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# Federalism and Governance

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**Introduction**

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On December 19, 2011, provincial and territorial finance ministers met for their annual Finance Ministers' Meeting in Victoria, BC. After a morning of formal meetings, they headed into a working lunch with federal Finance Minister Jim Flaherty. Out of the blue, Mr. Flaherty sprung his 10-year federal plan for health care, handing out copies of new transfer agreements to representatives of each province and territory. The federal plan documented continued increases in federal health transfers to provinces at the six percent rate set in the 2004 Health Accord until 2016/17. After 2016/17, the rate of increase would follow the growth in nominal gross domestic product. Minister Flaherty's plan was a "take it or take it" offer---with no room for negotiation.

In the short term, this was a masterstroke of unilateral policy-making. Instead of engaging in difficult or divisive negotiations on a contentious issue with the provinces, the federal government simply imposed a preferred resolution. The provinces, by contrast, were at a loss for words. It took them several days to figure out who supported or opposed which elements of the federal proposal. With winners and losers, there was no unanimous common front. Further, it was unclear how successfully provinces could rouse public opinion given the technical nature of the deal and the fact that the dollar value of the transfers would keep increasing. A replay of the blame game of the late 1990s and early 2000s, following the reduction of cash transfer by a third in the 1995 budget, seemed an unlikely scenario.

In the longer and broader perspective, however, the 2011 Finance Ministers' meeting is a high profile example of a larger reconfiguration of the federation. The refusal of the federal government to engage the provinces in negotiations on health care, long seen as Canada's signature social program, is astounding. For a Prime Minister to take himself out of the game in the most costly and potentially most electorally salient policy area of Canadian politics is hard to fathom. If the federal government is not even going to pretend to be involved in developing a pan-Canadian story about health care, already weak tea compared to the national standards of an earlier era, what can we expect from the federal government on other social policy areas that get fewer resources and less of the national spotlight?

Social policy programs are fundamental to the economic and social wellbeing of Canadians. Canada has long thought of social security programs as safety nets to protect individuals from economic disruptions (Banting 2006). Social programs also support the economy by providing retraining opportunities that fill gaps in the labour market. While intergovernmental relations have long been marred by jurisdictional disputes, by 2010 the federal government began shifting the focus of its policy interventions in a way that has dramatically changed the paradigm for social policy debate. It is increasingly evident that the federal government sees its role and responsibilities as limited to the economic sphere and issues focused on competitiveness, productivity and skills shortage. For example, in the recent budget, the federal government announced changes reorienting training toward labour market demand. Already, recent federal policy

shifts have altered the social policy landscape and there has been little debate on the implications of these shifts for Canada as a whole (*or for Canadians*).

This book explores the changing dynamic between the federal government and the provinces. Federalism as a system has long provided routes for organizing public dialogue and debate around social policy in Canada. Yet, the players and the forums are shifting with new governance dynamics. The first part of the book summarizes the changes in federalism over the past two decades, situating the partisan strategies of the Liberals and the Conservatives against a backdrop of changing governance. Our approach is inspired by that of Simeon and Robinson's *State, Society and the Development of Canadian Federalism* and Peter Leslie's *Federal State: National Economy*, who situate short-term partisan and political strategies within a set of broader, longer-term state-society relationships.

The second part of the book analyses and discusses the implications of these shifting dynamics on social citizenship. Social policy programs have always been an important element in thinking about citizenship, national objectives, and the way collective solidarities are expressed (Jenson and Phillips, 1996; Jenson and Papillon, 2000). We argue that the impacts will be multidimensional. For one, the federal government is giving priority to short-term fixes - at the expense of nation building objectives by fostering a social security system that, as a whole, supports a longer-term vision of social citizenship in Canada. Second, there are a variety of new players like employers and postsecondary institutions being devolved responsibility in social policy areas like immigrant selection and skills training. Yet, their primary interests may not be in line with national interests. Third, the shifting role the federal government has opened some unique opportunities for the provinces to define Canada's social direction. Citizens are likely to turn to provinces for innovation and leadership, and the provinces themselves are likely to be less interested in engaging in joint endeavours with the federal government. For these reasons, how provinces respond will be centrally important to the quality of social programs across Canada.

It is tempting to personify these changes as the particular partisan ideologies of the governing Conservative party. Certainly, this is part of the story. The lack of interest in engaging the provinces in traditional areas of social welfare policy fits with the long-term Conservative vision of making the practice of federalism conform more closely to the division of powers in the Constitution Act, 1867. The Conservative government's disengagement with social welfare policy is also consistent with the belief that the state has a limited role in addressing social problems. And, it reflects the preferences of the current Prime Minister to define Canadian national identity around markers other than social programming.

However, the impact of these partisan leanings needs to be set against a broader series of changes to governance. Six years of government would be unlikely to effect such important changes to the landscape, running against entrenched citizen allegiances and identities, interest group structures, and federal-provincial relationships. The initiatives undertaken by the Harper Conservatives build on a set of changes to governance adopted by federal

governments over the past two decades. Federal-provincial relations have been reconfigured slowly over that whole period, but the different partisan strategies of the Liberal and Conservative governments have masked the continuities. Over the past two decades, new forms of governance have weakened the federal government's role in social policy leadership and by extension, the sense of pan-Canadian social citizenship. Such changes are not a foregone conclusion, nor is continuing on the same trajectory.

### *Understanding new governance*

The analysis presented here situates recent developments in Canadian federalism in relation to deeper structural forces brought about by shifts in governance. It is based on the assumption that the process of governing is increasingly collaborative and interdependent given the array of actors from the public, private and voluntary sectors involved in policy and program delivery (Daly 2003; Newman 2007; Pierre 1998; Rhodes 1996, 1997). Governance as a concept draws attention to the process of governance and should not be thought of as an end state (Bevir and Rhodes 2000, 2003). As Bevir (2011, 184) notes, "Governance arises contingently as actors change their beliefs by drawing on historical traditions to respond to dilemmas, as the new beliefs lead them to modify their actions, and as the new actions coalesce in new practices and patterns of rule." As a result, governance may take different forms at different times depending on the nature of the relationship between actors.

Indeed, governance takes shape through the interaction between state and society. Initially, scholars associated a shift in governance with a diffusion of power or a hollowing out of the state as it became increasingly dependent on third parties to implement its policies (Rhodes 1981, 1986; Rhodes and Wright 1987). However, empirical studies have consistently shown that rather than relinquishing power, states have developed new rules of engagement and sought new ways of exerting influence in this context of interdependence. They expand their regulatory role drawing on new softer instruments of control (Pierre and Peters 2000, Davies 2002, Rhodes 1996, Hood 1991, Osborne 2006, Phillips and Smith 2010). These tools range from the introduction of contracts accompanied by a set of management practices that emphasize and monitor performance and efficiency, to the rise of broad policy and regulatory frameworks at the macro level that oversee new relationships and ascribe a particular form of interaction between the state and civil society.

As a concept, governance can be used to offer a closer reading of how the federal and provincial governments have intervened in the social policy arena over the past two decades. Historically, the federal government sought the balance of power by fashioning institutional arrangements and structuring the process of social policy dialogue and debate. Under new governance, the role of the federal government in exerting social policy leadership shifted significantly. The strategic decisions taken by the federal government have been either to embrace this changed role, or try to compensate for it. Certainly, under the

Liberals, there were attempts to rebuild leadership in new ways, both in intergovernmental relations and in renewed linkages with civil society. Under the Conservatives, by contrast, such compensatory measures are much weaker. To the extent they exist, they are either on the basis of direct relations with individuals, or in attempts to build linkages outside social policy, for instance around the military or national economic pride.

Recrafting intergovernmental relations in new governance is an obvious act of power. Looked at in the short term, it involves rolling back the federal government presence in the social policy arena, and replacing it with new players. Over the longer term, however, the implications of this shift in governance are significant. These players will develop new strategies and programs to advance their interests, thereby redefining the understanding of the political community.

### ***Social citizenship and Canada's post-war model of political representation***

From the 1960s to the 1980s, the Canada's federal Liberal Party championed the development of a pan-Canadian vision for social policy that would be supported by a strong central government. This vision embraced the values of inclusion, participation, social protection, and rights protection. It recognized that the federal government had a role, not only in providing equal level of services to citizens regardless of their provincial ties, but also in regulating social relations so that all would benefit from the same rights. The right to political participation was one of those core rights. The federal government therefore encouraged the development of structures and processes that would incorporate marginalized actors in the national policy process in the name of the collectivity. This vision formed the basis of Canada's post-war model of political representation.

The federal system was structured to reflect the character of Canadian society through a number of institutional arrangements. Under Prime Minister Trudeau, official bilingualism was recognized, and the representation of cultural communities (anglophone majority and the francophone minority) became a prominent feature of the policy process. Similarly, recognition of multiculturalism as a defining feature of Canadian society was reflected in efforts to develop the capacity of new citizens to participate individually or collectively in policy. The Secretary of State, under the Citizenship Branch, provided operational funding to national organizations engaged in representational activities in the hopes forging "shared values" (Pal 1993, Jenson and Phillips 1996).

Not surprisingly by the late 1980s, a key feature of the post-war system of representation in Canada was the development of a plethora of community groups that gravitated around the federal government; the national scene served as a pole of attraction for collective action on social policy matters. As Breton and Jenson noted (1991, 213), "Within the post-war societal paradigm federalism provided the major institutional locale for resolution of political conflict,

increasingly supplanting the political parties at both the federal and provincial levels."

The tide started to turn in the early 1990s when the rise of neo-liberalism brought concerted efforts to restructure the post-war welfare state model. Like many other governments at the time, Canada's federal government faced strong policy opposition from interest groups who opposed public sector reforms. The rise of populism in the early 1990s, coupled with the electoral surge of the Reform Party in 1993, challenged the post-war structure of representation, particularly the power and privileged position of interest groups. As a result, funding to advocacy groups began to decline, effectively sidelining many groups that had played a significant role in social policy debates in the 1980s (Jenson 2009, McKeen 2003, Smith 2005). Claims on the basis of identity and community became more tenuous as political representation retreated, both politically and discursively.

Social policy dynamics did not improve with the election of the Chrétien government in 1993. Social policy groups greeted the 1994 Social Security Review with massive opposition. In the face of such strong opposition, the Liberal government scrapped the review and instead replaced the Canada Assistance Plan (CAP) with the Canada Health and Social Transfer (CHST) in the 1995 federal budget. Cash transfers to provinces for health care, post-secondary education, and social assistance were cut by one-third from 18.8 billion Canadian dollars in 1993-94 to 12.5 billion in 1997-98 (AFB 1998). Under pressure to reduce costs and increase performance, the federal government also began to rethink ways of providing services. Program Review gave impetus to the federal government to withdraw from services that could be better delivered by other levels of government and the private and voluntary sectors. The introduction of project-based funding further curtailed the power of social policy groups by imposing rigorous financial and managerial control.

Public sector reforms also had the unintended effect of spreading the number of actors involved in service delivery. The result was greater decentralization and fragmentation of social and economic policy as a variety of new players gained power. With limited resources tied to service delivery, greater discretion was afforded to the front lines, thereby creating discrepancies in terms of quality, uniformity, and accessibility. The visions for social policy in the provinces were headed in distinctive directions, eroding the sense of pan-Canadian social citizenship.

### ***New Governance under the Liberals***

The modernization of the federal government changed not only service-delivery structures, but also governance dynamics. It was a watershed moment. For one, the federal government had lost significant capacity and legitimacy. The CAP had been the main policy instrument through which the federal government exercised social policy leadership. With the introduction of the CHST, the federal government eliminated all conditions attached to funds, except for the residency

requirement. Several provinces responded by slashing welfare benefits and tightening eligibility requirements in order to compensate for the loss of resources. The relinquishing of the CAP conditions (except for the one preventing mobility restrictions on social assistance recipients) with the adoption of the CHST, as well as the loss of legitimacy in enforcing conditions in health given the large cut in cash transfers, led some like Courchene (1995) to argue that the “centre cannot hold.”<sup>1</sup>

If the command and control of national standards seemed out of phase with the fiscal capacity of the federal government, as well as its reduced legitimacy, this did not mean that the federal government was ready to relinquish the potential integrative role of some sort of pan-Canadian social citizenship (Boismenu and Graefe 2003). The federal Liberal government would have to find new ways to rebuild its social policy leadership. Consistent with thinking about governance in multilevel systems (Peters and Pierre), the emphasis moved from enforcing standards to setting agendas as a means of exerting some control.

The federal government faced a number of challenges. Burdened with a more complex political environment, the federal government faced greater demands for accountability and transparency. Cognizant of their limited policy capacity in the aftermath of Program Review, and dependent on third parties for information from the front lines, the strategy of the Liberals in the face of new governance dynamics was to adopt collaborative practices and instruments.

Here, the federal government seized the open hand offered by the provinces. While some more confederal options for structuring the social union emerged following the 1995 budget, the major consensus view of the Provinces, as developed in their Ministerial Council on Social Policy Renewal, was one of “constructive entanglement” with the federal government (Marchildon 1999, 75-76). The provincial strategy, also heavily influenced by a governance perspective, was to reject a strict jurisdictional and constitutional view in favour of a more instrumentalist or ‘service-delivery’ perspective.

The federal government positioned itself as the convener of multi-sectoral dialogue as a way to rebuild trust relations. Multilevel governance arrangements became the institutional locus to develop shared priorities. Networks became fora where policy knowledge could be shared across levels of government and sectors. This then provided the federal government with a place at the table, and indeed the combination of the spending power with its ability to craft a pan-Canadian agenda (which obviously involves much higher transaction costs for provinces to develop amongst themselves) provided advantages in priority-setting and strategic oversight. In their interviews with federal and provincial officials about service integration, Fafard and Rocher (2011, 188) find that the provincial officials seem almost solely focussed on instrumental issues of efficiency, while it is the federal officials who retain an eye for strategic policy objectives.

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<sup>1</sup> It is fair to say that the conditions in the Canada Health Act were increasingly virtual before 1995 anyway (Choudhry 2000).

However, the big social policy files were less service integration than the renewal of the Social Union for the federation in light of a more market-centric view of government and of the emergence of new social risks. The federal government advanced its agendas around health care, early childhood education, housing and disability in discussions with the provinces. This led to the creation of a series of multilateral framework agreements, setting the parameters for bilateral cost-sharing agreements with the provinces. These agreements were often not much more substantial than a press release. They committed the provinces to undertaking actions to meet some broadly defined objectives. Consistent with a new public management outlook, process seemed to count less than outcomes.<sup>2</sup> The agreements were not particularly restrictive in terms of what the provinces spent the money on (within relatively broadly defined program areas), but did involve commitments by the parties to develop joint indicators, share information and best practices, and report to citizens on results (see Graefe, Simmons and White, 2013).

However, with no provisions for data gathering under the CHST, there was no way to get a national picture of welfare in Canada or to establish benchmarks. To promote a collaborative relationship, the federal government needed to develop a common accountability platform. The focus soon turned to the development of common instruments and indicators to assess progress and report on outcomes. By investing in think tanks and interest groups Gerard Boismenu and Peter Graefe (2004, 11) argue that the federal government created "a form of 'social demand' for new policy directions and decisions, a demand that the federal government can partially control through the deployment and mandating of these foundations/institutes ... This can play a crucial agenda-setting role, particularly since these ideas and directions are legitimized using the scientific reputation and stature of the specialists."

The form of integration of social policy programs sought through these new intergovernmental arrangements were not the same as in an earlier period. Indeed, partisans of the post-war social contract were quick to point out that these agreements did not really create social citizenship, because there was no clear way to enforce social rights (Day and Brodsky 2007; Cameron 2004). On the one hand, there were no clear national standards that the federal government could be pushed to police. On the other, the reports provinces provided to citizens were hard to understand, incomplete, and often late (Kershaw 1996; Anderson and Findlay 2010). Even if the reports were clear, the linkage from a report to the ability of citizens to hold a government to account at election time seemed heroic at best (Cameron 2004).

Over this period of time, the federal Liberal government also sought to renew its relationship with civil society organizations in order to rebuild its leadership in a decentralized system. In 2000, it began a dialogue with the voluntary sector through the Voluntary Sector Initiative (VSI) in 2000. The VSI

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<sup>2</sup> As Manna (forthcoming) suggests, the objectives set out in these agreements were far too broad to be a proper application of a new public management approach focused on results.

aimed to set a macro framework for collaborative action across policy areas. What is striking in hindsight is that in the VSI, the discursive construction of the relationship between the federal government and the voluntary sector focused on service delivery. Indeed, the federal government did not support expanding the political capacity of the voluntary sector as strong advocates for public policy as in the post-war model, nor was it willing to institutionalize new funding regimes that are more supportive of the sector. While the Liberals privileged collaborative practices and tools, and multiplied multilevel spaces of dialogue, these efforts never translated in an expansion of democratic control.

### ***New governance under the Conservatives***

Since the election of the Conservatives in 2006, the VSI has been all but forgotten and a number of highly publicized funding cuts have been administered to advocacy groups. It would be wrong, however, to read these recent realities as the result of a political changing of the guard from the Liberals to the Conservatives.. Rather, these results are consistent with the broader and more deeply rooted political structuring of the relationship between the state and civil society in the context of shifts in governance dynamics. Organizations must now operate in a far more complex and constrained environment, and representation has become more diffused.

What has changed is the tools and instruments that the Conservatives have chosen to navigate in this new context. The new approach of the Conservatives, coined "open federalism", is based on a "renewed respect for the division of powers between the federal and provincial governments... with a strong central government that focuses on genuine national priorities like national defense and the economic union, which fully respect the exclusive jurisdiction of the provinces" (Harper 2004). For someone like Behiels (2011), this is the result of pure electoral calculus, with aspects of open federalism responding to the need to make gains in Quebec in the 2006 federal election. For certain provincial intergovernmental relations officials that we interviewed, the driver was less partisan dynamics than whether the federal government was a majority or a minority.

Nevertheless, the Conservatives have their own vision of statecraft which revolves around a minimal state. While they may believe in the need for more localized interventions, and in involving voluntary organizations in service provision, the only role they see for the federal government is to step aside and leave the space to others.

In the first years after the Conservatives formed a minority government in 2006, there was some interest in what their "open federalism" promises around spending power might amount to. While some policies, such as pushing forward with a wait times guarantee, involved a continuation of the Liberals' approach (e.g. Boychuk 2007; Banting 2006), the centre of gravity of the spending power appeared to turn towards direct transfers to individuals through gimmicky tax credits (home renovation, child physical activity, universal child care benefit). As

Prince and Teghtsoonian (2007) pointed out, the use of transfers to individuals over transfers to provinces was consistent with a preference for consumer decision-making over state planning. While this removed some of the friction that came from the more classic use of the spending power by bypassing the need for provincial action, this also removed some capacity of the provinces to negotiate the modalities of such federal intrusions.

One weakness of direct transfers is that they often lack strong policy instrumentality. If they involve significant transfers to populations already receiving income from provinces, there is a danger of the provinces seizing a windfall gain by reducing their transfers to compensate for the new federal money. As such, for important programmes like the Liberals' millennium scholarships and the National Child Benefit, intergovernmental negotiations were needed to ensure that new federal investments were not clawed back by the provinces. Alternatively, if they take the form of tax-time gimmicks like child physical activity credits, they provide hyper-targeted tax relief and public relations puffery, but are unlikely to have any meaningful effect on demand for recreational programming, let alone provide any supply-side capacity in providing such programs.

A more recent manifestation of the Conservative strategy is intergovernmental imposition rather than intergovernmental relations. Examples would include the aforementioned health-financing framework, the "unfunded mandate" of penitentiary expenses flowing from the new sentencing laws, the refusal to engage provinces around the gun registry database, and unilateral moves around constitutional issues like the Senate and securities legislation. While potentially successful as set-piece strategies to achieve federal goals while neutralizing provincial grandstanding, it does not engage the provinces in conversations around national agendas. Indeed, it may curtail the tendency to look to the federal government to exercise leadership in this way. The federal-provincial social policy tables remain quiet. For some provinces like Quebec, resources seem to have shifted to institutional/constitutional questions, in order to counter elements of the federal strategy. For others, like Ontario, the issue has been figuring out how to get the federal government to the table to engage the province's agenda around equalization and employment insurance.

In terms of their relationship with civil society, the Conservatives do not believe that the state should regulate social relations. They have taken measures to stimulate philanthropy by eliminating the capital gains tax on donations to registered public charities of listed securities and environmentally sensitive lands, and have made a commitment to examine extending this to include gifts to private foundations. They are also supportive of social finance in order to unleash new sources of capital to support investment and philanthropy in Canada. However, the Conservative belief that the role of providing resources is enough, and that supply will then self-organize (curious that free market conservatives would invert Say's Law) does little to plant the federal flag.

This emphasis on the self-organization of society (aided by tax subsidies to private giving to charity, albeit with signals that the division between charity and advocacy will be more strictly defined and policed) has implications for the

breadth and character of social policy debate. Given structures of social inequality, certain groups will be able to continue to mobilize resources for representation, while others will find it harder to find a voice in national debates. The de-funding of “compensatory” organizations inside or close to the federal state (National Council for Welfare, Status of Women Canada, Canadian Policy Research Networks, Rights and Democracy) further weakens historic linkages of representation. In the short term, this imposes losses for these groups and the interests and identities that they represent. In the longer term, it raises the question of where they will organize. For instance, does the ongoing difficulty of the Canadian women’s movement to organize at the federal level, seen most recently in the shuttering of the Ad Hoc Coalition for Women’s Equality, lead to a provincial re-centering of women’s advocacy, as seen for instance in Alberta (Coles and Yates, 2012)? Or will we see new players emerge that reject the traditional channels of representation, as seen for instance in the Occupy Movement or Idle No More?

In sum, unlike the Liberals, the Conservatives have not attempted to counter the fragmentation caused by governance by helping organize local partnerships, by sustaining at least a minimal level of representational policy capacity at the federal level, or by engaging provinces in intergovernmental discussions of core policy issues. Some have seen compensatory measures in other fields outside social policy, whether that be the creation and reinvigoration of national military symbols, appeals to the monarchy, the criminal law or the national economy. The last of these, a market-oriented economic posture, may well backfire and further regional identity-building instead of fostering economic nationalism. What is clear is that the contours of the Canadian political community are shifting under new governance approaches. In this context, the strategies pursued by the provinces will be crucially important in setting the contours of the future Canadian community.

### ***The ball is in the provinces’ court***

The mixture of Conservative partisan strategy with broader trends in governance produces opportunity for the provinces. While the federal government retains a number of specific policy objectives in areas such as labour markets (such as EI reform, temporary foreign workers), immigration, or criminal justice/penal policy, there seems to be little high-level policy development beyond these areas, let alone interest in engaging provincial agendas. This means that provinces cannot rely on federal leadership to push reform forward, let alone on federal-provincial collaborative policy design. However, it also means that provinces have a free hand to imagine responses crafted to their own unique circumstances. Moreover, their legitimacy in doing so is enhanced by changing maps of belonging and citizenship. Even under the Liberals, attempts at reproducing leadership through intergovernmental relations or mechanisms like the VSI, were at best half-successful: they kept the federal government in the game, but both the provinces and advocacy groups were sceptical of the government’s commitment to invest money or take on risks when push came to shove. Under the Conservatives, the willingness of the provinces or the civil

society sector to look to the federal government for leadership is further attenuated. Indeed, there is a sense in which that government has tried to shut down the federal-level policy debate that advocacy groups provide, rather than seeing these groups as interlocutors.

Nevertheless, provincial allegiances are of varying strength across the country, and Canadian nationalism (at least outside Quebec) remains a valuable asset for justifying federal leadership. The tendency of Canadians in provinces outside of Quebec to look to their “national government” in Ottawa to provide solutions to “national problems” is unlikely to dissipate. The weakness of provincial identities in the most populous province, Ontario, pushes in the same direction.

However, there are two reasons why these allegiances may matter less than is often argued. First, at the level of citizens themselves, Fafard, Rocher and Côté (2009) have shown that there is a strong instrumental streak in terms of how citizens think about which governments should be undertaking which responsibilities. The primary emphasis in this paper was efficiency, so we should be careful about using the same framework to judge whether Canadians think provincial governments should take a legitimate lead on social policy. Nevertheless, the instrumental tendency suggests that citizens will accept provincial leadership to the extent that it represents a response to a felt problem that the federal government is ignoring.

Second, while the venerable tradition of taking the pulse of individual Canadians provides systematic empirical measures of how Canadians identify themselves or how attached they are to their respective governments, the political relevance of these results is less clear. These measures tend towards seeing citizens as passive consumers of identities, who choose between governments much as they might between Pepsi and RC Cola. Ultimately, though, these identities are constructed and transformed in part through political participation and action. In a situation where many of the advocacy and associational structures focused on the federal government are either in disarray or unable to achieve much of a hearing, there is a space for provincial governments to refocus associational development and debates around provinces. With time, this might move citizen identifications in a manner to further legitimate provincial action. However, even if this latter effect was minimal, the development of thicker province-focussed policy advocacy and debate would, by itself, provide significant capacity for provincial leadership.

There is nothing automatic about the possibility of provincial leadership. The possibility depends on what provinces make of it. As much as provinces hold to their semi-sovereign status, there is a reflex to look to the federal government as a partner in policy development (e.g. Marchildon’s “constructive entanglement” (1999)). It is therefore crucial to look at what the provinces are doing, individually and collectively, in a variety of fields such as immigration, relations with the voluntary sector, and welfare/poverty policy. If the provinces do not seize the opportunity, a market-oriented and community-centred form of social governance may take hold. Perhaps the federal government will succeed in creating other forms of national cohesion, for instance around the military or

being a "petrostate." Another possibility might be the resurgence of some form of interventionist Canadian nationalism, looking to a new federal government to rekindle overarching national vision in a variety of fields such as social welfare, culture and science. Certainly, a low-cost way for a future NDP or Liberal government to look like they were doing something would be to recreate incentives for interests to organize their advocacy around the federal government.

What might seizing the opportunity look like? One possibility would involve the provinces "going it alone," either individually or as a group. This is difficult, in that many provinces are in a tight fiscal situation as they dig out from the post-2008 economic crisis in what remains an environment of slow economic growth. However, the social risks identified in the early 2000s around questions of care, poverty, and the socio-economic status of newcomers (e.g. Jenson 2004) do not thereby disappear, and we should expect some attempts to grapple with them even in a tight economic situation. For instance, if Ontario is serious about getting deeper into the immigration game, perhaps a first step is learning how to legislate, for instance, by passing an Ontario Immigration Act that would at least provide a statutory basis for the Ministry of Citizenship and Immigration.<sup>3</sup> "Going it alone" does not have to mean purely provincial action, but it involves putting policy elements in place in such a manner that if the federal government decides to intervene, it must work around them. For instance, in being the first mover on universal child care, Quebec made it hard for the federal government's own early childhood development initiatives to displace them, and indeed they had to acknowledge the programme in place.

Alternatively, the provinces may wish to "crowd Ottawa in." There may be ways to collectively act in certain policy in order to pressure the federal government to support an interprovincial agenda. For instance, on the anti-poverty file, provinces might be able to arrive at an agenda where the federal role is closely circumscribed to specific changes to Employment Insurance and Old Age Security. In health, the federal role in regulating aspects of pharmaceuticals might likewise be mobilized in a specific direction if the provinces were able to come up with a coherent prescription drug strategy.<sup>4</sup>

What is clear is that Canadian politics are changing. While these are moments of closure, they are also moments of opportunity that will depend on provinces' ability and willingness to seize them.

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<sup>3</sup> We thank André Juneau for this idea.

<sup>4</sup> We thank André Juneau for this example.

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