

*Mapping Canadian Political Economy: Lessons from,
and for, Comparative Scholarship*

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Historically-sensitive scholarship in comparative political economy has in recent times produced typologies to ‘sort’ capitalist democracies into its main ‘varieties’. This has been done with respect to their welfare states, production regimes (core economic institutions) and party systems. These typologies can be synthesized to form a comprehensive model of the different political-economic institutions that typify developed capitalist democracies. Each has been contested in important respects; the very notion that key institutional differences exist among these nations, or that they persist in the face of the homogenizing pressures of globalization, is subject to vigorous debate. The typologies and the debates they have given rise to nevertheless encapsulate much current comparative political economy research on capitalist democracies, especially those parts of it informed by an historical institutionalist methodology; and they have generated quite specific and researchable hypotheses about the relationship between institutions and important social and policy outcomes, and about potentially divergent responses to globalization.¹ A more far-reaching criticisms of the typological approach, and of historical institutionalist political economy, suggests that its scope is too narrow and its variable-based style of analysis too restrictive.² In view of the approach’s prominence and potential, however, it deserves careful attention; I nevertheless return briefly at the end of this paper to this more fundamental critique.

Below, I briefly explicate the above-mentioned typologies and two criticisms of them. I then suggest that these deficiencies can be linked to a further problem: this scholarship’s inability to account adequately for the role of agency-based endogenous political dynamics in institutionally-mature settings. The third and fourth sections examine the implications of the comparative scholarship for the Canadian political economy, and assess whether a possible resolution to a deficiency in the comparative scholarship’s categorization of Canada might point the way to an approach that would help this scholarship better address agency. Canada’s national party system diverges considerably from the model that would be attributed to it by comparative typologists, in view of the nation’s other main institutional features. While distinctive party systems may not be a ‘site’ of institutional anomaly in other nations, the Canadian case provides particularly graphic evidence of how distinctive (and from the typology-builders’ perspective, ‘anomalous’) institutions may account for discrepancies and lacunae that critics detect between the comparative literature’s predictions for adjustment in the political economy of contemporary capitalist democracies, and sometimes quite divergent real-world changes.

The Comparative Political Economy of Developed Democracies: Three Typologies

The oldest and most widely-used of the typologies addressed here is Esping-Andersen’s distinction among three welfare regimes, each grounded in a specific originating context of social relations, mediated by the party system.³ Conservative

¹ On the prominence of historical institutionalism for recent comparative political economy see Peter Hall, “The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations,” in M. Lichbach and A. Zuckerman, eds., *Comparative Politics: Rationality, Culture and Structure* (Cambridge: Cambridge University Press, 1997), esp. pp. 180-183.

² Ira Katzelson, “Structure and Configuration in Comparative Politics,” in Lichbach and Zuckerman, eds., *Comparative Politics: Rationality, Culture and Structure*, pp. 81-112.

³ Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990), chapter 1.

welfare states, the most heterogeneous category, emerged in most Continental European nations in the context of strong Catholic political forces, often allied with pre-capitalist elites, which developed a highly fragmented social insurance-delivered and male ‘bread-winner’-oriented welfare state to undermine a relatively powerful but oppositional socialist movement. The liberal model, characteristic of Anglo-Saxon nations, emerged in a predominantly secular atmosphere where market-oriented middle class parties either monopolized the political landscape (the US) or typically confine their centre-left opponents to the opposition benches (Canada and, more uncertainly, the UK); here, public provision is comparatively modest, targeted at the needy, and designed to reinforce, rather than curtail, workers’ attachment to the marketplace. Social democratic welfare states, confined to Scandinavia, developed under a hegemonic political left, governing in coalition with agrarian and white collar parties; here, the solidarity-enhancing provision of inclusive social services and of universal or encompassing insurance-based income security measures predominates. Researchers in this tradition stress the extent to which welfare state regimes, once institutionalized, form ‘paths’, along which subsequent change tends to be channeled, and from which they are not easily dislodged. While designed as a corrective to Esping-Andersen’s stress on the importance of political coalitions, by emphasizing the role that typically middle-class recipients and service producers play in sustaining the welfare status quo, Paul Pierson’s characterization of the ‘new politics’ of social policy in mature welfare states effectively reinforces this point.⁴ Huber and Stephens’ recent comprehensive review of welfare state development in the wake of globalization claims to confirm this insight, arguing that while a degree of retrenchment has been pervasive in welfare states since the 1980s, only those of the United Kingdom and New Zealand experienced major retrenchment.⁵

David Soskice’s distinction between two forms of economic organization (or ‘production regimes’) – Liberal Market Economies (or LMEs) in the Anglo-Saxon world, and Coordinated Market Economies (or CMEs) in Continental Europe and East Asia – has not gained the iconic status of Esping-Andersen’s. But it is widely-referenced, and provides a useful vantage-point for surveying efforts to model different economic structures.⁶ CMEs and LMEs are configured differently because of the different organizational capacities of the national business community in each. This is considerable in CMEs, permitting capital to benefit from a broad range of non-market forms of coordination to reduce market uncertainty and enhance productive capacity. CMEs are characterized by extensive connections between financial and industrial interests over capital formation, among firms in the same industrial sector over standards-setting and technology, between business and organized labour over skills training, and among them and the state regarding industrial relations. In LMEs, business has limited capacity – or inclination – for self-organization; lacking a capacity to use non-market coordination to reduce transaction costs, it seeks to maximize the use of market signals to foster short-

⁴ Paul Pierson, “Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies,” in Pierson, ed., *The New Politics of the Welfare State* (Oxford: Oxford University Press, 2001), pp. 411-419.

⁵ Evelyne Huber and John Stephens, *Development and Crisis of the Welfare State* (Chicago: University of Chicago Press, 2001), p. 300.

⁶ For a particularly elaborate version of the typology, see Peter Hall and David Soskice, “An Introduction to Varieties of Capitalism,” in Hall and Soskice, eds., *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001), pp. 1-68.

term efficiencies. Corporate finance is dominated by capital markets, inter-firm relations are competitive, skills formation is given over to the market or to public institutions, and industrial relations is conflictive and unions typically weak. Lacking an account of why business's organizational capacity diverges historically among political economies and of how distinctive institutions reflect the efforts of differently-situated human agents to construct institutions of advantage to themselves over time, Soskice privileges path-formation and structure even more fully than Esping-Andersen. It is nevertheless obvious that these typologies 'pair up' well,⁷ a fact that nevertheless cannot be accounted for by either model, in view of their different organizing principles.⁸ Soskice distinguishes between CMEs in which inter-firm coordination occurred at the national rather than the sectoral level until the 1980s, a category that corresponds to Esping-Andersen's social democratic welfare states, and those where sectoral coordination has existed for longer. The latter take on quite configurations in Continental Europe and East Asia, a distinction that also reflects a secondary difference in the welfare state literature. Both models, moreover, assign largely the same group of Anglo-Saxon nations to the liberal category.

Figure 1: Comparing Political Economies⁹

Production Regime	Welfare State	Party System	Membership
Liberal Market Economy	Liberal	2 party; polarised	Anglo-Saxon nations
Erstwhile nationally-coordinated CME	Social democratic	1 party dominant; left party	Scandinavia
Industry-coordinated CME	Conservative	3 party; Catholic, social dem., liberal	Northern Europe

Herbert Kitschelt elaborated a model of comparative party systems that extends this synthetic model to a third institutional setting.¹⁰ Kitschelt detects a broad partisan realignment in post-war capitalist democracies, with a largely economically-focused division between a pro-welfare state and redistributive left and a free enterprise right being partly displaced by a social values-centred hiatus between a libertarian left and an authoritarian right. This evolution nevertheless has proceeded much further in some nations than in others, in the context of distinctive original party alignments. One resulting configuration, typical of Northern European conservative welfare states and CMEs, combines a multi-party system with a predominance of social over economic issues in partisan debate. A second, characteristic of social democratic welfare states, is characterized by left-party hegemony and the persistence of economic partisan divisions. Liberal milieus feature two-party systems divided primarily on economic lines. The

⁷ Herbert Kitschelt et al., "Convergence and Divergence in Advanced Capitalist Democracies," in Kitschelt, et al., eds., *Continuity and Change in Contemporary Capitalism* (Cambridge: Cambridge University Press, 1999), pp. 430-438.

⁸ This point is elaborated upon in Rodney Haddow and Thomas Klassen, *Partisanship, Globalization and Canadian Labour Market Policy: Four Provinces in Comparative Perspective* (Toronto: University of Toronto Press, *in press*), chapter 1.

⁹ Adapted from Kitschelt et al., "Convergence and Divergence in Advanced Capitalist Democracies," p. 434.

¹⁰ Herbert Kitschelt, "Partisan Competition and Welfare Retrenchment: When do Politicians Choose Unpopular Policies?" in Pierson, ed., *The New Politics of the Welfare State*, pp. 267-288.

prospect for market-oriented retrenchment is greatest in liberal milieus, where the combination of a partisan landscape dominated by economic issues and the presence of a strong market-oriented liberal party make neo-liberal retrenchment a viable political strategy. This prediction parallels those of Esping-Andersen (for whom the limited ‘solidarity’ typical of liberal welfare states makes their already-modest programmes vulnerable to further erosion) and Soskice (who surmised that globalization would accentuate the incentives for business in LMEs to favour market-oriented institutions, while having the opposite consequence in CMEs). A synthetic ‘map’ of the three typologies discussed here is presented in figure 1.

Comparative party systems scholarship nevertheless has greater potential than the welfare state and production regime literatures to account for a robust ongoing impact for agency in institutionally-mature settings. This is especially true for Kitschelt, who stresses the role of “party leaders’ variable strategic choices coping with changing voter demands and competitor strategies,” as well as longer term political-economic and sociological structures, in shaping party behaviour.¹¹ He characterizes party leaders as adjusting their policy agenda in response to a complex mix of political-economic, electoral and organizational ‘dilemmas’ which vary among nations, and are more mutable over time than are core features of welfare states or production regimes.

One stream of criticism of the above typologies concentrates on alleged inaccuracies in their categorization of various cases. Scholars have found Esping-Andersen remiss in not identifying a distinctive ‘radical’ welfare state in Australia and New Zealand, or in failing to detect distinctive regimes in various countries of Mediterranean Europe and East Asia. Others find the variations among welfare states said to belong to the same category, above all the conservative one, to be too great for them to be usefully categorized together.¹² Students of the Anglo-Saxon welfare states, while often broadly accepting the typology, devote much attention to important differences among them, some of which have become more pronounced in recent years. Researchers are often similarly skeptical of Soskice’s typology, arguing that the Mediterranean nations should again be treated as *sui generis*, that distinctively state-led variants of capitalism (thought by Soskice to have largely disappeared) persist in East Asia and France, etc.¹³ A second broad criticism suggests that the very notion that capitalism comes in distinctive varieties is exaggerated, or is increasingly anachronistic in a world increasingly homogenized by globalization. These views are common among Marxists,¹⁴ for whom the features of capitalism are fundamentally similar across countries or are becoming so as post-war class compromises collapse, resulting in the withering of the welfare and regulatory states, and rising poverty and inequality. They are also voiced by

¹¹ Herbert Kitschelt, “European Social Democracy between Political Economy and Electoral Competition,” in Kitschelt et al., eds., *Continuity and Change in Contemporary Capitalism* (Cambridge: Cambridge University Press, 1999), p. 319.

¹² Francis Castles and Deborah Mitchell, “Identifying Welfare State Regimes,” *Governance*, vol. 5 (1992); S. Leibried, “Towards a European Welfare State,” in Z. Ferge and J.E. Kolberg, eds., *Social Policy in a Changing Europe* (Frankfurt: Campus Verlag, 1992), pp. 245-280; Franz-Xavier Kaufman, *Varianten des Wohlfahrtsstaats* (Frankfurt: Suhrkamp Verlag, 2003), pp. 20-24.

¹³ See, for instance, Vivien Schmidt, *The Futures of European Capitalism* (Oxford: Oxford University Press, 2002), pp. 112-118.

¹⁴ This view comes to the fore, though not without ambiguity, in David Coates, *Models of Capitalism* (London: Polity Press, 2000), especially chapter 8.

mainstream and neo-liberal scholars, for whom the inefficiencies of non-market forms of social organization make them likely to disappear in an era of heightened international competition, or to condemn nations burdened with them to chronic underperformance.¹⁵

These criticisms cannot be evaluated fully here. But most of the first group do not reject typologies *per se*, instead suggesting their modification; and the above typologies probably represent the starting point for any future evolution of the typological approach. Regarding the second group, evidence of significant *present* variations among political-economic institutions and their effects across capitalist democracies is widespread – regarding social programme design and spending levels, levels of unionization, forms of capital formation and skills formation, levels of inequality and poverty, etc.¹⁶ Distinctive features of the Canadian case in some of these respects are addressed below. This diversity might, of course, erode in the future. More importantly for our purposes, the first critical literature alerts us to the importance of exercising care in typing individual cases, and in detecting how their institutions may differ in ways that are secondary from the point of view of the typology’s criteria, but are nevertheless consequential; and the second suggests the importance of evaluating the resilience of institutional distinctiveness over time. I attend to each of these points in applying the typologies to Canada.

Beyond Stasis: Time, Agency and Endogeneity:

Many critics who share its proclivity for historically- and socially-contextual explanations, contend that the fundamental problem with much historical institutionalist and comparative political economy scholarship is that it has limited resources for explaining how institutional change might occur once path formation has occurred. We saw above that welfare state and production regime scholars have typically detected little recent institutional change in the cases they studied. In this sense, they can be said to not fully accommodate the role of temporality in institutional change, despite the fact that this very concern is said to be at the very centre of their preoccupations.¹⁷ Colin Hay and Daniel Wincott argued that this scholarship privileges institutions over agency, as its narratives often give little ground for expecting significant change to occur in settings where path-forming choices have already been made.¹⁸ Hay responded to Geoffrey Garrett’s claim to have proven that partisanship is still alive in contemporary welfare states¹⁹ by observing that his evidence instead suggested that where ‘left’ or ‘right’ policy options were already ‘selected for’ in a country, these options were likely to remain firmly in place; partisan choice may have mattered at the welfare state’s origins, but was now foreclosed.²⁰ Katheleen Thelen acknowledges that historical institutionalists

¹⁵ A good review of some arguments that various capitalisms will ‘converge’, generally in a liberal direction, is provided by Suzanne Berger, “Introduction,” in S. Berger and R. Dore, eds., *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996), especially pp. 12-19.

¹⁶ David Coates largely concedes this point in his *Models of Capitalism*, chapter 1. He anticipates, however, that less market-oriented forms of capitalism are likely to be less successful in the future.

¹⁷ Paul Pierson, *Politics and Time. History, Institutions, and Social Analysis* (Princeton: Princeton University Press, 2004). Pierson addresses the concerns addressed in this section in chapter 5 of this work.

¹⁸ Colin Hay and Daniel Wincott, “Structure and Agency in Historical Institutionalism,” *Political Studies*, vol. 46 (1998), pp. 952-955.

¹⁹ Geoffrey Garrett, *Partisan Politics in the Global Economy* (Cambridge: Cambridge University Press, 1998).

²⁰ Colin Hay, “Globalization, Social Democracy and the Persistence of Partisan Politics: A Commentary on Garrett,” *Review of International Political Economy*, vol. 7 (2000).

sometimes document change, but suggests they notice it only when it is fundamental, and in circumstances where it is externally-induced. “[I]ncreasing returns and positive feedback arguments of this variety have been more helpful in understanding the sources of institutional resiliency than in yielding insights into institutional change;” historical institutionalists view change as “*either* very minor and more or less continuous (most of the time) *or* major but then abrupt and discontinuous (rarely).”²¹ Much change, however, falls short of the latter standard and yet is consequential, and it is based less on the working-out of existing institutional possibilities, or a sudden external shock, than on an endogenous shift in the balance of power among actors. “Once in place, institutions do exert a powerful influence on the strategies and calculations of – and interactions among – the actors that inhabit them. As power-distributional theories suggest, however, institutions are the object of ongoing political contestation, and changes in the political coalitions on which institutions rest are what drive changes in the form institutions take and the function they perform in politics and society.”²² This critique arguably encompasses the two identified at the end of the previous section: if endogenous dynamics are important to reshaping institutions, these are likely to be case-specific and to introduce variations between cases otherwise thought to belong to the same type; and they may cause institutions to evolve in ways that reflect globalization.

There are examples of such evolution, driven by changing endogenous interests, in relation to production regimes and welfare states, where these institutions require interests’ direct participation to operate. Thelen detects such a pattern in relation to Germany’s ‘dual’ vocational training system, a core feature of its CME-style production regime. The modern system was first created in 1897 to protect the relatively privileged position of artisans in Germany; since less-skilled workers were excluded, the industrial union movement, and the Social Democrats, opposed it. But as the need for highly trained workers expanded, industrial workers increasingly fell under the system’s remit, and unions became involved in its administration. Over time, a system resisted by labour and the left, and designed to marginalize them, evolved into an important underpinning of the ‘high wage, high skill’ economy, staunchly defended by these same interests.²³ Since the 1990s, by contrast, apprenticeship has come under severe pressure, as employers, faced by intensifying global competition (an external stimulus) balk at paying the high wages associated with it; some are gradually moving away from retaining apprentices, instead hiring college graduates, a process that threatens to undermine the entire system.²⁴ Pontusson and Swenson provide a similar analysis of the breakdown of nationally-centralized collective bargaining in Sweden during the 1980s, in the face of business’s competitiveness-induced fears that the arrangements no longer worked to its advantage.²⁵

²¹ Kathleen Thelen, *How Institutions Evolve* (Cambridge: Cambridge University Press, 2004), pp. 27-28.

²² Thelen, *How Institutions Evolve*, p. 31.

²³ Kathleen Thelen, “How Institutions Evolve: Insights from Comparative Historical Analysis,” in J. Mahoney and D. Rueschemeyer, eds., *Comparative Historical Analysis in the Social Sciences* (Cambridge: Cambridge University Press, 2003), pp. 223-225.

²⁴ Thelen, *How Institutions Evolve*, pp. 269-276.

²⁵ Peter Swenson and Jonas Pontusson, “The Swedish Employer Offensive against Centralized Bargaining,” in T. Iversen, et al., *Unions, Employers, and Central Banks* (Cambridge: Cambridge University Press, 2000), pp. 1-37.

In many cases, however, the party system is more likely than the welfare state or production regime to be the ‘site’ where the evolution of interest-based power dynamics unfolds. In the previous section, I adduced general grounds for surmising that the strategic and conjunctural nature of partisan competition might make it especially amenable to mediating interest-based conflicts. Another reason is of particular relevance to broadly liberal settings. As Philip Manow has stressed, economic interests, especially business and labour, are far more likely to be involved in the direct administration of welfare state measures in conservative welfare states, where such arrangements are often occupationally-based and part of a broadly corporatist system of interest intermediation, than in liberal ones, where they are administered by the state in a generally pluralist setting.²⁶ The same distinction applies to production regimes, with trust-based CMEs involving business and labour ‘stakeholders’ in a variety of ongoing relationships that require their direct participation, a role that is largely undeveloped in liberal settings, including Canada.²⁷ In the latter, a choice to ‘opt out’ of social or economic institutional arrangements in any direct sense is often unavailable. Social and economic institutions of concern to them typically have been the subject of federal or provincial legislation; these actors’ well developed (in the case of business) and informal links to the major parties and to the senior bureaucracy are likely to be the main tools available for inducing institutional adjustment.²⁸ In the penultimate section of this paper, I suggest that this has been the case in Canada. In the next section, I first ‘model’ Canada’s political economic institutions in relation to the three typologies explicated in the previous section, with a view to identifying those features that make them distinctive in comparison with other liberal settings, and ascertaining how these may affect its comparative response to the contemporary exogenous ‘shock’ of globalization.

Typing Canada: Two variations on a liberal theme, one different theme:

Canadian researchers cannot help but be struck by the fact that despite being of middling population size, Canada is rarely treated at any length in qualitative parts of major recent comparative political economy studies, though it is often included in statistical analyses. It has received attention in a studies, usually authored or co-authored by Canadians, that compare policy developments in liberal welfare states, but the narrower scope of these means that the features that fundamentally ‘type’ the Canadian case *as* liberal need not be addressed in them. It is largely ignored in studies that compare cases across regime types. Figure 2 summarizes the attention devoted to Canada in the ten studies that fit this definition and were published between 2000 and 2002.

Canadian academics typically express caution about characterizing Canada’s welfare state unambiguously as ‘liberal’, and have long stressed anomalous features of the country’s broadly market-oriented production regime. Moreover, the two-party economically-polarized party model that Kitschelt associates with liberalism does not characterize Canada’s federal party system. In summarizing evidence about recent

²⁶ Philip Manow, “Comparative Institutional Advantages of Welfare State Regimes and New Coalitions of Welfare State Reform,” in Pierson, ed., *The New Politics of the Welfare State*, pp. 157, 160-61.

²⁷ On this general point, see Peter Hall and David Soskice, “An Introduction to Varieties of Capitalism,” pp. 6-9; on the Canadian case, Carolyn Tuohy, *Policy and Politics in Canada: Institutionalized Ambivalence* (Philadelphia: Temple University Press, 1992), pp. 43-51.

²⁸ Paul Pross, *Group Politics and Public Policy* (Toronto: Oxford University Press, 1986), especially chapter 6.

welfare state developments, Paul Pierson concluded that “we lack a convincing and detailed account of political dynamics in Canada.”²⁹ This apparent opacity of the Canadian case has probably contributed to its neglect in comparative scholarship. Below, I briefly model Canada’s welfare state, production regime and party system, in terms of the typologies introduced above.

Figure 2: Attention to Canadian Case in Comparative Welfare State and Political Economy Studies, 2000-2002³⁰

Study	Number of cases	Canada examined?	Number of pages
Esping-Andersen & Regini (2000)	8	No	
Goodin et al. (1999)	3	No	
Hall & Soskice, pt. 2 (2001)	3	No	
Huber and Stephens (2001)	13	No	
Iversen et al. (2000)	5	No	
Kitschelt et al., pt. 3 (1999)	8	No	
Pierson et al., chaps. 9-12 (2001)	6	No	
Scharpf & Schmidt, vol. 2 (2000)	12	No	
Schmidt (2002)	3	No	
Swank (2002)	15	Yes	1 of 96

Although observers of the Canadian welfare state generally agree that it broadly reflects the liberal regime type, they usually qualify this.³¹ The fit was quite comfortable until the Second World War, when Canadian social policy remained confined to Richard Titmuss’s ‘residual’ model, consisting largely of means-tested social assistance.³² During the post-war era, however, several reforms added important universal components to the welfare state mix, causing it to depart in important ways from the market-oriented (and American) pattern. These included two important flat rate income security measures – the Family Allowance and Old Age Security (OAS) – and a significant extension of the federal government’s role in funding social services, most distinctively in the area of health insurance. Transfer payments for provincial health, university and social assistance funding were supplemented, after 1957, with relatively generous equalization payments for poorer provinces. By the early 1970s, the Unemployment Insurance scheme, originally legislated in 1940 as a narrow, actuarially-based measure, had been extended to

²⁹ Pierson, “Coping with Permanent Austerity,” p. 440.

³⁰ The studies selected addressed at least three cases from at least two different types of welfare state or political-economic regimes as defined in figure 1. ‘Number of cases’ refers to the number that received a narrative discussion of at least one page long in one place. Full references for sources can be found in chapter one. ‘Number of pages’ refers to the number of pages devoted to Canada in relation to the total length of qualitative discussions in the volume.

³¹ See, among others, Maureen Baker, “Poverty, Social Assistance, and the Employability of Mothers in Four Commonwealth Countries,” in S. Bashevkin, ed., *Women’s Work is Never Done* (London: Routledge, 2002); Rodney Haddow, *Poverty Reform in Canada, 1958-1978* (Montreal: McGill-Queen’s University Press, 1993), chapter 1; and John Myles and Paul Pierson, *Friedman’s Revenge: The Reform of ‘Liberal’ Welfare States in Canada and the United States* (Ottawa: Caledon Institute of Social Policy, 1997).

³² Overviews of the Canadian welfare state’s history include Dinnis Guest, *The Emergence of Social Security in Canada* (Vancouver: UBC Press, 1980); James Rice and Michael Prince, *Changing Politics of Canadian Social Policy* (Toronto: University of Toronto Press, 2000), chapters 2, 3 and 5.

provide very broad coverage, especially in high unemployment regions. The Canada Pension Plan introduced a contributory public pension. Since the 1980s, much of Canada's social policy infrastructure has been curtailed, re-asserting, to a degree, its liberal features. The Family Allowance was eliminated, replaced by an enriched income-tested child benefit, and the OAS pension is now 'taxed back' from high-income earners, effectively ending its universality. Unemployment Insurance was curtailed on many occasions after the mid-1970s, and replaced by a less generous Employment Insurance programme in 1994. Ottawa's financial support for provincial health services was curtailed severely in 1995, and this funding has only gradually been restored. Ottawa terminated direct support of provincial social assistance spending at the same time; all provinces subsequently reduced their assistance caseloads significantly, sometimes introducing workfare. In spite of this retrenchment, a strong case can be made that Canada's welfare state remains different from its American counterpart, and that these differences have actually increased in importance. Between 1980 and 2000, final income inequality and poverty levels changed little in Canada, while rising significantly in the US, the UK and most other nations. Since market income inequality rose about as much in Canada as in the US, this divergence reflects the selectivization of previously universal income security measures (never present in the US), combined with the sustaining of a relatively progressive income tax system in Canada.³³

Atkinson and Coleman identify the main features of Canada's production regime as reflecting the liberal, Anglo-Saxon model: a limited role for the state in economic planning, modest labour union strength and the relative absence of collaborative decision-making arrangements, no close functional links between finance and industry, and a primary reliance on capital rather than debt in business finance.³⁴ Yet, the Canadian economy has also been characterized, historically, by features not typically associated with LMEs, though these have been attenuated significantly in recent decades. As Innis long ago highlighted, Canada's economic origins, reflecting its colonial status, were those of a raw materials purveyor to metropolitan Europe and, by means of the strong path-formation this entailed, to the United States.³⁵ The substantial infrastructure costs associated with exploiting these commodities in a sparsely-populated and geographically-expansive country required much more active state intervention than is typical in liberal milieus. Ottawa's post-Confederation determination to foster indigenous manufacturing did not alter this, but gave rise to an attenuated, tariff-protected and technologically-dependent industrial heartland, concentrated in Southern Ontario.³⁶ The pronounced regional unevenness of Canadian economic development, in sectoral composition and prosperity, meant that the regions developed often antagonistic conceptions of their own,

³³ John Myles, "How to Design a Liberal Welfare State: A Comparison of Canada and the United States," in E. Huber, ed., *Models of Capitalism* (University Park: Pennsylvania University Press, 2002), pp. 339-366. Myles emphasizes the role of income security reform in this process, giving less attention to the role of the tax system.

³⁴ Michael Atkinson and William Coleman, *The State, Business, and Industrial Change in Canada* (Toronto: University of Toronto Press, 1989), chapters 2 and 3.

³⁵ Harold Innis, "The Importance of Staples Products," and "The Fur Trade," in W.T. Easterbrook and M. Watkins, eds., *Approaches to Canadian Economic History* (Toronto: McClelland and Stewart, 1967), pp. 16-27.

³⁶ Gordon Laxer, *Open for Business: The Roots of Foreign Ownership in Canada* (Toronto, Oxford University Press, 1989), chapters 4 to 6.

and the nation's, economic interests. With the emergence of stronger provincial states after 1945, this contributed to distinctive provincial approaches to economic development; in Quebec's case, the post-1960s state's role in economic life departed in important ways from the non-interventionist liberal norm. If, as students of regional innovation systems suggest, the factors conducive to economic innovation are now more proximity-based than in the past,³⁷ these variable provincial patterns will become more important in the future. Most of these features have persisted since the 1980s, though the national state's role in the economy certainly has been altered in a broadly market-oriented direction during these years. The continental and global free trade agreements of that and the next decade opened Canada's industrial sector to international competition, accelerating economic integration with the United States, as well as the general shift (especially typical of LMEs) from secondary to service-based economic activities. The federal government and some provinces also reduced their role in economic regulation and privatized large numbers of public enterprises.³⁸

Canada's party system has long been understood to diverge from the norm in capitalist democracies: rather than dividing the electorate along broadly class lines, with a centre-left party confronting a formation of the centre-right in mainstream politics, Canada's major parties differed little in terms of their long-term appeal to voters in class-relevant terms, preferring instead to win elections by aggregating support from a disparate array of regional, religious, linguistic and ethnic, as well as class, constituencies. Frank Underhill's 1930s characterization of the main Canadian parties as brokers gained credence with Robert Alford's evidence in *Party and Society* regarding the lack of class voting and of ideological differentiation between the main parties in Canada.³⁹ To the extent that the brokerage theory has been found wanting, it is not because of contrary evidence regarding voter alignment or perceptions of the ideological stances of the Liberal and Progressive Conservative Parties, but because these parties have so frequently and manifestly failed to build viable inter-regional electoral coalitions, fostering persistent regionally-concentrated ideological parties on their left- and right-flanks, and largely excluding large regions of the country from the government benches for lengthy periods. The resulting 'two party plus' system, combined with an electorate divided more on social-identity than economic-class lines, is substantially at variance with the pattern that Kitschelt attributed to Anglo-Saxon milieus, and that he considered likely to be particularly amenable to neo-liberal policy retrenchment.

Another aspect of partisanship in Canada is less well documented: how it intersects with federalism. Party systems differ substantially among the provinces, and often bear little resemblance there to the federal pattern.⁴⁰ Some provinces have systems that approximate Kitschelt's economically-polarized two party model, others do not.

³⁷ David Wolfe, "Social Capital and Cluster Development in Learning Regions," in J.A. Holbrook and Wolfe, eds., *Knowledge, Clusters and Regional Innovation* (Montreal: McGill-Queen's University Press, 2000), pp. 11-38.

³⁸ Stephen Clarkson, *Uncle Sam and US* (Toronto: University of Toronto Press, 2002), especially chapters 9 to 12.

³⁹ Frank Underhill, "The Development of National Political Parties in Canada," in *In Search of Canadian Liberalism* (Toronto: MacMillan, 1961), pp. 21-42; Robert Alford, *Party and Society* (Chicago: Rand McNally & Company, 1963), p. 251.

⁴⁰ R.K. Carty and David Stewart, "Parties and Party Systems," in C.Dunn, ed., *Provinces: Canadian Provincial Politics* (Peterborough: Broadview Press, 1996), pp. 63-94.

Voters commonly make electoral choices in quite different partisan ‘spaces’ during federal and provincial elections. This reinforces the plausibility of provincial politicians’ claims to legitimacy as defenders of distinctive provincial identities in the face of alleged federal indifference or hostility, and to the resulting chronic intergovernmental tensions in the federation. The oft-commented substantial uncoupling of federal and provincial parties in recent decades reinforces this pattern, as politicians make calculations of how to maximize partisan advantage for their domestic audience in federal-provincial negotiations, with little or no regard for their consequences in the distinctive partisan ‘space’ at the other level of government.

Above, I noted that comparative political economists have *synthesized* the three institutional typologies examined here. But have not *integrated* them by identifying the shared dynamics that explain how types ‘pair up’, i.e., what causes these homologies to emerge. We also observed the widespread critique, of the welfare state and production regime typologies, that their attention to path dependency risks making them insensitive to how pressures endogenous to a national regime may generate significant, though not regime-transforming, change, and that they therefore privilege structure over agency. Below, I propose an integrated model of the regimes identified here as typifying the Canadian setting, one that seeks such a shared causal ground in Canada’s historically-distinctive partisan landscape. If, as was suggested earlier, partisanship models are most able to embrace an ongoing and robust role for agency, especially in liberal settings, this exercise can also address comparative political economy’s potential excessive structuralism, by providing a broad framework for understanding how evolving interests, mediated by party politics, may affect social and economic institutions.

Towards an Integrated Model: Regionally-Brokered Ambivalent Liberalism⁴¹

Canada’s fundamental social and economic institutions are predominantly liberal, but possess distinctive features. These ‘ambivalences’, it will be argued here, reflect the distinctive pattern of interest-formation in the country’s history, and their political mediation.⁴² Underhill’s characterization of this process during the mid- and late-19th century still resonates with observers of Canadian politics. The new nation’s party system fostered close attention to the needs of its business class, whose interests – typically for a liberal milieu – predominated in shaping the state’s economic role. Yet the extraordinary diversity of the country’s social landscape – linguistically, religiously, and regionally – also required a complex process of balancing to make the colony’s governance viable. The result was a form of brokerage that owed little to the ideological principles of either liberalism or conservatism, as they were then understood. When Montreal and Toronto business interests required extensive state assistance for their transportation ventures, *laissez-faire* doctrine was no obstacle.⁴³ Only when the complex process of reconciling

⁴¹ The term ‘ambivalence’ in this context is inspired by Carolyn Tuohy’s *Policy and Politics in Canada: Institutionalized Ambivalence*.

⁴² A sensitive treatment of the historical origins of some key Canadian political practices is provided in Gordon Stewart, *The Origins of Canadian Politics: A Comparative Approach* (Vancouver: UBC Press, 1986), especially chapter 3.

⁴³ Underhill, “The Development of the National Political Parties in Canada,” pp. 32-33. “The basic engine of development in Canada was to be private enterprise, but it was to be *private enterprise at public expense*. That is the unique national feature of our Tory tradition;” Reg Whittaker, “Images of the State in Canada,” in L. Panitch, ed., *The Canadian State* (Toronto: University of Toronto Press, 1977), p. 43.

business and brokerage broke down – as it sometimes did with agrarian interests and sometimes would with workers – did alternative parties emerge to pursue a more principled course; but they never broke the mould of Canadian politics.

Canadian politics did not form a hard ‘path’ during this formative period; it has not since been ‘locked into’ identically the same pattern of interest aggregation. Viable political compromises, combining hegemonic economic interests and a winning electoral coalition, required constant renegotiation. In Thelen’s terms, this represented at least as much a ‘constant-cause’ dynamic as a ‘path dependent’ one.⁴⁴ And it required the “variable strategic choices coping with changing voter demands and competitor strategies” referred to by Kitschelt. The historically-mutable ambivalences of Canada’s welfare state and production regime were affected by this ongoing renegotiation. To the extent that the prognosis for Canada’s welfare state, in particular, diverges from the liberal norm, this reflects past and likely future iterations of this process.

Jane Jenson’s insightful characterization of the foundations of Canada’s ‘permeable Fordism’ identified federalism and political brokerage as the main variable shaping the country’s post-war welfare state. Rather than reflecting the influence of union and social democratic movements, a conventional reading of the federal Liberals’ post-1944 swing to the left, she attributes it to regional pressures. The welfare state was accompanied culturally by the construction of a pan-Canadian national identity to challenge entrenched provincial and regional particularism, rather than by self-consciously class-based ideas.⁴⁵ One can dispute whether Jenson went too far in privileging regional and linguistic influences over class ones; even for Underhill, class was, after all, always one important interest to be brokered. Yet a convincing account of the post-war welfare state can account for its illiberal idiosyncrasies in terms of precisely the kind of dynamics that Jenson draws our attention to.⁴⁶

The first of the universal income security measures that distinguished Canadian from American social policy – the family allowance – was influenced by Catholic social teachings in Quebec, and a desire to consolidate the support of voters in that province when its birth rate still exceeded the national average.⁴⁷ And it was the Family Allowance, and the similarly-designed Old Age Security, we will remember, that helped

⁴⁴ Thelen, “How Institutions Evolve: Insights from Comparative Historical Analysis,” pp. 214-222.

⁴⁵ Jane Jenson, “‘Different’ but not ‘Exceptional’: Canada’s Permeable Fordism,” *The Canadian Review of Sociology and Anthropology*, vol. 26 (1989), pp. 79-83. My own application of this interpretation, explained in this section, puts greater stress than Jenson appears to on the brokering of regional interests within national politics; while I do not dispute her stress on federal-provincial relations as a site for this dynamic, it seems evident that many aspects of the post-war welfare state were designed and executed primarily in response to national-electoral incentives, not interjurisdictional ones. Elsewhere, Jenson has herself shown considerable sensitivity to this fact; see, for instance, Janine Brodie and Jenson, *Crisis, Challenge and Change: Party and Class in Canada Revisited* (Ottawa; Carleton University Press, 1988), chapter 1.

⁴⁶ For a general treatment of the view that federal government expenditures are driven in large part by regional pressures within the Canadian federation, see Donald Savoie, *The Politics of Public Spending in Canada* (Toronto: University of Toronto Press, 1990), esp. pp. 335-348.

⁴⁷ On the role of Catholic social teachings, see Bridgitte Kitchen, “The Introduction of Family Allowances in Canada,” in A. Moscovitch and J. Albert, eds., *The Benevolent State* (Toronto: Garamond Press, 1987), pp. 224-228. Jack Pickerskill, then Prime Minister MacKenzie-King’s private secretary, anticipated electoral advantages for the Liberals in Quebec if they implemented a family allowance; J. L. Granatstein, *Canada’s War* (Toronto: Oxford University Press, 1975), 282. During the 1945 general election campaign, the opposition Progressive Conservatives accused the Liberals of attempting to ‘buy’ votes in Quebec with the family allowance.

Canada's welfare state respond with dramatically different results than was possible in the US to the rise of market inequalities after 1980. The expansion of Unemployment Insurance from its modest pre-war roots to an expansive programme including generous seasonal benefits, especially in Eastern Canada, suggests the role played by regional pressures in the federal Liberal caucus and in the federal-provincial arena in creating these.⁴⁸ Construction of the main social service components of the welfare state – universal health insurance and post-secondary education – required federal-provincial agreement. Federalism may have slowed social policy innovation in these areas, in view of the complexity and friction associated with intergovernmental diplomacy.⁴⁹ As a venue for policy-making, it nevertheless conforms to the motif of welfare state construction as a nation-building exercise that required the accommodation of regional interests. Partisan influences between levels of government also played a particular role: the Saskatchewan CCF's implementation of each phase of universal health insurance brought reform to the national agenda; Ottawa proceeded with the Hospital Insurance and Diagnostic Services Act in 1957 in an attempt to mollify Ontario's Conservative administration; and the 1960s negotiations around the Medical Care Insurance Act required complex bargaining to achieve provincial agreement, especially in Quebec.⁵⁰ And the launching of equalization payments in 1957 – a relatively generous arrangement that alone made it possible for Quebec and the Atlantic provinces to establish social services that resembled those available elsewhere – reflected a transparently regional imperative. Regarding these intergovernmental fiscal arrangements, one can again establish a connection between the brokerage origins of the welfare state and dynamics that impeded the kind of welfare state erosion that Esping-Andersen would predict for liberal settings, and that has been so much in evidence in other liberal jurisdictions. As Paul Pierson has surmised, “part of the explanation [of the relative modesty of recent welfare state cuts in Canada] must be the manner in which a decentralized federal structure encouraged negotiation on the contours of adjustment between a series of national governments and powerful (and politically diverse) provincial premiers.”⁵¹ The Canadian pattern is therefore consistent with Huber and Stephens' conclusion regarding the impact of federalism on welfare states: it probably inhibited their extension during the period of post-war expansion, but has also restricted their curtailment in the subsequent era of constraint.⁵²

⁴⁸ Leslie Pal, *State, Class, and Bureaucracy* (Montreal: McGill-Queen's University Press, 1988), pp. 157-161.

⁴⁹ That federalism had a conservative effect on Canadian welfare state development was the conclusion, though with qualifications, of Keith Banting in his *The Welfare State and Canadian Federalism* (Montreal: McGill-Queen's University Press, 1982); see especially pp. 173-175.

⁵⁰ Malcolm Taylor, *Health Insurance and Canadian Public Policy* (Montreal: McGill-Queen's University Press, 1978), especially chapters 2, 3, 5 and 7; Richard Simeon, *Federal-Provincial Diplomacy: the Making of Recent Policy in Canada* (Toronto: University of Toronto Press, 1972).

⁵¹ Pierson, “Coping with Permanent Austerity,” p. 440.

⁵² Huber and Stephens, *Development and Crisis of the Welfare State*, pp. 317-318. Duane Swank argues, in contrast, that federalism expedites retrenchment, as well as retarding initial welfare state construction, as it weakens pro-welfare state interests and ideas in the construction phase; see his *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (Cambridge: Cambridge University Press, 2002), pp. 35-36, 57, and 281-282. I will not address the merits of this more complex interpretation of federalism's impact here, though I do not think that it is incompatible with the interpretation of federalism's role in Canada that that is presented in this paper.

Writing in 1992, Carolyn Tuohy observed that regional tensions in Canada mean that “the state’s role in economic adjustment policy is determined primarily through intra- and intergovernmental contests. These contests are marked not only by turf battles between jurisdictions but by disputes about the appropriate role of the state itself. Different views of the balance between national and regional development and between state and market instruments find proponents within these contests, but there are no natural mediators.”⁵³ Regional considerations, mediated through business-party linkages at the federal level, and later in the provinces, have shaped Canada’s economy from its earliest days. As the ‘Laurentian School’ of historians and political economists observed decades ago,⁵⁴ the Confederation project was fundamentally an economic one, designed to create a viable internal market for central Canadian business interests, who used their intimate links with the MacDonald-Cartier Liberal-Conservative coalition to mould the new nation’s constitution and fashion the National Policy blend of industrial tariffs, subsidized railway construction and immigration. The ‘hinterland’ scholars, in their turn, were quick to identify the asymmetrical pattern of economic development that this model implied for Western and Atlantic Canada,⁵⁵ others showed how, in view of their antecedent market proximity, factor endowments and social relations, the National Policy had quite different implications for Ontario and Quebec.⁵⁶

Partisan politics at the provincial level was powerfully shaped by regional responses to Ottawa’s developmental role during these decades⁵⁷ – resulting in the emergence of populist protest movements of the left and right in the West, a distinctive brand of clientism in the Maritimes and, until the Quiet Revolution, dominance of Quebec’s politics by a conservative alliance of business and clerical interests. These patterns spilled over into federal politics, creating the regional imbalances in regional brokerage that became the hallmarks of national politics during the 20th century – a gradual and near-complete exclusion of westerners from the government benches during long periods, the governing Liberals’ (and briefly under Mulroney, the Progressive Conservative’s) stranglehold on Quebec federal seats, and a near-exclusion – unusual for English Canada – of ideological third parties from Atlantic Canada’s federal representation. The post-war economic strategy of free trader and massive foreign investment eroded the National Policy economy, which was finally extinguished by the 1988 Free Trade Agreement with the US. But party-mediated regional dynamics did not become less important during these years. In the late 1950s, the federal government committed itself to new supply-side initiatives to foster economic development in

⁵³ Carolyn Tuohy, *Policy and Politics in Canada*, p. 215.

⁵⁴ Donald Creighton, *Towards the Discovery of Canada* (Toronto: MacMillan, 1972), pp. 122-136. For a nuanced interpretation of how business desires affected the National Policy, see Ben Foster, *A Conjunction of Interests: Business, Politics, and Tariffs, 1825-1879* (Toronto: University of Toronto Press, 1986).

⁵⁵ Vernon Fowke, *The National Policy and the Wheat Economy* (Toronto: University of Toronto Press, 1957); Ernest Forbes, *The Maritime Rights Movement, 1919-1927* (Montreal: McGill-Queen’s University Press, 1979), especially chapters 1 and 2.

⁵⁶ John McCallum, *Unequal Beginnings: Agriculture and Economic Development in Quebec and Ontario until 1870* (Toronto: University of Toronto Press, 1980).

⁵⁷ This theme comes out in Nelson Wiseman, “Provincial Political Cultures,” in Dunn, ed., *Provinces*, pp. 21-62; James Bickerton, “Parties and Regions: Alternative Models of Representation,” in A. Tanguay and A. Gagnon, eds., *Canadian Parties in Transition* (Toronto: Nelson, 1996), pp. 496-514.

Atlantic Canada and, shortly thereafter, in Quebec and parts of the west.⁵⁸ During the 1960s and 1970s, provincial governments began to rival Ottawa as promoters of micro-economic adjustment, often able to act far more boldly,⁵⁹ because unencumbered by the federal government's need to address Tuohy's regionally-generated ambivalences.

Have the non-liberal features of Canada's institutions eroded since the 1980s, curtailing 'brokerage-mediated ambivalent liberalism'? There is clear evidence that the liberalism of Canada's institutions is less adulterated than it was, more for the production regime than for the welfare state. Yet this arguably reflects an adjustment in the balance of politically-mediated regional interests in the brokerage arrangement, rather than their simple eclipse. There has been endogenous change over time in the balance of interests within the polity – expedited by global and continental developments – dynamics that much comparative political economy scholarship has been found ill-suited to document. The erstwhile passionate preoccupation of Canadians with trade is now largely eclipsed: the country's turn towards trade openness appears to no longer be significantly contested along regional or partisan lines. Fundamentally inter-regional distributive issues nevertheless remain important: most prominently, recently, the nature of the equalization formulae that poorer provinces benefit from, especially those with energy resources; whether the CHST transfer will also provide more generous arrangements for poorer provinces; the extent of additional benefits under the EI programme for high-unemployment regions (reduced substantially in 1994 but, again, substantially restored by 2004); and whether Ottawa will continue to fund regional development programmes. That brokerage at the federal level continues to play a decisive role in mediating these pressures, in spite of the cataclysmic changes in the party system since 1993, is suggested by the fact that only on the latter of these – regional development – is there an important partisan disagreement between the main (Liberal and Conservative) federal parties, with the latter promising to abandon this kind of spending.

Several years ago, a journalist distinguished between a 'new' and an 'old' Canada. The former, consisting of the western provinces and Ontario, embraced free trade, free markets and a significantly reduced role for the state, and yearned for significant tax cuts. The latter, comprised of Quebec and Atlantic Canada, remained fearful of free trade and dependent on federal largesse. Tensions between these agendas could only grow, with the steadily-expanding 'new' Canada likely over time to impose more of its will on the 'old', presumably calling regional brokerage into question. While superficially plausible (and perhaps already evident in the trade area), this scenario is unlikely. Quebec's business elite was as enthusiastic as those elsewhere in the country about free trade; and much recent provincial discontent with Ottawa in the 'new' Canada, above all Ontario, has sought an increase in a province's own share of federal transfers, not their curtailment. Most fundamentally, in a polity that is characterized by such strong centrifugal dynamics as exist in Canada, the cohesion of the national state probably

⁵⁸ Anthony Careless, *Initiative and Response: The Adaptation of Canadian Federalism to Regional Economic Development* (Montreal: McGill-Queen's University Press, 1977); James Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (Toronto: University of Toronto Press, 1990), chapter 5.

⁵⁹ John Richards and Larry Pratt, *Prairie Capitalism: Power and Influence in the New West* (Toronto: McClelland and Stewart, 1979, chapters 7 and 8; William Coleman, *The Independence Movement in Quebec* (Toronto: University of Toronto Press, 1984), chapter 4. For a recent discussion of the industrial policy role of the provinces, especially Ontario, see Stephen Clarkson, *Uncle Sam and US*, chapter 14.

requires brokerage, above all in Quebec, a fact that is particular manifest in view of perhaps the most important and enduring change in the federal party system in 1993 – the rise of a nationalist party to prominence in federal politics in that province.⁶⁰

What has been, and must yet be, accomplished?

What implications might this characterization of the Canadian case have for the specific problem that comparative political economy typologies have experienced in accounting for the role of agency in institutionally-mature settings? The previous section proposed to ‘build dynamism into’ a model of the Canadian political economy so that we might be able to trace how institutional evolution has reflected the nature of interest mobilization in the Canadian polity at its origins, and changes in the composition of and balance among these interests over time. This exercise of ‘dynamizing’ an institutionalist account, moreover, required that the three institutional sites introduced at the beginning of this paper be *integrated*, rather than just *synthesized*, i.e., that a shared causal ground be established for the ‘pairing up’ that occurs among institutions. Canada’s distinctive pattern of partisanship, I have argued, has been the main ‘site’ of interest mobilization, one whose effect can be traced in the welfare state and production regime, thereby performing this integrating function.

I have also suggested reasons for surmising that party systems might play an important role in mediating change in other polities, especially liberal ones. Scholars of party systems alert us to the crucial role that strategic calculation by party leaders plays in partisan politics; they must address often relatively short-term changes in the postures and popularity of other parties before devising their own strategies for maximizing their electorate, chances of entering government, or opportunities to consolidate their core electorate. In liberal milieus, partisan politics is particularly likely to be the venue for the adjustment in the strategic stances of interests, because these interests typically are not involved directly in the governance of social and economic institutions. That this is less true of non-liberal settings is made clear by the cases cited above regarding Germany’s ‘dual’ apprenticeship system and Swedish industrial relations. But in liberal settings employers and unions have a limited role in the oversight of public policy regarding social programmes and economic adjustment. They are more likely to deal with these measures as tax payers or beneficiaries, and to see the exercise of influence in the partisan arena as the logical way to effect their change. Because of the salience of regional dynamics in Canada’s brokerage party system, and in its intergovernmental relations, we can expect that some institutions, especially those that pertain more to distribution than to production, the welfare state rather than the production regime, to resist erosion more than in other liberal settings. Other nations, with their own specificities of interest articulation and mobilization, and of formal political institutions, invite a similarly concrete and integrated analysis of their prospects.

The kind of dynamic and integrated model attempted here might help address some important questions. There are, however, underlying features of typology-construction in historical institutionalism that invite further reflection. Ira Katznelson

⁶⁰ Newfoundland Premier Danny Williams decision earlier this year to lower all Canadian flags on provincial government buildings while his demand for an enriched equalization arrangement also provides graphic evidence of the potential connection between Ottawa’s fiscal largesse and the degree of national loyalty in transfer-dependent provinces.

expresses concerns about historical institutionalism's departure from broader 'macrohistorical' analysis, characteristic of such authors as Barrington Moore, which was more common in the 1960s and 1970s. The latter, for Katznelson, "wager[ed] that the most significant processes shaping human identities, interests, and interaction are such large-scale features of modernity as capitalist development, market rationality, and the accumulation of instruments for the communication and diffusion of ideas ... Persons, in this view, are embedded agents operating within relational structural fields that distinguish the possible from the impossible and the likely from the less likely."⁶¹ Since their emergence in the 1980s, in comparison, historical institutionalists have "shortened their time horizons, contracted their regime questions, and narrowed the range of considered outcomes."⁶² As reflected in a phase of Theda Skocpol's work, they manifest a "tilt away from agency, [which] project[s] toward a subsequent narrowing, bifurcation, and dispersion of the comparative macroanalytical impulse."⁶³

It is not hard to find traces of this tendency in the typologies discussed here. The production regime literature is particularly categorical in reducing the variety of capitalist models to a very few types that can be distinguished in relation to a clear set of variables, and that have distinct and seemingly predetermined prospects. The welfare state literature, rooted in an originating theory of agency, is more supple, but has similarly categorical tendencies. Even Kitschelt's party systems model implies distinctive trajectories for nations belonging to a few divergent scenerios. Katznelson reminds us that historical institutionalism has been valuable; it has "turned policy studies away from the mundane and aseptic temptations of the overly technocratic and ahistorical policy sciences, and has effectively linked empirical work to basic normative questions in the liberal tradition, above all those concerned with interest representation."⁶⁴ It is concerned with asymmetries of power and influence, and with their consequences.⁶⁵ Moreover, its relative narrowness, compared to macroscopic political economy, and its tendency to privilege a fixed set of variables, permits it to generate far more determinate and testable hypotheses than a broader and more 'configurative' (to use Katznelson's term) approach is likely to. To fulfill its potential, however may require that it first integrate and dynamize its categories, a possible approach to which has been outlined here; and seek a more macroscopic and flexible approach to defining institutional categories, their interrelationship, and their relevance for historical change.

⁶¹ Ira Katznelson, "Structure and Configuration in Comparative Politics," p. 83.

⁶² *Ibid.*, p. 85.

⁶³ *Ibid.*, p. 90.

⁶⁴ *Ibid.*, p. 85.

⁶⁵ "Historical institutionalists ... probe uneasy balances of power and resources, and see institutions as the developing products of struggle among unequal actors;" Paul Pierson and Theda Skocpol, "Historical Institutionalism in Comparative Politics," in I. Katznelson and H. Milner, eds., *Political Science: the State of the Discipline* (New York: W.W. Norton, 2002), p. 706.