

**CANADA AS COUNTER-NARRATIVE**  
**Multiculturalism, Recognition and Redistribution**

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One of the most compelling challenges facing western democracies is how to maintain and strengthen the bonds of community in ethnically diverse societies. How can we reconcile growing levels of multicultural diversity and the sense of a common identity which sustains the norms of mutual support and underpins a generous welfare state?

Canadian political theorists have made important contributions to the international debate about the relationship between multicultural diversity, rights and citizenship. In the first instance, debates focused on the relationship between multicultural conceptions of citizenship and fundamental liberal-democratic principles. Since the mid-1990s, however, this philosophical debate has been supplemented by more empirical argument about the relationships among ethnic diversity, recognition and redistribution. A growing range of analysts argue that multiculturalism erodes trust and a sense of community among citizens, and that contemporary democracies face a trade-off between the accommodation of ethnic diversity on one hand and support for redistribution on the other.

This concern has been labeled the “progressive’s dilemma” (Goodhart 2004; Pearce 2004). Historically, challenges to immigration and multicultural conceptions of citizenship have tended to come from the conservative right. Now, doubts are also emerging from the left and centre-left of the political spectrum, which increasingly fears that multiculturalism makes it more difficult to sustain and enhance the traditional agenda of economic redistribution. As a result of these and other worries, we are seeing the potential splintering of the left-liberal coalition that has historically supported immigration, multiculturalism and the welfare state in many western countries

Two distinct arguments are often interwoven in contemporary debates. These arguments can be summarized as pointing to basic trade-offs:

- The heterogeneity/redistribution trade-off: ethnic/racial diversity weakens redistributive social policies, because it is difficult to generate feelings of trust and national solidarity across ethnic/racial lines.
- The recognition/redistribution trade-off: multiculturalism policies which recognize or accommodate ethnic groups tend to exacerbate any underlying tension between ethnic diversity and social solidarity, further weakening support for redistribution.

Are these tensions real? More importantly, are they universal? Or do cases of tension that we do observe reflect particular contexts and circumstances?

This paper discusses an emerging Canadian contribution to debates over these questions. This contribution has two forms. The first contribution emerges from the findings of a team of Canadian researchers who have tackled the issues at both the national and comparative level.<sup>1</sup> The second contribution is Canadian experience itself. As we shall

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<sup>1</sup> The research team includes Keith Banting and Will Kymlicka at Queen’s University, Richard Johnston and John Helliwell at the University of British Columbia, and Stuart Soroka at McGill University.

see, the Canadian story emerges as a counter-narrative about the relations among diversity, recognition and redistribution, one that stands in contrast to a master narrative that increasingly dominates scholarly and political debates.

The first section of this paper summarizes the comparative evidence generated by the Canadian research team on each of the two alleged trade-offs, drawing on cross-national quantitative analysis of OECD countries. The second section then turns to two case studies from North America, the United States and Canada, two multicultural countries that generate different narratives about the politics of the multicultural welfare state. The concluding section summarizes the threads from recent studies, and reflects on the implications of the Canadian counter-narrative for wider debates about the future of welfare in diverse societies.

### **Cross-National Evidence: Diversity, Recognition and Redistribution**

#### *The Heterogeneity/Redistribution Trade-off:*

Students of social policy have long argued that the welfare state was built on, and can only be sustained by a strong sense of community and associated feelings of trust, reciprocity and mutual obligation. An early expositor of this view was T.H. Marshall, who wrote his most definitive work on social citizenship during the postwar expansion of social programs. For Marshall, entitlement to an expanded range of social benefits reflected the emergence of a national consciousness in Britain, a consciousness which began to develop before the extension of modern social programs and sustained their development in the twentieth century. “Citizenship,” Marshall argued in an oft-quoted passage, “requires a bond of a different kind, a direct sense of community membership based on loyalty to a civilisation that is a common possession” (Marshall 1950: 8).

In recent years, however, analysts have increasingly argued that ethnic/racial diversity will erode the sense of a common community and identity, and weaken feelings of trust in fellow citizens, with potentially debilitating consequences for the politics of social policy. At the level of social movements and coalitions, they worry that growing diversity might fragment the historic coalitions that supported the welfare state and/or divide emerging groups defined in cultural terms that might otherwise coalesce in the fight for redistributive agendas. At the level of electoral politics, critics worry that members of the majority public might withdraw support from social programs that redistribute resources to people they regard as “strangers,” or “outsiders” who are not part of “us.”

Alternatively, members of the majority might vote for conservative or neoconservative parties that oppose immigration, thereby indirectly and perhaps inadvertently triggering greater retrenchment in the welfare state.

Is there evidence to support these arguments? Traditionally, researchers interested in the welfare state have paid little attention to such factors. Indeed, recent comparative studies of the development and subsequently restructuring of the welfare state are silent about the impact of immigration and ethnic diversity (Swank 2002; Huber and Stephens 2001;

Hicks 1999; Esping-Andersen 1990, 1996). However, evidence has emerged in two other literatures. First, development economists increasingly point to ethnic and tribal diversity in attempting to explain the poor economic and social performance of a number of developing countries, especially in Africa. Initially, the focus was on the impact of heterogeneity on economic growth, but subsequent research has extended the analysis to the impact of heterogeneity on the provision of public goods, such as education (Easterly and Levine 1997; Easterly 2001a and 2001b; Nettle 2000; James 1987, 1993). In a similar vein, La Ferrara has demonstrated the importance of ethnicity in conditioning access to informal credit and group loans in African development (La Ferrara 2002, 2003).

Second, studies of the politics of social policy in the United States provide substantial evidence of racial diversity weakening redistribution. For example, Alesina, Baqir and Easterly (2001) demonstrates that public spending tends to be lower in cities and states with higher levels of racial heterogeneity, even when other relevant factors are held constant, and their results have been replicated by others (eg, Luttmer 2001). Alesina and Edward Glaeser (2004) have recently extended this approach to cross-national differences. They conclude that almost half of the difference in social spending between the United States and European countries can be explained by differences in the level of racial diversity.

In seeking to advance this debate, our research team took a different approach, focusing on the relationship between immigration and social spending (Soroka, Banting and Johnston forthcoming). Clearly, immigration and racial diversity are different. Not all immigrants are members of racial minorities in their new country; and not all racial minorities have emerged as a result of recent immigration, as the case of Afro-Americans confirms. Nevertheless, immigration and diversity are increasingly related in western countries. Moreover, to the extent they differ, a focus on immigration and welfare benefits still captures much recent controversy, as we saw during the run-up to the recent accession to the European Union of ten new countries in central Europe.

In this study, immigration is measured using United Nations' data on what is inelegantly called "migrant stock," the proportion of the population born outside the country. To analyze the role of migrant stock in the evolution of the welfare state, we adapted leading models of the factors associated with variation in social spending across OECD countries, especially those developed by Swank (2002) and Huber and Stephens (2001). The model in the study therefore incorporates a range of factors that have been shown to be important determinants of social spending. To this set, our study adds migrant stock and the level of social spending in 1970, on the assumption that spending growth may partially represent catch-up by initially low-spending countries.

Two findings stand out. First, there is no relationship between the proportion of the population born outside the country and growth in social spending over the last three decades of the twentieth century, controlling for other factors associated with social spending. There was simply no evidence that countries with large foreign-born populations had more trouble sustaining and developing their social programs over these

three decades than countries with small immigrant communities. Second, however, the pace of change does seem to matter. When the analysis examines the relationship between *growth* in the foreign-born population and *change* in social spending as a proportion of GDP between 1970 and 1998, the result was clear: countries with large increases in the proportion of their population born outside the country tended to have smaller increases in social spending. This relationship remained statistically significant in multivariate analysis which controls for a wide range of factors that are associated with social spending, including GDP per capita, unemployment levels, the proportion of the population over age 64, the percentage of women in the labour force, the density of organized labour, and the strength of different political parties (left parties, Christian Democratic parties, radical right parties). Social spending as a proportion of GDP rose in every country in the sample during this period, including in countries with substantial growth in migrant stock. But the growth was smaller in countries that saw a significant increase in the portion of the population born outside the country, other things held constant.

While there is still much work to be done in this field, the early evidence is suggestive. There is no evidence here that countries with large immigrant populations have greater difficulty in sustaining and enhancing their historic welfare commitments. But large changes do seem to matter. It is the pace of social change rather than the fact of difference that stands out here as politically unsettling.

#### *The Recognition/Redistribution Trade-off:*

The unsettling effects of change pose important questions about how states should manage periods of demographic transition. What is the role of public policy? Does the policy response of government to ethnic diversity matter for the vibrancy of the redistributive state?

Historically, Western states tended to view immigrant ethnic identities with indifference or suspicion, and sought to assimilate newcomers into a common national culture. During the last decades of the twentieth century, however, many states increasingly accepted some obligation to accommodate such identities, adopting what have become known as “multiculturalism policies.” The essence of multiculturalism policies is that they go beyond the protection of basic civil and political rights guaranteed to all individuals in a liberal-democratic state, to also extend some level of public recognition and support to ethnocultural minorities to maintain and express their distinct identities and practices (Kymlicka 1995). This trend sparked lively debate about the nature of citizenship and rights in diverse societies, and countries vary in the extent to which they adopted this approach.

Some theorists insist that multiculturalism policies exacerbate any underlying trade-off between diversity and redistribution. They argue that such policies trigger a politics that crowds out redistributive issues from the policy agenda, corrodes trust among vulnerable groups who would otherwise coalesce in a pro-redistribution lobby, or misdiagnoses the real problems facing minorities, leading them to believe that their problems reflect their

culture rather than economic barriers that they confront along with vulnerable members of many other cultural groups (Barry 2003; Wolfe and Klasen 1997; Rorty 1999, 2000). Defenders of multiculturalism policies reply that such policies do not create distrust among groups. Distrust is the historical legacy bequeathed to us by earlier generations of indifference or repression of ethnic differences. Rather multiculturalism policies can ease inter-communal tensions over time, and strengthen the sense of mutual respect, trust and support for redistribution.

In a recent study, Will Kymlicka and I sought to subject these assertions to more systematic empirical evidence (Banting and Kymlicka 2003, 2004). We ask whether countries that have adopted strong multicultural policies over the last two decades have, in fact, experienced a weakening or even just slower growth in their welfare states than countries that have resisted such policies. Answering these questions requires several steps. First, we classify OECD countries in terms of the relative strength of their multiculturalism policies, using the following eight policies as the most common or emblematic of this approach:

- (1) constitutional, legislative or parliamentary affirmation of multiculturalism
- (2) the explanation/celebration of multiculturalism in school curriculum;
- (3) the inclusion of ethnic representation/sensitivity in the mandate of public media or media licensing;
- (4) exemptions from dress-codes, Sunday-closing legislation, etc.
- (5) allowing dual citizenship;
- (6) the funding of ethnic group organizations or activities
- (7) the funding of bilingual education or mother-tongue instruction
- (8) affirmative action for disadvantaged immigrant groups.

The first three policies celebrate multiculturalism; the middle two reduce legal constraints on diversity; and the final three represent forms of active support for minority communities and individuals. A country which had adopted six or more of these policies was classified as “strong;” A country that had adopted two or less of these policies was classified as “weak.” Countries falling in-between were categorized it as “modest.” The resulting groupings of OECD countries are reported in Table 1.

The second step was to examine how the three groups fared in terms of change in the strength of their welfare state between 1980 and the end of the 1990s. Is it true that countries that adopted strong multiculturalism policies had more difficulty than countries that resisted such approaches in maintaining and enhancing their welfare states over the last two decades of the 20<sup>th</sup> century? Table 2 provides a first cut at the issues. There is no evidence here of a systematic tendency for multiculturalism policies to weaken the welfare state. Countries that adopted such programs did not experience an erosion of their welfare states or even slower growth in social spending than countries that resisted such programs. Indeed, on the two measures that capture social policy most directly – social spending and redistributive impact of taxes and transfers -- the countries with the strongest multiculturalism policies did better than the other groups, providing a hint that perhaps multiculturalism policies may actually ease the tension between diversity and redistribution.

The lack of a systematic tension between recognition and redistribution is confirmed by multivariate analysis. In Banting, Johnston, Kymlicka and Soroka (forthcoming), we incorporate our measure of multiculturalism policies into the model of the determinants of social spending used in the analysis of immigration and social spending discussed above. The obvious technical challenge here is to distinguish between the effects of the size of the immigrant minorities and the strength of multicultural policies adopted to accommodate their interests. Not surprisingly, there is a relationship between these two variables, as Figure 2 attests. However, there are enough outliers to allow for multivariate analysis, and the results confirm the conclusions from the first cut at the issue. There is no statistically significant negative relationship between multiculturalism policies and growth in social spending across OECD countries.

Clearly, this study represents simply a starting point in a much larger research agenda about the relationship between the politics of recognition and redistribution in the case of immigrant minorities. At a minimum, however, the evidence does stand as a check on casual assertions about the inevitably corrosive effects of the multicultural model.

## **Two North American Narratives**

Cross-national statistical evidence of the sort reported above is useful in testing sweeping assertions about the general relationships between ethnic diversity, multiculturalism policies and the welfare state. However, such studies have limits. Cross-national correlations say little about the experience of individual countries, and it is possible that tensions between diversity and redistribution exist in specific countries or contexts. Cross-national analyses therefore need to be supplemented with theoretically compelling case studies. This section explores in greater detail the experience of two North American countries, the United States and Canada. Both are traditional countries of immigration and have multicultural societies. Both are often categorized as liberal welfare states, although Canada has adopted a more expansive version of that model. As we shall see, the broad narratives about the relationship between multiculturalism and the welfare state that emerge from these two cases differ in interesting ways.

### *The United States:*

Students of U.S. experience have long emphasized the role of race in shaping the politics of redistribution. Indeed, Karl Marx worried that ethnic divisions posed a challenge to socialism in the United States. In the contemporary era, tension between racial diversity and social solidarity makes an appearance at several levels. At the level of public attitudes, Martin Gilens has demonstrated how the interaction between racial attitudes and media-driven images of the poor explain “why Americans hate welfare” (Gilens 1999). Robert Putnam’s analysis of social capital points in similar directions. Putnam argues that social capital, in the form of trust and engagement in social networks, is critical to a wider sense of public purpose and a capacity for collective action through the public sector. But social capital, he has recently concluded, is weakened by ethnic diversity. Early findings based on his Social Capital Benchmark Study suggest that

individuals in ethnically diverse regions and neighbourhoods in the United States are much less engaged in their community and wider social networks than individuals living in more homogeneous parts of the country (Putnam 2004; also Alesina and La Ferrara 2002).

The impact of race reappears in the politics of social policy-making. As noted earlier, racial diversity inhibits social spending and public goods across states and cities. At the national level, race is a long thread running through the history of American social programs. During the passage of the Social Security Act in 1935, resistance from southern congressmen and other conservatives led to the exclusion of agricultural and domestic labourers, denying coverage to three-fifths of black workers; and southern congressmen led a successful campaign in the name of “states’ rights” against national standards in public assistance, leaving southern blacks at the mercy of local authorities (Quadagno 1988; Orloff 1988). In the 1960s, racial politics swirled around Aid to Families with Dependent Children (AFDC) and the Great Society programs. As welfare rolls expanded and new poverty programs were put in place, the profile of the poor became racially charged. Black families represented close to half of the AFDC caseload and Hispanic groups were increasingly over-represented. Resentment against these programs was critical to the fracturing of the New Deal coalition and the base of the Democratic Party. White union members, white ethnics and southerners deserted their traditional political home, especially in presidential elections, in part because of its image on race and welfare issues (Skocpol 1991). The effect was so powerful that the Democratic Party sought to insulate itself in the 1990s by embracing hard-edged welfare reforms, including the 1995 reforms signed by President Clinton.

It is not surprising perhaps that multiculturalism policies were swept up into the social politics of the 1980s and 1990s, and a number of multicultural initiatives adopted in earlier decades were rolled back at the same time that social programs were being cut. For example, a number of states adopted English as the official state language several states, seeking to counter initiatives dating from the 1960s and 1970s that were largely sympathetic to language rights and maintaining diverse cultures (Citrin et al 1990; Tatalovich 1995; Hero and Talbert 1996). In addition, affirmative action programs were ended in California and Texas in 1996. Despite the controversy, however, there is no evidence that multiculturalism policies exacerbated the tension between racial diversity and redistribution, as a number of critics contend. Social spending and redistribution did not suffer any more in states that had adopted multicultural policies than in states that did not, a finding that stands up to multivariate analysis (Hero and Preuhs forthcoming).

While evidence supported the alleged trade-off between recognition and redistribution is lacking, U.S. experience is consistent with the argument that racial diversity itself erodes the welfare state. As a consequence, the United States has come to represent the leading international example of the proposition that diversity erodes redistribution. Its story has emerged as a sort of “master narrative,” the quintessential model of the multicultural welfare state. Many analysts seek to extrapolate its experience, as a source of warning to other countries, especially about the future of the European social model. In the 1980s, the American scholar Gary Freeman predicted that immigration would lead to “the



Americanization of European welfare politics” (Freeman 1986). In their comparison of the US and European welfare states, Alesina and Glaeser are more restrained, but point in the same direction. Their evidence, they conclude:

offers a caution about current directions in European politics.... As Europe has become more diverse, Europeans have increasingly been susceptible to exactly the same form of racist, anti-welfare demagoguery that worked so well in the United States. We shall see whether the generous welfare state can really survive in a heterogeneous society” (Alesina and Glaeser 2004: 180-181).

But before accepting American experience as the harbinger of the future throughout western countries, it is worth taking note of a second narrative from North America, one which provides a different view of the prospects for the multicultural welfare state.

#### *Canada:*

Canada represents an interesting test of the relationships between immigration, ethnic diversity, multiculturalism policies and the welfare state. Canada is one of the most multicultural countries in the world. About 18 percent of the population was born outside the country, second only to Australia among developed countries. In addition, Canada is a plurinational country, incorporating English- and French-speaking communities and diverse aboriginal peoples, known as First Nations. While the Canadian social policy regime is less extensive than that in many northern European countries, it represents a more ambitious social role for the state than that in the US, with universal public health care and a more redistributive structure of income security programs (Banting 1997). Moreover, starting in the early 1970s, Canada became something of a poster child for multiculturalism, adopting a strong set of multiculturalism programs that incorporate most of the elements set out in Table 1 (Kymlicka 1998). Although critics argue that the dominant political justification for these policies has evolved since then (Abu-Laban and Gabriel 2002), the core features of the policies remain intact. Canada therefore brings together the central elements under discussion here in interesting ways.

Once again, we start with public attitudes, especially the links between ethnicity, trust, and support for social programs. Recent evidence comes from Soroka, Johnston and Banting (2004), which tests two related propositions: that ethnic diversity erodes feelings of trust in one’s neighbours; and that this weakens support for social redistribution. Data for the analysis comes from a special national survey, which was supplemented with an over-sample in metropolitan areas to get more complete information on the attitudes of members of racial minorities themselves. The analysis also drew on census data to capture information about the local communities in which Canadians live, including the ethnic composition of their neighbourhoods.

To test the first proposition – that ethnic diversity erodes interpersonal trust – the survey adopted an innovative measure of interpersonal trust known as the “wallet question.” Respondents were asked: “Say you lost a wallet or purse with \$100 in it. How likely is it that the wallet or purse will be returned with the money in it if it was found by a

[neighbour/police officer/clerk at the local grocery store/ and a stranger]?” This measure does reveal a tension between the ethnic diversity of the neighbourhoods in which Canadians live and the level of trust they have in their neighbours. As Figure 3 shows, the larger the presence of visible minorities in the neighbourhood, the less trusting is the majority even when one controls for other factors that influence trust levels, such as economic well-being, education, gender and age. Members of racial minorities, in contrast, are much less trusting where the majority is very dominant, but are less affected by changes in the ethnic composition of the neighbourhood. The two lines cross when the racial minority percentage is just above half. Beyond that point, the average racial minority respondent is more interpersonally trusting than his or her “majority counterpart.” So, sustaining trust across racial differences is a challenge even in the most multicultural of countries, a pattern that parallels the United States.<sup>2</sup>

But many analysts simply stop at this point, assuming that diminished interpersonal trust necessarily weakens support for redistribution. This turns out not to be true, at least in any direct way. In addition to measuring trust levels, the survey explored respondents’ support for the welfare state through a battery of questions about specific social programs. Analysis of the data revealed virtually no relationship between ethnicity and the ethnic complexion of neighbourhoods on one hand, and support for social programs on the other. This finding stands up to multivariate analysis; compared to factors such as income, gender and age, all of which do influence support for social spending, ethnicity and the ethnic composition of respondents’ neighbourhood virtually disappear. Moreover, to the extent that there are even hints of a relationship, it is the minorities, not the majorities that are less supportive of redistribution. There is no evidence of majorities turning away from redistribution because some of the beneficiaries are “strangers.” While the evidence is preliminary and the research project remains underway, there is no support to date for a trade-off between diversity and redistribution.

The politics of Canadian social policy and multicultural policies are consistent with this underlying attitudinal pattern. The Canadian welfare state was certainly under substantial pressure during the 1980s and 1990s, and a long series of incremental policy changes restructured and in some cases weakened social programs introduced in the postwar era. However, the primary pressures for restructuring flowed from globalization, technological change, the aging of the population, the fiscal weakness of Canadian governments in the 1980s and early-1990s, and a broad drift towards more conservative political ideologies. In all of this, the Canadian story is a variant of the experience of western nations generally, and it is hard to find signs that ethnic diversity or multiculturalism policies contributed to the politics of retrenchment.

In contrast to the United States, racial diversity does not define the politics of social policy north of the border. Newly arrived immigrants receive settlement services and language training, but welfare recipients and the poor more generally are not socially distinctive: they do not stand out in linguistic, ethnic or racial terms. Admittedly, there

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<sup>2</sup> A more recent analysis also shows that membership in social networks also declines as the diversity of the neighbourhood rises (Soroka, Johnston and Banting 2005).

are danger signals about the future. Historically, immigrants integrated into the economy relatively quickly, with poverty rates among them typically falling below national levels within a decade or so. However, immigrants arriving in the 1990s and early 2000s have not enjoyed the same economic success as previous cohorts. If the engine of economic integration stalls and immigrants increasingly depend on social assistance and other benefits for extended periods, the politics of social policy might well change. So far, however, the dominant public perception of the poor does not have a distinctive racial or ethnic hue. Nor is there evidence of a sustained backlash against multiculturalism policies. As in all pluralist polities, multiculturalism programs are subject to active debate and contest. However, at the level of public opinion, polls have shown that support for the multiculturalism policy in Canada has remained fairly stable. There have been few concerted attempts to roll back the basic multicultural model, and little evidence that multiculturalism policies undermine the political forces committed to the welfare state.

Finally, it is worth noting that, despite the restructuring of a number of welfare programs, the redistributive role of the Canadian state has not eroded as sharply as in many other OECD countries. Figure 4 speaks to this question. Market inequality was relatively stable in the 1970s and then, as in many countries, rose in the 1980s and 1990s. But the distribution of total income (which includes government transfers) and income after tax (which includes both taxes and transfers and direct taxes) has been much more stable. Although there was some growth in inequality in post-tax income during the late 1990s, the change over the two decades has been much more muted than in the United States, the United Kingdom, France and many other OECD countries. Moreover, inequality in final income in 2001 was virtually the same as in the early 1970s, when the multicultural transition began. In short, Canadian experience does not support the proposition that growing levels of racial diversity and/or the adoption of formal multiculturalism policies erode has eroded the levels of redistribution established during the construction of the welfare state in the postwar era.

## Conclusions

I end as I began. One of the most compelling challenges facing western democracies is how to maintain and strengthen the bonds of community in increasingly diverse societies. There is no question that there is a *potential* conflict between ethnic diversity and solidarity. We do not need social scientists to tell us that. There is far too much evidence of ethnic and racial intolerance on our television screens. Moreover, there is undoubtedly *potential* fallout for the welfare state. But we need to keep our balance. Given the limited research base available to us, we need to be careful about rushing to premature judgment.

The evidence summarized in this essay suggests that the relationships among ethnic diversity, multiculturalism policies and redistribution are far more complex than much contemporary discourse suggests. The cross-national evidence points in several directions. Western democracies with large foreign-born populations have not had more difficulty in sustaining and developing their welfare states than other countries. But the pace of social change does seem to matter: countries in which immigrant communities

grew rapidly experienced lower rates of growth in social spending in the last three decades of the twentieth century. Yet, despite the worries of some critics, the adoption of robust multiculturalism policies does not systematically exacerbate tensions and further erode the welfare state. Within these broad cross-national patterns lie many distinctive national stories, and the contrasting patterns in the United States and Canada point to a range of possible balances among diversity, recognition and redistribution.

Given the limited nature of our hard information in this area, there is a danger that the experiences of one country will emerge as a sort of master narrative, a story that is seen as capturing the essence of the issues in play. For many Europeans, the United States has become the quintessential multicultural country, and the key test case of the relations between immigration, ethnic diversity and redistribution. In the United Kingdom, for example, analysts such as David Goodhart (2004) depict American experience as clear evidence that ethnic diversity erodes redistribution and therefore a warning about the future of their country if the current policy trajectory is maintained.

This is a field in which simple narratives are as likely to mislead as inform. History and traditions matter here, and the United States has a distinctive history in race relations. In no other Western democracy do the descendants of imported slaves form a significant minority. The rest of the world is not simply the United States writ large, or small as the case may be. In such circumstances, it is important to uncover diverse narratives, a variety of stories which point to different possible relationships between diversity and redistribution. Canada clearly provides one such contrasting narrative. The Canadian story is not Pollyannaish. Tensions between ethnic diversity and interpersonal trust reappear there as well, pointing to realities on the ground that are less sanguine than pious celebrations of diversity. It is possible that further research will find greater tensions, and the economic problems facing immigrants in the last fifteen years are worrisome about the future. Nevertheless, the evidence to date about public attitudes in Canada stands as a challenge to assertions that ethnic diversity inevitably weakens support for social programs; and the evolution of Canadian politics suggests that immigration, multiculturalism policies and social redistribution can represent a stable political equilibrium.

These distinctive narratives from North America are hopeful signs, which point to the possibility of a variety of relationships between heterogeneity, multiculturalism and the welfare state. They also point to a compelling research agenda which seek to understand the factors that mediate between diversity and redistribution, tipping the balance one way or the other in different countries. They also point to the possibility that policy choices count. This alone is an optimistic note in an increasingly turbulent debate about the future of the multicultural welfare state.

Table 1 The Strength of Multiculturalism Policies in Democratic Countries

STRONG: Australia, Canada

MODEST: Belgium, Netherlands, New Zealand, Sweden, UK, US

WEAK: Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Norway, Portugal, Spain, Switzerland.

Table 2 Multiculturalism Policies and Change in Social Redistribution		
Multiculturalism Policies	Social Spending Average % Change	Redistribution Average % Change
Strong	46.4	15.3
Medium	8.6	-2.1
Weak	31.8	10.1

Notes: Change in social spending represents change in public social expenditure between 1980 and 1998. Based on data in OECD SocX. Change in redistribution represents change in redistributive impact of taxes and transfers between the early 1980s and the late 1990s or near years. Based on data provided by the Luxembourg Income Study.

Source: For details of the calculations, see Banting and Kymlicka 2004, Appendix 1.

Figure 1 Change in Immigration and Change in Social Spending, 1970-1998

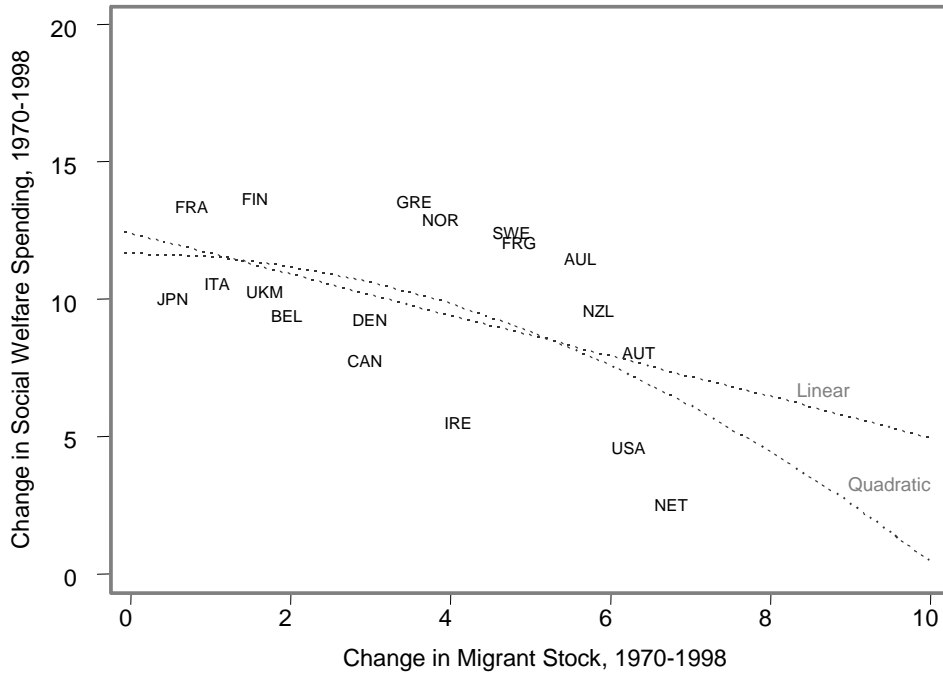


Figure 2 Size of the Foreign-Born Population and Strength of Multiculturalism Policies

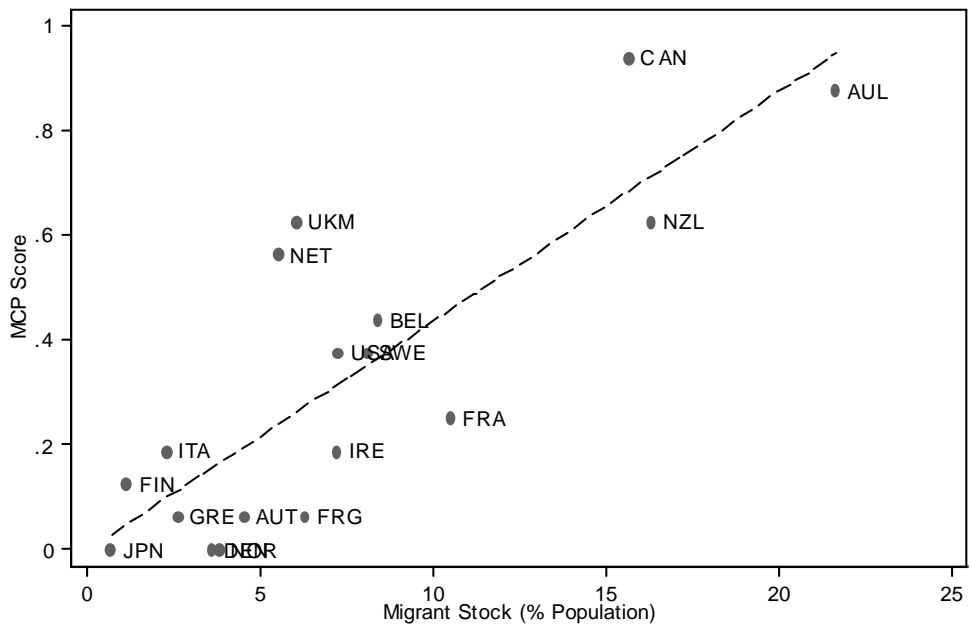
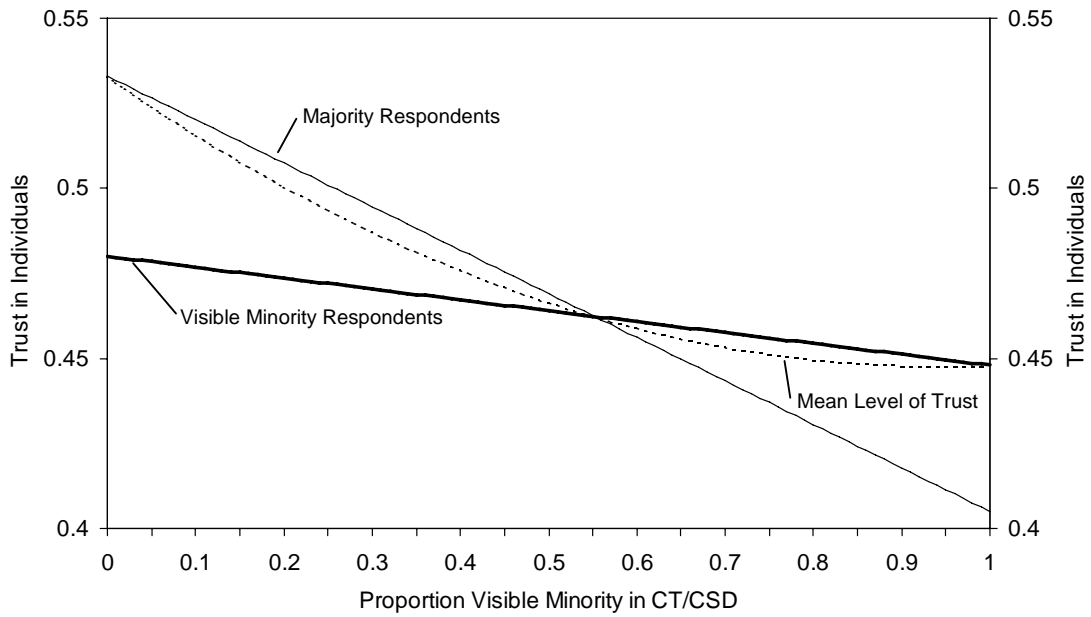
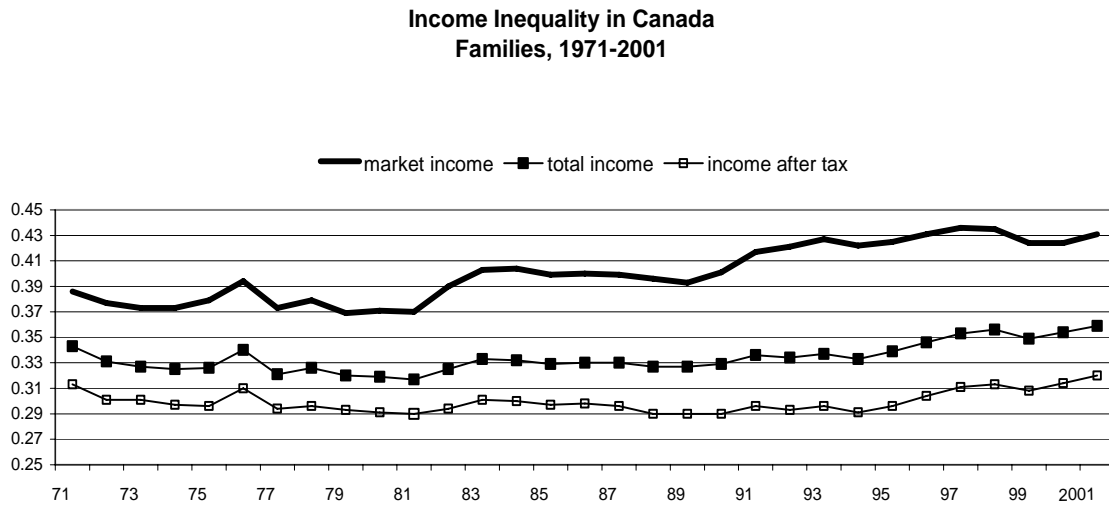


Figure 3. Ethnicity and Interpersonal Trust in Canada



$$\text{Trust} = 0.533 - 0.053REth - 0.128CEth + 0.096REth*CEth$$

Figure 4 Trend in Income Inequality in Canada, for three measures of income



Source: Statistics Canada

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