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## Economic Development Policies in Ontario and Quebec

Thinking about Structures of Representation

PETER GRAEFE

We are living in interesting times that make us rethink Canada as an economic space and its relations to the global economy. The economic crisis of 2008, coming on the heels of a natural resources boom, threw Canadian manufacturing into crisis and unsettled relationships between the central Canadian provinces and the major oil-producing provinces. Yet Canadian political scientists had very little to contribute to our knowledge of the politics of Canadian economic development policies or the politics of de-industrialization. Quite simply, the economic and social policies undertaken by provincial governments have received little systematic study in the past decade.

This is somewhat understandable. The close study of such policies, while of significant social utility, speaks to a small community of scholars. Even if engaged with cutting-edge international theorization, a study of Alberta or Ontario industrial policy is generally too arcane to garner much interest, even within the Canadian political science community. There is little reason to expect that comparing provinces will jazz up this field as it may compound the arcane nature of the pursuit in the eyes of non-Canadians.

Having said that, the economic development strategies adopted by the federal and provincial governments do a great deal to delimit the material possibilities open to Canadians. They help determine which groups get to eat steak and which ones get to eat spam. Understanding the sources of those policies and their related impact on the distribution of life chances is of no

little importance, either in terms of understanding society or in terms of changing it. So whether “jazzy” or not, it is worth considering some questions of theory that might enable researchers to extract the maximum analytic outcomes from their work.

In this context, comparison is important for exerting control over explanations by distinguishing the particularities of individual cases from more common trends. It is also useful for developing an ontology of similarity and difference and of measurement as comparing experiences over time and space forces researchers to clarify what they consider the same (or not) and where the point of breakage is between the two. The use of tools and theories drawn from the broader comparative politics literature is important for providing intuition in terms of relationships that are likely to be important in causal analysis, on the one hand, and in providing further control, on the other (Rueschmeyer 2003). We therefore develop a finer-grained understanding of Canada through interprovincial comparison as we develop an understanding not only of both the similarities and differences within Canada but also of the degree of particularity or similarity of these experiences in an international context. This chapter uses a comparative strategy to place Ontario and Quebec onto the terrain of global capitalist development and to assess the extent of interprovincial variations within this common structuring context.

It does so by looking at an old chestnut – namely, the comparison of economic development policies. The comparison is intriguing as observers often note a Quebec “exceptionalism” in terms of institutions that foster a greater degree of coordination and cooperation between economic and social actors. Yet, compared to the economic and social regimes of Europe, the common emphasis of both provinces on market-based solutions is what stands out. How do we understand both why Quebec is different and why it is not so different from Ontario? The first section of the chapter summarizes some of the more recent descriptions of Ontario-Quebec differences, which draw on what will be called an institutionalist political economy. While the explanations developed using this comparative approach are well constructed, the approach itself may tend to emphasize differences between the provinces rather than similarities. In contrast to these, the second and third sections of the chapter propose applying analytical tools inspired by neo-Marxist approaches to understanding both similarities and differences between the two provinces, in particular the concept of the “unequal structure of representation.” In a perverse twist, while the use of the unequal structure of representation can give rise to charges of over-emphasizing

economic explanations, in this case it serves to highlight the importance of nationalism in understanding such differences as exist between the provinces.

### **A Focus on Provinces**

The political science literature on economic policies in Canada is often written in terms of successive federal government development projects. The story starts with Macdonald's National Policy, proceeds through a Second National Policy of welfare state building following the Second World War, and ends with the adoption of a free trade/neoliberal Third National Policy starting in the mid-1980s with the Macdonald Commission and the signing of the Free Trade Agreement with the United States (e.g., Bradford 1998; Inwood 2005). This is a rich literature. It has placed the Canadian experience with that of other countries for each period, either through explicit comparison (e.g., Laxer 1989 on Canadian industrialization) or by reference to other country studies within a shared theoretical framework (e.g. Jenson 1989 on Canada's "permeable fordism"). At its best, this work also develops aspects of what we might call "encompassing comparison" (cf. Tilly 1984) in understanding how "Canadian" development policies are a complex amalgam of federal and provincial initiatives brought together through a complex set of political interactions (Boismenu 1983). Indeed, this last point highlights a key difficulty in placing Canada in international comparisons: What is "Canadian" policy in areas of provincial jurisdiction, or even in areas of federal jurisdiction, where federal policies are crafted with an understanding of how they will interact with particular provincial programs?

While the major focus in the area of development policy has been the federal government, there has also been interest in regional and provincial economic strategies. This work traditionally focused on province-building efforts through natural resources and hydroelectricity (Richards and Pratt 1979; Nelles 2005). As provincial economies diversified and provincial states developed more sophisticated means of intervention, this work, too, has diversified to consider a broader range of strategies and interventions, with some recent work focused on certain provinces becoming potential "region states" (Wolfe 1997a; Resnick 2000; Boismenu and Graefe 2003). There is a sense in which neoliberalism makes this tradition of analyzing provincial economic policies all the more relevant. The emphasis on market-led adjustment in a free trade order, coupled with small and discrete federal innovation policies, has opened spaces for the provinces, and especially the larger ones, to become the leaders in microeconomic, or supply-side,

interventions (Drache 2000). Recent policy thinking around the knowledge-based economy also emphasizes the importance of supportive social policies to sustain economic growth, given the importance of social cohesion and human capital (Esping-Andersen et al. 2002). This invites us to look more closely at social policies as part of economic development plans. Here again the provinces are important places, given both their constitutional jurisdiction in the area and the pervasive sense that national standardization has withered away.

When we turn to Canada's two largest provinces, and indeed the ones that have drawn the most attention in terms of their development strategies, we encounter relatively few sustained comparisons of developments over the past thirty years.<sup>1</sup> A single exception would be Rodney Haddow and Thomas Klassen's (2006) comparison of labour market policy between the larger Canadian provinces, which usefully brings together an international comparative literature on varieties of capitalism with reflections on how party systems affect institutional development and change.

Parallel to such comparative enterprises have been a small set of single-province studies on economic development policies. These have taken on a fairly institutionalist cast. For instance, Gilles L. Bourque (2000) considers how social actors have coalesced to create a distinctive institutional order to govern economic activity – namely, a “Quebec model” of partnership between actors that creates positive-sum trade-offs around training and sectorial development strategies. Other work on the Quebec model coming out of the CRISES research group (which is where Bourque completed his study) takes a similar perspective; that is, it recognizes the unique historical factors enabling the creation of a “Quebec model,” which then largely persists due to the superior results enabled by its unique institutions.

On the Ontario side of the ledger, Neil Bradford (2003) has been the most consequential analyst of Ontario policies through the 1990s, although a number of his key themes are also developed by David Wolfe (1997a, 1997b).<sup>2</sup> The framework adopted to make sense of the varying success of the NDP (1990-95) and Conservative (1995-2003) economic development strategies for Ontario's emerging knowledge-based economy paid particular attention to the fit of desired policy solutions with the existing organization of collective interests and the historical forms of economic organization in the province. While conjunctural factors related to the business cycle and to the accidents of partisan politics were given their due, the central causal claims surround the manner in which interests are organized into collective actors, the extent to which policies call for more than an

incremental shift from status quo responses, and the capacity of institutions to broker the interests included in development partnerships. The Conservatives succeeded more than the NDP because they mobilized existing urban growth coalitions and did not require the formation of larger representative associations and of cooperative relations among them. Without being institutional determinists, Bradford and Wolfe are doubtful about the viability of such changes since they involve institutional transformations that take longer than typical political cycles.

Ultimately, Bradford's conclusions come close to the ideas found in the Varieties of Capitalism literature – namely, that the institutional make-up of liberal polities such as Ontario make it difficult to sustain attempts to push economic organization towards a more coordinated model. Still, contrary to Bourque's claim that Ontario's economic development based was purely on market regulation, Bradford (2003) shows that even the neoliberal Conservative government engaged in forms of dialogue and partnership with private economic actors and encouraged a degree of joint action in ensuring that collective services and infrastructure were in place to enable continued accumulation.

There are several limitations to this type of institutionalist work, despite its sophistication. A first limitation is an under-specification of the linkage of particular places within a broader economic order, or, in other words, a "methodological provincialism." It is now some years ago that Pontusson (1995) criticized the new institutionalist project for locating causal explanation almost exclusively in proximate political and social institutions while ignoring the deeper institutional structures associated with capitalist economies. This is problematic in terms of ignoring the relevance of economic organization on political choice. It also falsely isolates polities from a consideration of how they are in economic competition (and cooperation) with each other, the way in which policies relate to specific corporate strategies in the global economy, or how the meaning of institutional differences changes with transformations in the global economy.

Second, there is the problematic tendency of historical institutionalists to look for and find difference over space rather than looking for and observing changes that are shared across cases (cf. Jenson 2003). In looking at economic development policies, the result is to privilege the analysis of varieties of capitalism without also paying attention to the social form underlying that variation (which returns us to our first criticism; see Albo and Fast 2003). In other words, what do we make of situations in which polities maintain distinct institutional models and, related to these, differential

social and economic outcomes, but where the outcome trends across polities are moving in the same direction (see, for instance, Coates 2000)? Should we be impressed by the preservation of diversity or the commonality of direction of change? Or should we try to find tools that try to explain both by making part-whole connections (i.e., by situating institutions within the broader political economic context)? To take the Ontario-Quebec comparison, institutionalists like Bourque push us to recognize a series of important institutional developments in Quebec, such as multi-stakeholder forums in training and regional development, that seem to have tangible effects on outcomes in terms of economic development policies. However, how important are these outcomes compared to the broader shifts in economic development policy related to the common liberalization of already liberal political economies such as Ontario and Quebec seen, for instance, in the shift from supply- to demand-side measures, the activation of the unemployed, and the deregulation of labour markets?

#### **One Approach: The Unequal Structure of Representation**

One useful way of capturing how the determination of public policies sits within a wider capitalist frame comes through the use of the idea of an unequal structure of representation. This concept was developed by Rianne Mahon (1977) in her attempt to elaborate a Marxist form of policy analysis. Recognizing that the state in a capitalist society is bound up in reproducing a capitalist system, her intent is to understand the manner and processes in which this reproduction occurs at a lower level of abstraction. She emphasizes that social forces that achieve a level of influence are invariably represented within the state but that this representation varies both in where it is located within the state hierarchy and in its “quality.”

Mahon pays particular attention to the hierarchy of the state, understood not solely as the direct superposition of one department or ministry over another but more as a nesting of roles and ideas whereby certain values and ways of seeing the world are privileged over others. This could be mapped by considering ministry mandates as well as their ability to define what counts as authoritative thinking and expertise (for instance, through links to international organizations or through their role of training senior civil servants).

Mahon also wishes to distinguish between situations in which state actors are largely receptive to the demands of social forces and situations in which they are receptive to them but also work to impress on them the

limits of dominant state strategies. For instance, she notes how departments of labour not only represent the interests of the labour movement within the state but also how they police the labour movement, emphasizing that representation is contingent on “responsible” behaviour. This stands in contrast to the deliberate seeking out of the views of dominant financial interests by the officials within the Department of Finance. By looking at location and quality, Mahon is seeking to understand society-state interactions, much as do researchers who use institutional approaches such as policy network analysis or the advocacy coalition framework. Unlike the latter, however, Mahon stresses that political power is bound up both (1) in the determination of what policy ideas are deemed credible and realistic and (2) in the particular state-society linkages this would form. Her interest is thus in conducting a critical social analysis (in her case, class analysis) of that power.

For comparative analysis, this idea usefully allows a consideration of how contests around social inequalities play themselves out in similar and different ways across space and time. For a cross-space analysis such as the one of interest in this chapter, questions can be raised about the organization and strategies of major collective actors. What impact do these have in terms of mobilizing power in order to root their projects in particular state policies and institutions? This opens the door to other theoretical tools, including social movement theory and policy network analysis. At the same time, the need to relate decisions in discrete policy fields back to the broader field of state activity provides some opportunity to ask whether observed differences related to the organization of actors, the form in which interactions are institutionalized, or the realm of allowable and accepted ideas are, in fact, muted (or potentially amplified) when considered against the backdrop of the overall development strategy.

To take an example, the organization and strategizing of community sectors actors has had a significant impact in creating a Quebec “social economy” model that spurs a set of relatively unique public policies. While the difference with other provinces, both in the extent of the development of the sector and in the supportive public policies, may sometimes be overstated, there is a real difference here. However, when this difference is held up against the premises and mainline policies of the overall development project, its significance shrivels somewhat. On this scale, the social economy becomes more of a mechanism to mop up after the social dislocations of a larger neoliberal statecraft as opposed to the flagship of a distinct

Quebec model of economic development (Salée 2002). More concretely, the parts of the state putting forward the social economy policies that were most unique and original, such as the short-lived Comité d'orientation et de concertation sur l'économie sociale, remained hamstrung and contained by more powerful parts of the state, especially the Ministry of Finance, which sought to define the social economy in a far narrower and conventional sense (see Graefe 2006).

The concept of an unequal structure of representation came from Rianne Mahon's engagement with the work of influential neo-Marxist political sociologist Nicos Poulantzas (1976) and her attempt to extract a theory of public policy from his broader conceptualization of the state as a social relation. This invites us to look at how various class actors seek to institutionalize their projects within state institutions, using the state as a lever to reproduce or challenge existing power inequalities. This echoes the "power resources" school, which sees institutions as arising out of multiform social struggle, with actors "investing" their power resources in institutions since it is costly to mobilize such resources and keep them mobilized (say through capital strikes, lock-outs, or the withdrawal of labour). There are also premonitions of the more complex elaboration in Bob Jessop's (1990) idea that the state took form out of the conflict of social actors with competing state strategies (to construct and reproduce a given social order). For Jessop, the state rests on a hegemonic bloc that has made a series of trade-offs with subordinate actors in return for their consent. This gives the state strategic selectivity: actors bearing projects consistent with those of the dominant bloc will receive greater access in policy processes than will those whose projects challenge those of the hegemonic bloc.

It does not take much imagination to see the linkages between Jessop's work and the idea of an unequal structure of representation. The benefit of Mahon's formulation is its openness to empirical applications. These would include the study of bureaucratic organization or policy networks and the very straightforward way it allows us to link policy debates within the bureaucracy or networks to a broader constellation of power without the verbal inflation and baroque theorization of the later Jessop.<sup>3</sup> It is perhaps for this reason that Pascale Dufour (2004) returned to it in the early 2000s, renovating its contents slightly. Her main change, consistent with the sort of analysis proposed by Jessop or the power resources theorists, was to relax the structural determinism. While recognizing the tendency of power relations to be reproduced, she adds that they are never reproduced in a fully identical form, giving rise to a more fluid and less functionalist



approach. Dufour focuses on the potential for actors to inflect the direction of the structure on a more ongoing, cumulative basis, in a manner somewhat similar to Streeck and Thelen's (2005) attempt to open up avenues to analyzing incremental changes within historical institutionalism.

Dufour (2004, 163-70) makes a useful contribution in defining six dimensions of the unequal structure of representation for analytical purposes. The point here is not to exhaust potential lines of analysis but, rather, to pull apart some common and useful dimensions in order to more systematically structure an empirical investigation. These can be regrouped into five generic categories for considering cases elsewhere. As a first dimension, we can collapse her consideration of "state-social partner" and "state-community sector" relations into a more generic category of how state-interest organization relations are organized, be it pluralism, concertation, corporatism, or whatever. The second dimension involves the question of "location" within the state hierarchy of various interests. A third dimension that Dufour raises concerns the formal and informal modalities of state-society relations that provide windows of access to the state for organized interests, be they parliamentary commissions, Royal Commissions, peak-level summitry, or regularized lobbying and informal consultation. Dufour then adds a fourth dimension to the "state's mode of knowing" – namely, the forms of expertise and knowledge bases used by the state as well as the relative status granted to groups on the basis of the technical knowledge they can mobilize (as opposed to status related to the ability to represent or mobilize groups). Finally, and related closely to Mahon's interest in how hierarchy serves to privilege a particular set of values, Dufour underlines how the system of representation relates to an ideal structure in which certain discourses are dominant, others are acceptable, and some are excluded. In other words, even where actors have forms of access to the state, their ability to affect decisions is related to having a language and vision that finds an echo within the state. Otherwise, no dialogue, negotiation, or compromise will occur.

I employ this conceptual framework to compare development policies in Quebec and Ontario. The comparison is only suggestive as its scope prevents my offering a full empirical substantiation. An analysis of the historical development of the structures of representation, and their relationship to such a broad topic as development, requires a book-length treatment. Nevertheless, in what follows, I sketch out some signposts to enable us to organize such a treatment and suggest the utility of the concept of the unequal structure of representation as part of that treatment.

### **Comparing Development Models and Structures of Representation**

In international comparisons, Quebec and Ontario are submerged within the label of “Canada” and treated as liberal market economies and liberal welfare states. They are treated as sharing the same features – namely, an emphasis on market competition (as opposed to inter-employer or state coordination) as the basis of organizing capitalism and a welfare state that is based less on universal programs and social citizenship rights than on individuals insuring themselves through the market with forms of public assistance for the most needy. More specifically, liberal market economies are considered to possess a weak organization of business interests, such that collaboration between private enterprises and between the latter and other collective actors is limited. This is certainly true of Ontario and Quebec, although the latter, with the Conseil du Patronat, comes closest in Canada to having a peak employer’s association. Nevertheless, the Conseil du Patronat has no authority to bargain for its members, let alone to impose agreements on them. This leads to decentralized and adversarial industrial relations at the firm, with union power often weaker than in the sectoral bargaining of coordinated market economies. Training and skill formation tends to focus on general rather than on vocational skills and is less likely to be managed by business and labour than coordinated market economies. Finally, firms tend not to foster long-term, close relationships with financial institutions and with other firms (such as suppliers and customers), making use instead of capital markets and short-term loans for financing, and seeking to maintain autonomy in setting corporate strategy (see Haddow and Klassen 2005, 16-18, for an excellent summary). These characteristics fit well with both the Ontario and Quebec economies. The few systematic interprovincial comparisons that exist nevertheless muddle the picture by underlining Quebec’s specificity, whereby a series of coordinative institutions are grafted onto a liberal economy allowing the province’s welfare state to lean towards a more social-democratic alternative. How are we to understand both the grounding similarity between these two provinces in a liberal tradition and the differences that at times have inched Quebec towards a different model?

In terms of similarity, we should note that capitalism in Ontario and Quebec is strongly rooted within a broader North American capitalism. Since at least the First World War, and indeed reaching back into the late nineteenth century, the development model in both Quebec and Ontario has emphasized the importance of attracting foreign investment from the

United States and in ensuring relatively favourable access to American markets for raw or partially finished natural resources. This has given a very strong voice of support to development policies based on developing basic infrastructure in order to enable private entrepreneurial initiative in extracting and exporting resources (e.g., Nelles 2005). Similarly, the branch plant structure of Canadian manufacturing has blunted the formation of statist or coordinative industrial policies as the interests of manufacturing capital are split. For the most part, foreign manufacturing capital as a social force in Canada has favoured limited and voluntaristic science, technology, and innovation strategies so as not to impose limits on its capacity to freely plan strategy over a multinational space (Smardon 2001).

As organized labour gained in strength through the first half of the twentieth century, it began to gain some representation within state institutions, although it was largely with the test of strength in the strike wave after the Second World War that it came to be represented in legislation and various policy-making processes. Unlike most other developed countries in this period, in Canada the role of class compromise in setting the parameters of the postwar order was relatively muted, at least compared to divisions based on regionalism and nationality (Jenson 1989). Even within the central provinces, where the industrial working class was largest, the capacity to leverage greater strength into significant influence was limited. In Quebec, the power bloc built around resource capital and Montreal-based financial concerns excluded labour. The Union Nationale government, that held power from 1944 to 1960, remained wedded to the ideology of economic liberalism and resisted the coming of the welfare state or the wider recognition of industrial citizenship that marked the postwar order elsewhere. In Ontario, the situation was only slightly different. The financial interests in Toronto did come to see benefits in providing an enhanced voice for labour within the state and the economy through a legalized system of collective representation and bargaining and through some extension of minimum labour standards. This cautious support was nevertheless tempered by the strength of regional and resource capital within the Conservative Party, which held power from 1943-1985 (Smith 2008).

The ability to maintain provincial states that were relatively impermeable to non-dominant political actors nevertheless came under fire for at least two reasons. First, despite strong economic growth over the postwar period, the Canadian economy was outperformed by those of other industrialized states. The productivity advantage that came from the early adoption of American mass production in the early twentieth century was continuously

eroded, and the weak research and innovation effort typical of a branch-plant economy did little to compensate. This opened the door to challenges to the power bloc and its development strategy. It also opened some marginal spaces to other social forces, such as mid-sized Canadian manufacturing and technology firms, to be represented within state economic policy making (e.g., Smardon 2001). Second, the expansion of social rights entailed by building the postwar welfare state also empowered a wider range of social interests to make claims on the state and to have those claims represented in state institutions.

It is at this point that one can begin to observe the development of some of the institutional differences between Ontario and Quebec. In Ontario, the challenge to the power bloc was relatively limited. Through the 1960s, the number of departments within the Ontario government grew, reaching twenty-seven in 1973, up from twenty in 1950. Nevertheless, the government remained committed to a policy of providing energy and infrastructures to create a positive investment climate for private economic decision making. As the economy sputtered in the 1970s, and as plant relocations gave rise to social movements demanding greater public control over investment decisions, the government finally began to experiment with forms of industrial policy. Again, in the recession of the early 1980s, the government experimented with more interventionist measures, but in both cases these initiatives seemed more about PR than about transforming the economic culture of the province (Evans and Smith 2010).

By contrast, the Quiet Revolution in Quebec in the 1960s represented a more significant departure. The limitations in the state's *laissez-faire* strategy enabled a coalition of francophone capitalists, the labour movement, and elements of the middle class to push the Quebec state towards more active economic intervention. This included the creation of the Conseil d'orientation économique du Québec, a series of Crown corporations in the financial and resource sectors, and rapid investment in the welfare state to catch up with neighbouring jurisdictions. An important feature here was the mobilization of nationalism, which could be used to delegitimize the anglophone power bloc for not acting in the interests of the francophone majority. This enabled the creation of places within the state, such as a variety of Crown corporations, to represent the interests of smaller francophone capital (Coleman 1984). Through the 1970s, in response to the statist thrust of the Quiet Revolution's welfare policies, on the one hand, and the mobilization of social movements, on the other, the Quebec state also became

more porous with regard to other social actors (Hamel and Jouve 2006). Here again, the national question was helpful as the Parti Québécois' strategy of holding a referendum on sovereignty-association made it particularly attentive to social movements. This was tied not only to gaining support for independence from the members of these movements but also to being able to portray the nation as united and as standing above the social divisions that gave rise to such movements in the first place. The result was the development of a structure of representation that included forms of concertation and social partnership in decision making. This, in turn, spurred further organization by social actors outside the state, such as the regional and sectorial coalitions in the community sector, as they needed to develop institutions for hammering out shared interests and for participating in negotiations with the state and other social actors (Jetté 2008; Laforest 2005). This produced a level of interest in organization that, in turn, made further experiments in joint decision-making possible.

Having said as much, the extent of the difference should not be exaggerated: state actions in support of the consolidation of francophone capital rarely led to open conflict with dominant fractions of capital. By the 1980s, this chapter was more or less closed as the francophone business interests supported by the Quiet Revolution became integrated into the power bloc and came to share the emergent neoliberal outlook of the leading employers' associations. When the debate on free trade came in the 1980s, pitting the strategy of market adjustment and free trade against that of a proactive industrial strategy, capitalist interests rallied to the free trade option with as much enthusiasm as those in Ontario (Graefe 2004). While Quebec had developed a more comprehensive industrial strategy than Ontario over the late 1970s and early 1980s, this remained a strategy working at the margins of otherwise similar free market development strategies. Similarly, while a combination of social movement pressures and nationalist incentives led to openings in the state, creating multi-stakeholder institutions and new forms of access both at the local level (such as in community health clinics) and provincially (such as sectoral summits in the late 1970s), the net effects of these on a market-driven economic policy and a liberal-inspired welfare state was likewise marginal (see, for instance, Salée's [2002] nuanced discussion).

Through the late 1980s and early 1990s, the two provinces travelled on parallel tracks as both experimented with new institutions to create a more dialogic form of economic development. This dialogue was sought on

a variety of fronts, including less adversarial and more partnership-based labour-employer relations, greater stakeholder participation in crafting big-picture development and labour force strategies, and greater cooperation between firms in given sectors or clusters so as to solve collective action problems (such as training, research, export promotion, or infrastructure). In Ontario, this meant creating a “premier’s council” to develop a high-level analysis of the innovation and skills challenges, and the subsequent creation of the Ontario Training and Adjustment Board and the Sectoral Partnership Fund in the early 1990s to provide access to business, labour, and various equity interests in these areas (Wolfe 1997a, 1997b). Similar openings could be seen in social development, such as the inclusive consultative process used to recast the provincial social assistance regime. In Quebec in the early 1990s, this took the form of a new economic development strategy based on inter-firm collaboration within industrial clusters and of a new training board that delegated important decision-making powers to employers and unions. It also involved the further construction of stakeholder institutions at the regional level in the fields of regional economic development and health and social services (Bourque 2000).

The gap between the two provinces widened anew in the late 1990s as the Ontario experiments did not “take” and were largely rolled back by the Conservative government elected in 1995. Certainly, the provincial state was recrafted, and both the spaces of representation and the channels of access for labour and equity-seeking groups were largely closed down as a part of a neoliberal recasting of the state. In the case of Quebec, the same questions of fiscal retrenchment and of renewing the state to serve global competitiveness took a different form. This included further experimentation with concertation and stakeholder summitry, symbolized by the 1996 Social and Economic Summits, as well as a further thickening of regional and local development initiatives and a fuller representation of various facets of the community sector within state institutions and policy. The porosity of the Quebec state allowed for a more negotiated neoliberal transition, with results that can be observed in terms of less inequality, stronger poverty reduction, and greater support for families through services and the tax/transfer system. At the same time, one cannot ignore the continued central position of capitalists and the recrafting of state institutions and processes around a program of trade and investment liberalization and of liberalized development. Participation in the 1996 Summits, for instance, meant accepting a structure of discourses and values according to which

deficit reduction without increasing taxes remained the central, unassailable value.

In this period, a particular feature of Quebec's structure of representation becomes visible – namely, the importance of nationalism. To the extent that nationalism remains a primary cleavage for organizing partisan politics, some unique dynamics come into play. First, when the national impulse is strong, political parties need to portray themselves as serving in the construction of a national consensus, and so there is openness to the inclusion of a broader range of identities and interests than there would be without that impulse. After all, to exclude groups that hold a degree of legitimacy and that claim to be part of the nation is to admit that the national community is not above other social divisions. Second, and relatedly, to the extent that the future of the Quebec polity is periodically put to the test in referendums on sovereignty, the “magic number” in the minds of political parties is not just the 40 to 45 percent of the population needed to form a majority government (as in Ontario) but the 50 percent plus one needed to win a referendum. For the Parti Québécois, this has often meant adopting a strategy of inclusion, of trying to expand the party's tent into new territory, but also of maintaining hegemony over a broader progressive sector that might otherwise develop an independent class- or social justice-based politics. For the Liberals, this has also long ruled out the possibility of a divisive neoliberal strategy such as the ones adopted by Mike Harris (1995-2002) in Ontario and Gordon Campbell (2001-10) in British Columbia since a strategy of cutting off linkages between social groups and the state would be too dangerous. Indeed, it is noteworthy that many of the significant innovations in creating institutions with stakeholder involvement in the 1980s and 1990s came under the Liberals, such as the cluster strategy, the regional health and social services and regional economic development boards, and the Quebec labour force development board (*Société québécoise de développement de main d'oeuvre*). It is as if the weaker connection of the Liberals to the beating heart of Quebec nationalism led to the compensatory strategy of formalizing the inclusion of a broad range of interests.

It is telling in this context that the relative decline of sovereignty as a political possibility on the immediate horizon has affected the porosity of the state to collective interests. Upon his election in 2003, the Liberal premier Jean Charest announced an attack on the “corporatism” of the Quebec state, meaning by this the various institutions for representing

social interests, and he did roll back the extent of participation in areas of health and regional development. While Charest stepped back from this approach towards the end of his first term, it is noteworthy that he never greatly reinvested in such mechanisms. In his third term he rallied employers and unions to sign a *pacte pour l'emploi*, but this was not intended to create ongoing exchanges between labour market partners so much as to provide the smooth roll-out of a new generation of labour market programs for social assistance recipients and the unemployed.

This relative stagnation has persisted under the Parti Québécois government elected in 2012. To date, economic development strategy has prioritized maximizing private investment through tax holidays and pursuing new natural resource developments. The 2013 budget announced a relaunch of regional development bodies, but these are government/private-sector bodies without the multi-stakeholder composition of the late 1990s. This partially reflects the mixed emotions of the PQ concerning such institutions. It values their potential for developing a sense of national inclusion but ultimately feels that it is the PQ itself that should act to gather and broker interests in the name of the nation. But it also reflects a PQ with little desire to prompt another referendum, and which therefore has less impetus to reopen channels of access into the state.

As such, while important institutional differences persist between the two provinces, they should not be oversold. The coordinative and stakeholder forms developed in the 1990s in Quebec are not defining the important policies in economic and social development, which are taking a more market-oriented form. At the same time, economic policy thinking in Ontario continues to evolve in the direction of an urban-based cluster strategy, while social policy initiatives like the recent poverty-reduction strategy reopen doors into the state for equality-seeking social actors. An important question moving forward will be whether the national question in Quebec, which spurred divergence in the 1960s and accentuated it through the late 1990s, is as important in conditioning social conflict over state power in the future. If it is, one might expect the ebb in nationalist mobilization to attenuate interprovincial difference in the current period.

To return to Dufour's dimensions for considering the structure of representation (state-interest organization relations, location, formal/informal modalities, state's mode of knowing, acceptable discourses), we note that the Quebec state differs in the extent to which forms of concertation are used to link state with society as compared to the more pluralist situation in Ontario. This obviously varies over time and across policy sectors as there



is plenty of pluralism in Quebec and some areas in Ontario are marked by concertation. However, whereas Ontario's development policies have largely failed when they have attempted to institutionalize forms of social partnerships and close stakeholder involvement beyond local business-led partnerships, in Quebec the experiments have held up over time. Related to this are a broader range of modalities, including a broader array of consultative and advisory bodies on the edge of the state, often including representation of social actors and the granting of power to regional and local boards in areas of health and development. These boards, in turn, have had both formal and informal practices of multi-stakeholder involvement. In specific economic policies, one notes the development of collaborative tables in particular sectors, enabling the participation of firms in processes of collective problem solving so as to overcome the collective action problems of purely competitive relations.

In terms of "modes of knowing," which we have not taken up systematically in this chapter, the Quebec example on average appear to provide greater emphasis on representational legitimacy as opposed to expert/technical knowledge, which makes sense given the logic of concerted action, social partnerships, and bargaining guiding state-society interactions. It is not the technical knowledge that groups bring that is important so much as their ability to find positive-sum compromises. Given the relative weakness of this perspective in Ontario, there has been a greater emphasis on technical knowledge. For instance, local business networks are tapped for their ability to identify gaps in infrastructure or to mobilize resources.

Nevertheless, these differences with Ontario should not be overstated when we look at the second and fifth dimensions of Dufour's schema. The second dimension – namely, the location of actors within the state – is significant, as is the range of discourses or values deemed acceptable. It is the leading fractions of capital that one finds represented at the top of the state hierarchy and that have the best quality representation. While economic policy documents may make reference to the role of community economic development or the participation of a range of economic actors, these remain on the margins of a development strategy based on the investment and management decisions of private firms. Reaching back to the early economic development strategies of the 1970s, Quebec has consistently taken the view that the appropriate role of the state is to be attentive and responsive to the competitive needs of firms, largely as identified by the firms themselves, and to limit the tax and regulatory costs placed on said firms. This set of values is firmly entrenched in the Ministry of Finance,

while the Treasury Board has consistently applied a set of managerial principles based on “leaning” the state to further serve these values. Again, compared to Ontario, actors with values that contest the centrality of such economic liberalism and that offer alternatives (such as democratic participation or cooperation or equality) have found spaces within the state to contest this power and to shape development policies that have provided slightly more egalitarian outcomes. But it is worth repeating that this divergence comes against the backdrop of a shared social form of economic liberalism.

### **Conclusion**

This chapter uses a comparative approach to understand the trajectories of economic development policies in two Canadian provinces, trying not only to capture important institutional differences but also to understand underlying commonalities arising from the pressures of capitalism and capitalist competition. In so doing, it proposes retrieving Rianne Mahon’s idea of the unequal structure of representation and modernizing it slightly along the lines proposed by Pascale Dufour. The strength of this conceptualization is its ability to consider how relations of power in the organization of society are represented within the state and its policy-making process. It thereby allows us to make part-whole connections: we can not only recognize differences in institutions and their impact on outcomes but also critically reflect on how significant that impact is relative to broader similarities in power relations. The result is a more nuanced analysis that recognizes variations in capitalism and does not posit the convergence of national capitalisms towards a single form. Yet, at the same time, it does not lose sight of how the placement of the state within a global economic system organized along capitalist lines also drives certain commonalities in the relative power of social interests and in the overall direction of development policies.

Applied to the specific comparison of Ontario and Quebec, it allows us to understand the differences between their development policies, illuminating how nationalism and social movement pressure opened up spaces of representation and modalities of interaction for a broader range of actors in Quebec. But it also allows us to temper claims of difference by noting the commonality of market liberalism as the defining framework in both provinces and the marginality of more concertational and coordinative forms of policy making in Quebec. In this sense, it allows us to understand interprovincial differences in Canada not in a parochial sense but, rather, against the measuring stick of the range of state-societal relationships observable in contemporary capitalism.

Comparing places on the basis of structures of representation is but one way to understand the world. It is one tool among others. Its strength and interest lie in bridging state and society, in bridging institutions and interests, and in having the goal of understanding both similarities and differences rather than privileging one over the other. This interest in bridging encourages concrete and complex empirical analysis more than parsimonious and deductive theorization. Its utility to the researcher will therefore depend on her reasons for adopting comparative analysis and on her ontological and epistemological understanding of structure, agency, power, and social relations.

### Notes

- 1 Looking at the chapter bibliographies of Savard, Brassard, and Côté's (2011) book on Quebec-Ontario relations makes the thinness clear, as does the tentative, exploratory, and small-scale nature of the analysis in the various chapters.
- 2 We would be remiss to ignore Courchene and Telmer's (1998) book on region-state Ontario, although their emphasis is far more on macroeconomic aggregates and budgetary policy than on development policy per se (despite some close attention to social assistance).
- 3 This is not to diminish the incredible sophistication of Jessop's attempts to hold together a materialist understanding of capitalism with the contingencies of the interaction and self-organization of complex systems and with an appreciation of the role of discourse and social construction. Yet, at a certain point, this sophistication can impede comparative investigation as much as enable it by multiplying the number of relevant variables beyond what can realistically be examined and analyzed.

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