusion more than pure competition.
- 4 William Robson updates this argument when he notes that, "in policy areas such as labor standards, Canada's diverse jurisdictions have been cited as inducing a race to the top" (1992: 95).
 - 5 Diffusion, of course, is not always a progressive trend. See, for instance, Brooke, 1997.
 - 6 Obviously, the "rights" of Southern states also oppressed African Americans. Note, however, that, until 1964, the federal government was itself "a pillar of segregated race relations," using its power to promote segregation inside the federal government and in the entire American society (King, 1995b: 5-9, 207-209). Many have argued this legacy still has not been overcome in federal politics (Quadagno, 1994; Williams, 1998).
 - 7 David Cameron comes close to this perspective when he deplores the fact that "serious discussion of the trimming and reform of substantive social services gets dispersed to the provinces and provincial communities where the direct encounter between citizen and public service occurs" (1994: 440). Roger Gibbins more openly argues that "governments that are close to the people are sometimes (but not always) less attentive to human rights and more attentive to localized economic interests than are governments that remain more remote from the people" (1997: 19). It is unclear how a central government that is also elected is "more remote from the people."
 - 8 Many scholars have portrayed the new program, Temporary Assistance for Needy Families (TANF), as decentralizing because it creates a block grant that leaves much flexibility to the states (Cope, 1997; Lurie, 1997). The thrust of the reform, however, including the new work requirements and time limits, was and will remain defined in Washington, D.C. What has changed is the nature of federal regulations, which "have morphed from the protective to the punitive ... Rather than mandating an inclusive eligibility, the new law mandates exclusions and limits" (Gilbert and Terrell, 1998: 235; Schram and Weissert, 1997: 2-5).

COMMENTS ON ALAIN NOËL'S PAPER
STEPHEN BROOKS

Is decentralization conservative? The question will strike many as belonging in the category of self-evident truths disguised as queries, like "Is the pope Catholic?" Indeed, few claims about federalism have been as widely accepted in recent years as the argument that decentralization is conserva-