Bringing the provinces back in:
Re-evaluating the relevance of province-building to theories of Canadian federalism and multi-level governance

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Three decades have passed since Canadian political scientists last seriously engaged with the concept of province-building. Popular in the 1970s as a means for explaining patterns of policy-making and constitutional politics in Canada, the currency of province-building met an abrupt end after its analytical use was questioned by Young, Faucher and Blais in 1984. Thirty years on, this discussion piece revisits their critique and, far from finding the idea void of empirical validity or theoretical utility, suggests that province-building continues to best capture the general structure of policy formulation and implementation in Canada and provides lessons for how to examine matters of authority and decision-making in multi-level settings.

Introduction

Introduced in the 1960s as an alternative to understanding Canadian economic and social development as something determined predominantly by the central government, the “province-building” perspective aimed to account for the ways in which provincial governments also acted to structure Canadian society. Normatively, the originators of the province-building idea objected to the “modernity thesis,” which suggested that technological advancement coordinated by ever-expanding central governments would bring about the obsolescence of sub-national governments in federal systems.
(Laski, 1939; Brady, 1940; Livingston, 1956; Corry, 1958). In contrast to this perspective, which dominated post-war academic discourse on Canadian federalism, proponents of the province-building perspective argued that the provinces had oftentimes been, and would continue to be, the primary actors formulating, implementing and financing many health, social welfare, education, transportation and other important policy programmes in Canada, and that their role in country-building deserved much closer inquiry (Black and Cairns, 1966; Smiley, 1962).

Accounting for the dynamics of multi-level governance has, however, always proved challenging for students of Canadian federalism. Despite widespread interest in the provinces as a unit of analysis among Canadian political scientists since the 1960s (Atkinson et al., 2013; Brownsey and Howlett, 2001; Chandler and Chandler, 1979; Dunn, 2008), three decades have passed since “province-building” has had any currency as a theoretical concept in academic discourse. We argue this fate was attributable to two developments. The first was empirical and had to do with a reduction in the fiscal capacity of all Canadian governments to engage in large-scale programme development by the mid-1980s, which muted many of the trends obvious in previous decades. The second was conceptual and attributable in large measure to a well-articulated critique by Robert Young, Philippe Faucher and André Blais — hereafter referred to as YFB — calling both the empirical and conceptual veracity of the province-building concept into question.

Notwithstanding these developments, the intuitive appeal of province-building for students of Canadian federalism, public policy, and public administration as a counterpoint to more centralist views of nation-building has meant the use of the concept has never been entirely lost, as various perspectives on Canadian intergovernmental relations, economic history, and geography either tacitly or explicitly assume a strong role for provincial governments. Newer models of public administration and urban politics based on collaborative and devolved or “place-based” governance similarly have focused their
attention on sub-national actors (Conteh, 2013; Courchene, 1995; Kernaghan, 2009; Stoney and Graham, 2009). Meanwhile, recent patterns of policy development indicate that the influence of provincial governments is once again on the rise (Simmons and Graefe, 2013), as initiatives in primary resource extraction, transportation, and technological and knowledge-based sectors are demonstrative of provincial leadership in many high profile and emergent policy areas (Howse and Chandler, 1997; Marchildon and McNutt, 2007; Phillips, 2007). This suggests the time is ripe to revisit the empirical and conceptual foundations of the province-building concept.

A re-evaluation of the province-building hypothesis and YFB’s 1984 critique in light of developments both old and new is the aim of this discussion and commentary. Our argument rests on the premise that, while the critique delivered by YFB was in many ways convincing, it was misinformed in important respects and has been proven incorrect in others. Conceptually, the critique can be criticized for focusing on a very narrow definition of province-building and for holding this narrow interpretation to a much greater empirical threshold than appropriate. The discussion also challenges YFB’s conclusions and evidentiary findings in light of changes and developments in intergovernmental relations and the structure of the Canadian political economy since they wrote in the early 1980s.

In what follows, we revisit the conceptual and six-point empirical critique leveled by YFB at the province-building concept. We then resituate the original province-building concept in relation to more recent developments in the theoretical and empirical literature on Canadian government and politics. In doing so, we conclude that the concept of province-building is more relevant and useful than ever.

**A Contested Concept? The faces of province-building, 1966-1984**

Disagreeing with the assessment given by advocates of province-building, Young, Faucher and Blais held that the perspective suffered from several weaknesses. To begin with, YFB argued that
province-building inflates the significance of common efforts to preserve provincial areas of jurisdiction while conflating “defensively expansionist western revenues with Quebec’s peculiar cultural and economic concerns, the Maritimes’ blustering subordination, Newfoundland’s desperate optimism, and Ontario’s fundamentally ambivalent role in the federation.” From an analytical standpoint, YFB contended province-building did not meet the threshold of being theoretically or even conceptually fulsome, but rather constituted “merely a rhetorical device or a loose, albeit congenial, description.” As YFB put it, “for complex concepts to have any validity, the elements which they subsume must be found together... if they are not, using such a concept is like having a category or syndrome called ‘measles’ when sufferers sometimes get red spots and sometimes do not” (Young, Faucher and Blais, 1984: 814).

Evaluating the degree to which YFB’s characterization of province-building captures the reality of its use leading up to their 1984 critique requires revisiting the foundational province-building literature and exploring its evolution. In doing so, we find that many of YFB’s reservations about the province-building perspective stemmed from several undeserved generalizations made by them about this literature. We return to the question of the theoretical and conceptual utility of the perspective after a point-by-point review of the YFB critique.

The Classical Works on Province-Building Post 1966

The modern notion of province-building was articulated by Edwin Black and Alan Cairns in 1966 and reflected the institutionalist leanings of these authors.1 Writing from “the periphery” in British Columbia, they argued “a different perspective on Canadian federalism” was required to counter-weight the then-prevalent centralist and federal-centric reading of Canadian economic and political development in Canadian academe (Black and Cairns, 1966: 29). Crucially, Black and Cairns suggested viewing Canadian political history as an oscillating pendulum that swung between periods of central and
provincial leadership. “Adding these perspectives to the more usual approaches,” they argued, “will provide better explanations of Canadian politics than those to which we have been accustomed,” with province-building being an accompaniment to, rather than a contender to replace, the common centralist image of the evolution of Canadian federalism put forward by scholars such as Dawson (1965) or Mallory (1965).

Writing from Central Canada, Donald Smiley agreed with this view and contended in 1973 that the province-building phenomenon had extensive empirical roots with “relatively unsatisfactory performance of the Canadian economy from the late 1950s onward project[ing] the provinces in widely varying degrees into a more active role in economic management than ever before” (Smiley, 1973: 562). Over a decade later, Chandler and Bakvis (1989: 63) reiterated this view, arguing that “there can be little doubt that after three decades of public sector expansion, the provinces regularly display both a competence and willingness to intervene in economic affairs that has ended the dominance of Ottawa in federal-provincial relations... more important, provincial activity has altered, perhaps irreversibly, the nature of Canadian federalism and is at the root of the modern dilemmas of workability in intergovernmental relations.”

Parallel themes prevalent in Canadian political science at the time, namely work in the political economy tradition, joined in this challenge to the prevailing historical and institutionalist orthodoxy (Albo and Jenson, 1989), eventually coalescing in the articulation of a “province-building framework” that later became the subject of YFB’s critique. Stevenson (1977 and 1979), for example, argued that province-building was distinct from country-building in that the former was attributable to the interests and objectives of provincial elites, encouraged by a mentality of defensive expansionism from political and economic forces both within Canada and without, while the latter was directed primarily toward developing greater internal interdependence, albeit with a distinct Central Canadian flavour. In
somewhat similar fashion, a variant of Canadian political economy emblematic of the work of Larry Pratt and John Richards promoted an image of the provincial state as semi-autonomous to societal pressure. According to this view, government elites at the provincial level were able to recapture monopoly power from key (resource-based) economic actors by gaining their own unique form of economic expertise over the course of repeated complex interactions with business (Pratt, 1977 and 1981; Richards and Pratt, 1979). Chandler and Chandler (1979: 12) noted this was not a recent development, arguing that even in the era of Macdonald’s National Policy, the provinces were “already playing a positive, interventionist role in economic development,” complementing Pratt’s (1977) contention that the underlying logic of Alberta’s industrial strategy under Peter Lougheed closely resembled Ontario’s “manufacturing condition” prevalent at the turn of the century (Armstrong, 1972; Nelles, 1974; Traves, 1979). Stevenson (1977) also argued that conflict developed almost immediately after 1867 between the federal state and the provincially-based mercantile bourgeoisie, first in central Canada and then in the West as those economies developed. Far from arguing that province-building was a phenomenon new even in the sense of being unique to the post-war era, Stevenson (1977: 90) claimed that “conflict between Ottawa and one or more of the provincial states has been an endemic feature of the Canadian political scene... to discuss it in detail would be virtually to write a history of Canadian politics.”

Most legal and constitutional scholars, on the other hand, resisted this interpretation, arguing that it constituted an ill-advised return to past perspectives which promoted parochial local politics and downplayed universal values such as human rights and multiculturalism (Mallory, 1984; Weiler, 1973). Sensitive to such issues, Evenson and Simeon (1978: 173), for example, attributed the rise of both province-building and Quebec nationalism to institutional failure, the result being “the weakening of the
country-building drive on one hand and the strengthening of the province-building and Quebec nation-building drives on the other.”

In some of the better known and most cited essays on the subject, Cairns was prompted by these developments to reiterate his own positive views of the role of the provinces in Canadian federalism, defending and expanding upon the province-building perspective in several forceful articles on the constitution and federalism in the late 1970s. In his well-known “The Judicial Committee and its Critics” (1971) and “Governments and Societies of Canadian Federalism” (1977), Cairns argued critics were misguided in suggesting students of Canadian federalism refrain from searching for answers to questions of governance in the constitution (to focus instead upon the nature of the societal pressures which constitutional arbiters in the Judicial Committee of the Privy Council and, later, the Supreme Court of Canada faced). In these works, Cairns again brought to the fore the structural and institutional determinants of the autonomy of provincial states — this time in their relation to both the federal government and Canadian civil society — and stressed the impact this institutional structure, and its concomitant elevation of the provinces to co-equal if not superior status vis-à-vis the federal government in key areas of social and economic life, had on trajectories of Canadian social, economic and political development.

It is important to stress that “provincialists” did not see the federal government as powerless to resist provincial ascendency. As Cairns observed, the assertiveness of the provinces, “after a brief transition period, was met by a renewed countervailing assertiveness of the federal role.” This led Cairns to conclude that “the resultant federal system can no longer be captured under yesterday’s labels as either centralized or decentralized... rather it is characterized by strong government at two levels, with the admitted exception of the weaker provincial governments of the Atlantic region” (Cairns, 1979: 181). Focusing on areas of social policy development, Simeon (1986: 450) also argued that “provincial
governments became larger, more confident, [and] more assertive” but qualified this claim lest it be interpreted as involving a zero-sum relationship with the federal authority by adding the caveat that “attenuation is perhaps too strong a term, at least if it is to be interpreted as federal powerlessness.”

Just as important, like Cairns, few if any scholars working in the province-building vein described it as a general pattern that applied equally to all regions or policy areas. Applying a province-building lens to the politics of Manitoba, Chorney and Hansen (1985: 7), for example, viewed province-building to be reflective of regional variations in state capacities, contending the term was “not intended to apply indiscriminately to all provinces… nor was it meant to account for all dimensions of federal-provincial or inter-regional conflict… thus it is a reflection of a real paradox, and not a logical contradiction, to claim that ‘province-building’ is both a useful and, at the same time, a limited tool in exploring the dynamics of current Manitoba politics.” Along these lines, Chandler and Chandler (1979: 292) also noted “whether we compare social and resource development or even the specific policies within either one of these broad fields, we find there has been no single path of policy evolution and no common policy-making process.”

Province-building, therefore, was a subtle construct. It did not argue that governmental dynamics in all areas of social and political life in all regions of the country were identical, nor did it argue that the provinces either inherently or intentionally had emerged as superior to the federal government. Rather, province-building was a general trend or tendency that encompassed significant variation, with the general dynamics of federalism being a pattern in which relative (de)centralization in Canada had come to different regions and different policy sectors in ebbs and flows. In most cases, proponents eschewed notions of the relative optimality of either centralization or decentralization in their assessments of such processes. When they did not, analysts tended to argue that the harmful dynamics of competitive federalism invited or necessitated the introduction of institutional means of reconciliation precisely to
offset the increased capacity of provinces to go it alone (Cairns, 1979; McMillan and Norrie, 1980; Simeon and Conway, 2001; Tupper, 1982).

The Young, Faucher, Blais Critique

In light of the temporally-dynamic and generally uncelebratory tone of much of the province-building literature, it is worthwhile to pause in consideration of the extent to which YFB and advocates of province-building agreed with each other. Though perhaps not always argued clearly or explicitly, neither the majority of province-building theorists nor YFB viewed province-building as being either new or indicative of a zero-sum image of federalism. More importantly, neither viewed the dynamics of Canadian federalism as necessarily adversarial in the face of any increased provincial capacity to act autonomously. However, while both advocates of province-building and YFB resisted the modernity thesis, which envisioned the gradual accumulation of power within the federal government, YFB seriously doubted the ability — or even the desire — on the part of the provinces to single-handedly take the initiative in their social and economic development. It is primarily this disagreement on the role of the federal government within the provinces that differentiated YFB from those sympathetic to province-building.

The principal thrust of YFB’s critique of the province-building framework contained two elements, one conceptual and one empirical, the latter of which was predicated on six specific points of contention. Conceptually, YFB misleadingly argued while formal definitions were “both rare and diverse,” those using the concept agreed on two basic features of province-building: (1) it was considered to be a recent phenomenon and (2) it was understood to be a general process which has occurred in all Canadian provinces (Young, Faucher & Blais, 1984: 785). Empirically, YFB argued:
Logically, ‘province-building’ is a collective term which subsumes a number of empirical generalizations. These are derived inductively: it is perceived, for instance, that provincial administrations have increased in size, and this generalization forms part of the set which constitutes province-building. So one can isolate several propositions which collectively constitute ‘province-building’... First, generalizations often ignore important exceptions. Second, changes in the provinces may not have affected either state operations or the federal system in the way depicted in the province-building image. Third, inadequate account is taken of pre-1960 events: discontinuity is often described where none exists, and recent change is magnified (Young, Faucher & Blais, 1984: 786).

Paradoxically, given their argument that province-building was not something new to Canadian federalism, YFB concluded that what could be defined as province-building activity had, by 1984, largely receded from view. The final feature of their critique was also somewhat misleading in that they argued those who used the concept of province-building were advancing an “anti-federalist” concept insofar as they viewed province-building in either or both an antagonistic and celebratory light (Young, Faucher and Blais, 1984: 818).

With respect to ambiguous reference to the contention that province-building represented a new and “general pattern,” the review of the province-building literature provided in the previous section demonstrates that (1) few analysts espoused the view that province-building was a recent phenomenon, and (2) few held province-building to be a general phenomenon affecting all regions and policy sectors equally or simultaneously. Again, contrary to the picture of the province-building literature depicted by
YFB, most analysts writing about province-building were sensitive to the ebb and flow of provincial power over time, albeit with many arguing that growth of authority at both levels of government had come to a head by the late 1970s —with tensions only exacerbated following the 1976 Quebec provincial election, which brought a secessionist government to power in Canada for the first time in a century, and the 1980 federal election, after which Ottawa sought to reassert its dominance (Cairns, 1979; Tupper, 1986).

Although incorrect, none of these general critiques was central to YFB’s analysis. Rather, upon reviewing Chandler and Chandler’s (1979) *Public Policy and Provincial Politics*, YFB centered their critique on a six-fold empirical test of the claims made by province-building adherents. In particular, they were concerned with three specific claims: (1) that provincial governments had come of age owing to increased responsibilities associated with the welfare state (which resulted in the expansion of provincial bureaucracies), (2) that fiscal capacity had increased as a product of jurisdiction over natural resources, and (3) that a growing sense of public purpose was accompanied in provincial jurisdictions by cabinet orientations toward long-range planning (Chandler & Chandler, 1979: 295).

YFB’s analysis thus took Chandler and Chandler up on their suggestion that greater empirical work was needed to support the image of the provincial state they had outlined. Doing so led YFB to conclude that there was no overarching pattern to either the structure or behaviour of provincial administrations. Consequently, according to YFB, there was little evidentiary basis for province-building as a meaningful theoretical concept. The discussion below revisits YFB’s six point criticisms in light of the empirical story since 1984 and finds little support for their conclusion refuting the validity of the province-building hypothesis.

*Six Specific Criticisms*
The following sub-sections examine the six specific elements or implications of the YFB critique. Each sub-section begins with a statement from YFB of what they alleged to be a central argument made by adherents of province-building. These are followed by an analysis of the evidence they marshalled as well as new evidence which casts doubt on their conclusions and refutations.

(1) “The attitude of the provinces towards the central government has changed: they have come to resist federal incursions more staunchly and have increased their self-serving demands upon Ottawa.”

The extent to which federal incursions were resisted by the provinces, as a rule, relates to the generalizability of the province-building hypothesis discussed in the previous section. YFB argued first that not all federal incursions were resisted and, second, that resistance to federal government intervention was not unprecedented. While the irrelevance of the latter point has already been discussed, regarding the former argument, the prevalence of three instruments in particular was cited by YFB as evidence that the provinces were often quite welcoming towards federal intervention. These were conditional grants, initiatives under the purview of the Department of Regional Economic/Industrial Expansion (DREE/ DRIE) after 1965, and the screening processes conducted by the Foreign Investment Review Agency (FIRA) after 1970.

While this may have been accurate in the pre-1984 period, the subsequent history of these initiatives is quite revealing of the pendular pattern of Canadian federalism put forward by Black and Cairns and others writing from the province-building perspective. With respect to investment screening, for example, after becoming the subject of ample criticism from the provinces, FIRA was dissolved in 1985 and reconstituted as Investment Canada with a considerably relaxed and otherwise reorganized mandate (Smythe, 1996). DRIE was similarly dissolved in 1988 after being reorganized in 1987 into
three regional development agencies that were arguably much less effective than DREE/DRIE, and which were themselves the subject of provincial criticism for this reason (McGee, 1992; Savoie, 1986).³

Beyond this, it is worth asking the extent to which those using the province-building perspective actually argued that all federal “incursions” would necessarily be resisted. A review of the literature points to the contrary. There was an appreciation among many analysts that under the auspices of competitive federalism many provinces lacked the means to effectively compete and were therefore welcoming of federal assistance and even some direction toward this end. Evenson and Simeon (1978: 181) argued, for example, “in the growing province-building drive, the specific elements of the impulse varies substantially across Canada,” acknowledging, in the Atlantic provinces especially, a welcome impetus came from the federal government in the form of transfer payments and DREE grants. Tupper (1982) also spoke to this point, contending that, while the Atlantic provinces in particular had been welcoming of federal assistance, this did not mean that either the initiative for province-building or its underlying rationale had been absent. Arguing the era of modern province-building began with the establishment of Nova Scotia’s Industrial Estates Limited in 1957, Tupper (1982) refuted outright the claim the Atlantic provinces were exempt from the province-building syndrome: “Like their western counterparts… provincial governments in Atlantic Canada have never attributed their economic situation solely to such impersonal forces as markets, the uneven impact of technological changes, and the accidents of history and geography… [r]ather, federal economic policies have long been viewed as indifferent to maritime needs and partially responsible for the secular demise of the Atlantic region” (Tupper 1982: 48). Courchene (1995: 4) also argued “the provinces are beginning to act like traditional economic nation-states and, in fact, are offering differentiated versions of untraded interdependencies, which is consistent with the regional literature… this applies not just to the ‘have’ provinces and Quebec but to ‘have-not’ provinces as well.” Indeed, Mathias (1971) and Careless (1977) had observed much
earlier that the kind of “forced growth” policies which characterized both the operations of DREE and competitive province-building owed their origins not to provincial policies but to federal initiatives beginning in the 1950s.

Speaking to Western resistance to federal incursion, Pratt (1977: 149) wrote “prairie economic alienation is essentially a hinterland quarrel with a market economy, but, probably inevitably, regional protest tends to focus on federal policies that are believed to buttress distortions and on demands for various kinds of remedial state intervention.” It is not therefore clear even in the most province-centric literature that province-building must be accompanied by animosity between levels of government. As Pratt alludes, there is no reason why federal policies would be resisted if they were complementary to established provincial policies and policy priorities. Conteh (2013) confirms this in his analysis of DREE’s successor agencies. According to Conteh, provincial authorities resist federal assistance only if it contradicts their established policy direction, leading to duplication and waste only in these instances.

(2) “The provinces have greatly increased their financial and human resources, both absolutely and relative to the federal government.”

Although the usual debates regarding how to best measure size of government apply to the evaluation of this claim and critique (Christensen and Pallesen, 2008), the extent to which one level of government or the other is predominant in terms of financial and human resources is a question that can be affirmed or refuted with relative ease. If municipal governments are included in provincial government totals, then the above hypothesis above is sustained. YFB conceded this, but stated that not all provinces have had such good fortune, arguing in the case of the poorer provinces that a high proportion of development financing in the form of conditional transfers meant federal discretion over provincial spending. As discussed in the previous section, the latter argument is no longer applicable as
most federal funds since 1990 have been block-funded — that is, transferred without or with only rudimentary strings attached (Courchene, 1995).

Table 1 below provides data on the situation with municipal governments excluded.

Table 1: Size of Government in Canada, Federal and Provincial (2012 data)

<table>
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<th>Federal</th>
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<th>Provincial</th>
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<tbody>
<tr>
<td></td>
<td>Personnel</td>
<td>Revenue less transfers (in millions)</td>
<td>Personnel</td>
<td>Revenue (in millions)</td>
</tr>
<tr>
<td>AB</td>
<td>29,057</td>
<td>29,356</td>
<td>$42,386</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>41,609</td>
<td>-</td>
<td>$33,363</td>
<td></td>
</tr>
<tr>
<td>MB</td>
<td>17,335</td>
<td>-</td>
<td>$13,851</td>
<td></td>
</tr>
<tr>
<td>NB</td>
<td>16,127</td>
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<td>$7,805</td>
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<td>NF</td>
<td>7,489</td>
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<td>$8,664</td>
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<td>24,304</td>
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<td>NT</td>
<td>1,241</td>
<td>-</td>
<td>$1,536</td>
<td></td>
</tr>
<tr>
<td>ON</td>
<td>179,873</td>
<td>-</td>
<td>$109,800</td>
<td></td>
</tr>
<tr>
<td>PE</td>
<td>3,767</td>
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<tr>
<td>QC</td>
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<td>-</td>
<td>$81,690</td>
<td></td>
</tr>
<tr>
<td>SK</td>
<td>9,719</td>
<td>-</td>
<td>$11,424</td>
<td></td>
</tr>
<tr>
<td>YT</td>
<td>601</td>
<td>-</td>
<td>$1032</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>416,224</td>
<td>$706,452</td>
<td>350,313</td>
<td>$323,779</td>
</tr>
</tbody>
</table>

Source: Public Accounts; Statistics Canada CANSIM table 183-0002 Public sector employment, wages and salaries, based on the month of March. Federal government data includes military personnel (including reservists). Canada Post employees are excluded. Colleges, vocational and trade institutions and local school boards are embedded in provincial and territorial totals in New Brunswick, Yukon, Northwest Territories and Nunavut. Health and social services
The data reveals there is indeed regional variation in the size of Canadian governments. For reasons that will be detailed later on, this is not to suggest that municipalities have become creatures of their own, as YFB hinted might have been becoming the case in the mid-1980s. While the federal government continues to be larger in terms of both financial and human resources, the data indicates that the federal presence is not uniform across Canada and, contrary to a recurring argument in YFB’s critique, tends to be less, not more, pronounced in the “have not” provinces.

With respect to the quality of the public service, the proportion of graduate degree holders in the federal and provincial bureaucracies was more or less equal throughout the 1990s but diverged around 2007, after which professionalism in the federal bureaucracy increased by 5% to reach 18.47% in 2013, while provincial levels grew only 1.6% to reach 15% in 2013. However, assuming a concentration of federal professionals in Ottawa, it is arguable that provincial governments retain a higher degree of professionalism in their respective jurisdictions. Even if we err on the side of caution, the data suggests that in every province except Ontario, provincial bureaucracies have tended toward a higher concentration of professionals than does the federal bureaucracy (see Table 2).

### Table 2: Geographic Dispersion of Graduate Degree Holders, Federal and Provincial (Averages 1990-2013)

<table>
<thead>
<tr>
<th></th>
<th>FEDERAL</th>
<th>PROVINCIAL</th>
</tr>
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<tbody>
<tr>
<td>AB</td>
<td>7.59%</td>
<td>11.86%</td>
</tr>
<tr>
<td>BC</td>
<td>8.33%</td>
<td>12.74%</td>
</tr>
<tr>
<td>MB</td>
<td>9.68%</td>
<td>10.54%</td>
</tr>
<tr>
<td>NB</td>
<td>6.42%</td>
<td>10.14%</td>
</tr>
<tr>
<td>NF</td>
<td>4.76%</td>
<td>8.08%</td>
</tr>
<tr>
<td>NS</td>
<td>9.59%</td>
<td>13.39%</td>
</tr>
<tr>
<td>ON</td>
<td>17.65%</td>
<td>14.04%</td>
</tr>
<tr>
<td>PE</td>
<td>7.85%</td>
<td>9.71%</td>
</tr>
<tr>
<td>QC</td>
<td>10.45%</td>
<td>11.73%</td>
</tr>
<tr>
<td>SK</td>
<td>8.50%</td>
<td>9.46%</td>
</tr>
</tbody>
</table>
While this is not to say that individual provinces have greater capacity for policy-making than the federal government (Howlett & Wellstead, 2012), it does suggest that federal policy-making capacity is concentrated in the national capital, not distributed geographically across the provinces and territories. Young, Faucher and Blais (1984: 794), however, speculated the most highly qualified provincial civil servants were concentrated in areas of mandatory as opposed to discretionary spending, such as health and education. Yet, with these areas excluded, the relative balance of professionals in both levels of government is essentially unchanged; graduate degree holders as a percentage of the federal bureaucracy average 5.52% between 1990 and 2013, while graduate degree holders as a percentage of provincial bureaucracies average 5.85%.

(3) “The scope of provincial public policy has widened enormously, and that intervention, especially in the economic realm, has become deep and pervasive.”

In the area of economic intervention, YFB made five observations. The first was that provincial growth in industrial spending in the 1960s and 1970s had not been impressive relative to previous eras. Second, industrial spending on the part of the provinces was in any case “dwarfed by federal efforts.” Third and relatedly, DREE and DRIE, administered at the federal level and employed in areas of provincial jurisdiction, were major agents of regional development that could not be ignored. Fourth, while the provinces had been innovative with respect to the rapid establishment of crown corporations in the 1970s, commitment to industrial policy in the form of sectoral targeting and assistance to industry
had not been impressive and was by no means the exclusive domain of provincial governments. Fifth, the perception of provincial intervention in the economy in the 1970s was by and large a product of Alberta’s unique position, given its oil wealth, to engage in large-scale industrial development.

Due to retrenchment of both levels of government in many of these policy areas in the 1990s, in testing the merits of this criticism, it is not terribly useful to measure growth over time, as YFB and others did. What is interesting about the pattern of government retrenchment is rather the unevenness between the levels of government. Intervention in the economy has taken on a decidedly provincial flavour since 1996. While federal subsidies decreased by 29 per cent from 1981 to 2012 to reach $5.3 billion in 2012, provincial subsidies have increased 105 per cent over the same period to reach $15.6 billion in 2012. While YFB caution with reference to Alberta that such figures can conceal large interprovincial differences, there appears to be little in the way of structural explanation for variation by province, with Quebec leading in subsidies/GDP followed closely by Prince Edward Island. As Table 3 demonstrates, in 2009 (the most recent year for which data is available) only in Newfoundland, Nova Scotia and the Yukon did federal transfers to business exceed provincial transfers.

Table 3: Government Transfers to Business, Federal and Provincial (2009 data)

<table>
<thead>
<tr>
<th>Province</th>
<th>Federal (2013 CAD, in Millions)</th>
<th>Provincial (2013 CAD, in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>370.2</td>
<td>869.1</td>
</tr>
<tr>
<td>BC</td>
<td>491.5</td>
<td>1,153.2</td>
</tr>
<tr>
<td>MB</td>
<td>309.6</td>
<td>310.6</td>
</tr>
<tr>
<td>NB</td>
<td>102.1</td>
<td>185.1</td>
</tr>
<tr>
<td>NF</td>
<td>144.7</td>
<td>51.1</td>
</tr>
<tr>
<td>NS</td>
<td>197.9</td>
<td>97.9</td>
</tr>
<tr>
<td>NT</td>
<td>3.2</td>
<td>6.4</td>
</tr>
<tr>
<td>NU</td>
<td>3.2</td>
<td>8.5</td>
</tr>
<tr>
<td>ON</td>
<td>1,751.0</td>
<td>2,357.4</td>
</tr>
<tr>
<td>PE</td>
<td>54.3</td>
<td>73.4</td>
</tr>
<tr>
<td>QC</td>
<td>1,030.8</td>
<td>6,521.2</td>
</tr>
<tr>
<td>SK</td>
<td>305.3</td>
<td>408.5</td>
</tr>
</tbody>
</table>
In the realm of state-owned enterprises, employment in crown corporations at both levels of government has declined since the early 1980s, subsequently increasing, albeit modestly, from 1996 onward. However, whereas federal crown corporations were traditionally larger, provincial crowns experienced less decline throughout the 1980s and have grown more expeditiously since the mid-1990s. Provincial crown enterprises now employ 141,544 individuals nation-wide whereas federal crowns employ only 100,606. Salaries in provincial enterprises, which include large energy companies, healthcare and educational delivery services, are also considerably higher than those paid out to federal employees and have grown at a much faster rate, reaching over $10 billion in 2012, as opposed to $5.4 billion for federal employees. Only Alberta has experienced a drastic decline in crown enterprise employment since the early 1980s with only a modest rebound over the past fifteen years.6

(4) “Provincial policy-making has changed profoundly, to become centralized, planned, and coherent.”

As was the case in previous sections, the extent to which the above hypothesis was advanced by those using the province-building concept is debatable. Writing five years after YFB, Chandler and Bakvis (1989: 64) argued, for example, that in some contexts the pursuit of policy goals may best be achieved through competition between governmental units, while in others it may be accomplished through coordination, “nevertheless, the dispersion of power in federal systems and the necessity of seeking consensual solutions among a large number of policy actors combine to inhibit the prospects for effective planning of long-term economic strategies… in Canada, this implies that industrial policy is

<table>
<thead>
<tr>
<th>YT</th>
<th>6.4</th>
<th>5.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVERAGE</td>
<td>366.9</td>
<td>1,707.2</td>
</tr>
</tbody>
</table>

Source: Calculated based on Statistics Canada CANSIM Table 384-0004 Government sector revenue and expenditure, provincial economic accounts, annual.
more likely to be composed of a series of ad hoc actions and uncoordinated initiatives by both the federal and provincial governments, all of which result in policies that lack coherence and comprehensiveness.”

A central dimension to this aspect of YFB’s argument was that growth in size and complexity of governments did not necessarily translate into increased capacity to engage in planning. Why this argument might only apply at the provincial level is not clear. Courchene (1995: 38) did speak to this tendency at the federal level, however: “By the early 1990s, the federal government had so overextended itself financially that it had little recourse but to downsize and, in the process, to devolve and decentralize its power and influence… by devolution, I mean the shift toward embracing markets —deregulation, contracting out, privatization, and the like, as reflected in the 1995 budget.” Courchene argued that the biggest change yielding decentralization was the shift from Canada Assistance Plan (CAP) to the Canada Health and Social Transfer (CHST) in 1996. In this regard, it is arguable that the provinces have since absorbed some of the policy slack resulting from such changes, while not “devolving” to the extent that the federal government has.

(5) “Provinces are most closely linked with the resource sectors, and so is province-building.”

YFB’s contention with respect to resource policy appears to have been that provincialists, seeing province-building as derivative of the constitutional division of powers, were most likely to focus upon resource policy in areas such as forestry, mining, and oil and gas which fall largely under provincial jurisdiction, or agriculture which is a concurrent federal-provincial power. While rents extracted by provincial governments skyrocketed in the 1970s, YFB claimed that many analysts failed to appreciate the role played by the federal government in resource policy. Citing the National Energy Program, Department of Finance and DREE investment in exploration and extraction, and the crucial role of the federal government in trade and transportation, not to mention offshore fisheries and oil and gas (areas of
federal jurisdiction), YFB argued that “the simple assumption that jurisdiction over resources makes provincial states the principal focus of primary industries, and that these sectors must have a privileged spot in provincial plans, is insupportable on the evidence provided to date” (Young, Faucher & Blais, 1984: 808).

Although correct that the federal government had, and continues to have, a large role in primary sector expansion, the claim that province-building was most closely connected to resource industries is contentious. A significant amount of the literature on province-building was rather on the topic of breaking free from comparative advantage by way of competitive “forced growth” policies targeting non-staples resource industries, from automobile to shoe manufacturing and the provision of a wide range of financial and other services (Tupper, 1982 and 1986). Speaking to what may have been new about modern province-building (though “resurgent” is probably a better word), Maxwell and Pestieau (1980) argued that the character of province-building changed in the 1960s and 1970s to first focus upon processed staples (the manufacturing condition) before shifting toward “post-staples” industries (tire plants, factories, high-technology etc).7

Given developments since, it would seem that the federal government now possesses fewer means of industrial intervention. In the realm of fiscal policy, the successor agencies to DREE/DRIE have not been major players in infrastructural programs, even where there has been a pronounced federal role (Conteh, 2013), while the provinces have increased their discretionary capacities in areas of federal and concurrent jurisdiction, namely transportation and foreign trade policy (Kukucha, 2008). Finally, speaking to options for industrial policy in the free-trade era, Howse and Chandler (1997: 259) found, while support at the federal level for the creation of regional partnerships had been uncertain, particularly in light of the 1995 federal budget disparaging direct assistance to businesses, “the provinces, particularly Ontario, have been much more active.”
(6) “Province-building conflicts with nation-building: in particular, provincial economic interventions fragment the common market and cause significant welfare losses.”

While it is certainly the case that many of those writing in the 1970s were justifiably preoccupied with the conflictual dynamics of intergovernmental relations in Canada (given the many ongoing constitutional referenda, patriation and amendment processes underway at the time), this is not to say that this dimension of province-building went unqualified by its proponents (Cairns, 1979). For example, although Chandler and Chandler (1979: 295) held that “these tendencies have been exacerbated because the federal government has neither effectively accommodated regional interests, nor provided consistent representation of non-territorially based interests,” they did not argue that province-building was characterized by a preference on the part of the provinces to go-it-alone or advance ultimatums; rather “the result has been that conflict resolution and many significant policy decisions take place in the federal-provincial arena.”

With this in mind, the three central ideas critiqued by YFB surrounding the extent to which province-building conflicts with country-building were: (1) province-building had resulted in endemic conflict between the central government and the provinces; (2) there was an assumption federalism had become a zero-sum game, in which goals achieved by one side represented losses for the other; and (3) destructive conflict surfaced for the most part in the economic realm, as provincial efforts to build diversified economies served to impair the realization of overall common interests (Young, Faucher & Blais, 1984: 808).

We have already established that the literature at which the YFB critique was aimed was generally sensitive to the persistence of province-building over the course of Canadian history, which demands recognition that conflict was not perceived as “endemic” to intergovernmental relations in Canada but rather viewed as one possible dynamic on a continuum spanning from cooperation to
conflict. Thus, province-building and country-building need only be characterized as zero-sum in instances where federal and provincial goals are framed as such, which is something of which YFB, citing Urquhart, were cognizant.

Speaking to the political economy dimension, the thesis presented in item six was most strongly articulated by Maxwell and Pestieau (1980), who argued precisely that true country-building necessarily embodied centralizing elements, while province-building involved a deliberate attempt to outwit comparative advantage. In this sense, initiatives like DREE, in as much as they accommodated provincial economic interests over national ones, were viewed as instruments of province-building rather than instruments of country-building. It was this understanding of state goals that led Maxwell and Pestieau, like YFB, to conclude that province-building and country-building were incompatible in the form each took in the late 1970s. However, this view was refuted by Tupper by (1982) in his discussion of pervasive intergovernmental cooperation among all levels of government beginning in earnest with the 1973 Western Opportunities Conference. Similarly, Savoie (1986) denied the incompatibility of province-building and country-building in his discussion of the establishment of the DREE-based General Development Agreement (GDA) process.

While it would be a mistake to view province-building and country-building as necessarily exclusive phenomena, these discussions do speak to the difficulties of coordinating policy goals among the two levels of government. The suggestion to be gleaned here is that building at one level of government goes on somewhat independently of the other level, as per the constitutional division of powers. Thus, while province-building may describe the instances in which the provinces compete with Ottawa or are otherwise less willing to make compromises that Ottawa asks of them, it does not describe only these instances. Where province-building and country-building align, both may occur simultaneously.
Insofar as the provincialists could be characterized as anti-federalist, it is worth mentioning that very few if any of those using the concept were celebratory of province-building. This is nowhere more evident than in the work of Alan Cairns, who was deeply troubled by ineffectiveness, duplication, and waste, before becoming cynical about the inability of the “embedded state” to forge coherent policy programmes (Cairns, 1986). On the political economy side, there was also cause for skepticism. Tupper (1982), for example, argued “self-defeating” interprovincial rivalries to secure what was assumed to be scarce capital placed significant strains on poorer provinces, strengthening the position of corporations while substantially increasing the cost paid by society for investment. McMillan and Norrie (1980) were similarly disparaging of the dynamics of competitive federalism, arguing against a particular and hyperactive approach to economic governance that had become increasingly viable as a result of the 1970s resource boom.

Much more could be said on the notion that the competitive dynamics of province-building had for the most part passed by 1984, though limitations of space preclude an exhaustive discussion. By the mid-1990s, it was clear that competitive protectionism between the provinces had long outlasted protectionism and competitive behavior on the part of the federal state. On this point, Doern and Tomlin (1996: 176) noted that “while federal policies are certainly part of the problem, the emphasis in recent years has been on barriers erected by provincial governments… established by various governments in the name of provincial industrial policy, or simply as an element of 'province building'.” To this end, while the decidedly modest Agreement on Internal Trade (AIT) was implemented in 1995, efforts to remove interprovincial barriers to trade have been ongoing to the present.

To a large extent the concept of “collaborative federalism” replaced that of province-building after 1984. Although this perspective, too, is vulnerable to critique for being vague (Cameron and Simeon, 2002), notions of reciprocal federalism, in which provincial and national goals are achieved
through compromise and reciprocation (Zucker, 1995); open federalism, in which the federal
government consciously withdraws from country-building (Harmes, 2007); and province-to-province (P-
T-P) collaboration, which envisages collaboration amongst the provinces to the active exclusion of the
federal government (Lazar, 2008) all reinforce the important provincial role in national development.

Some activities of the federal government also reinforced this trend. Institutionally, Courchene
(1995) has pointed out that the shift from the CAP to the Canada CHST in 1996 has been instrumental in
reinvigorating province-building. Quebec’s comprehensive childcare program is an illustrative case in
this regard, in the sense that the province could not have built upon its social welfare model by
introducing this program under the old CAP system. Thus, the introduction of the CHST, along with the
1995 federal budget generally, marked to a large degree the retreat of the federal government from any
latent tendencies toward country-building, at least of the sort that is at odds with provincial designs.9

**Province-Building Re-situated**

To exploit YFB’s analogy quoted earlier in this article, just as it is possible to have a case of the
measles and not display the gamut of possible symptoms, province-building and country-building may
come in several observable varieties or, as the pendulum swings, may show signs of remission.
Determining what these varieties are has been a task taken up by those interested in the historical
dynamics of Canadian federalism. Along these lines, Simeon and Robinson (2004) have argued that
intergovernmental relations in Canada have progressed through a classical phase of “water-tight”
jurisdictions, a cooperative phase of overlapping jurisdictions characterized by federal dominance, a
competitive phase whereby overlapping jurisdictions created tension between the levels of government,
and a collaborative phase of negotiated federalism. Determining why intergovernmental relations have
taken on these tones in different periods is less clear, but can be informed by constructing a country-
building/province-building typology.
Figure 1 provides such a means for understanding intergovernmental relations in Canada based on relative “strength” of state-building in terms of the capacity of each level of government and its desire to realize that potential.

**Figure 1: Centralist and Decentralist Dynamics of Canadian Federalism**

Since exercising state-building suggests incursion into the other level of government’s constitutional jurisdiction, the realm of *classical federalism* is limited to the centre axis and lower right quadrant, where both levels of government are considered “weak” insofar as they respect the constitutional division of powers. Conversely, *collaborative* and *reciprocal federalism* is based on a balanced relationship between provincial and federal strength, increasing or decreasing in a one-to-one ratio in the upper left quadrant. *Competitive federalism* results from imbalance, either extant or sought, between the actors in the upper left quadrant. The upper right quadrant captures what is essentially state-building based on national directive, such as the period of “initiative and response” described by Careless.
(1977), while the lower left quadrant captures non-competitive province-building and other contexts of open federalism.

As the previous discussion has illustrated, a given level of government may be strong in terms of capacity but lack the motivation to engage in state-building. The output measurements discussed for the period from 1980 onward suggest that this scenario has tended to predominate in Canada, especially as far as the federal government is concerned. Since the mid-1990s, while the federal government has demonstrated a preference for informational tools over more direct intervention, the data indicates this has not always been the case for many provincial governments (Doern & Tomlin, 1996; Howse & Chandler, 1997).

The research question for those interested in this subject concerns whether the provinces are the primary actors in a given policy field and whether this jurisdictional oversight produces outcomes different from those expected in a situation in which the federal government is dominant. This model is useful for sorting through this complexity — which YFB argued province-building had glossed over — with many of the possible permutations allowing for various levels of collaboration, cooperation and reciprocity.

**Conclusion**

The aim of this discussion has been two-fold. First, we have resituated the idea of province-building conceptually within studies of federalism as a framework for understanding relational patterns of development as they involve the two orders of Canadian government. Second, we have demonstrated that the YFB critique of province-building was both initially misplaced and superseded by subsequent events. Given that YFB viewed province-building in the most rigid of terms and subjected its underlying
hypotheses to a particularly difficult empirical test, we argue that YFB in some sense caricaturized the original project. According to the original province-building conception put forward by such authors as Black and Cairns, longitudinal analysis is expected to uncover alternating patterns of cooperation, competition, inactivity and mutual isolation. We have argued that this has indeed been the case.

“Province-building” is primarily an attitude and secondarily a programme pursued on the part of provincial governments to fulfill provincial goals within established constitutional limits, but limits that may nevertheless be pushed. Critical to the concept is the notion that governments truly engaged in province-building will, if necessary and if resources permit, pursue provincial goals regardless of the frictions that may be produced between levels of government. In this sense, province-building is simply the provincial analog to country-building undertaken in many non-federal jurisdictions by way of central government action.

Although it is also possible to talk of city-building, region-building, and continent-building, given the institutional characteristics of Canadian federalism, province-building is the most likely configuration that multi-level governance will take on in Canada. Particularly in light of the fact that the federal government has largely retreated over the past two decades from country-building, both in terms of political effort and institutional capacity, Canada is remains distinct among federal nations with respect to the primacy of its provinces (Clarkson, 2001). If for no other reason than to explore and understand the consequences of this characteristic of Canadian federalism on policy-making past, present and future, the discipline needs, and should make use of, a concept like province-building.

Endnotes

1 For pre-WWII accounts of province-building, see Armstrong (1972) and Nelles (1974).
Young, Faucher and Blais (1984: 818), for instance, conclude their analysis with the following: “perhaps analyzing the concept of province-building is now a sadly outdated enterprise, though useful for revealing problems neglected by easy acceptance of the concept. Canada has a new constitutional framework, new leaders have emerged, and new problems are imminent, to be managed by the state or not. If the concept has served some historical purpose, this has probably now run its course and the use of province-building will decline. We think it should.”

On this point, Atkinson (1984: 460) argued that “the provinces have been relatively restrained in the use of instruments that establish barriers to trade. Competition for capital occurs, but it too is not excessive partly because of the highly specialized, export-oriented nature of the provincial economies. The most vexing problem arises when the initiatives of one government, particularly the federal government, create, or are perceived to create, outcomes that favour some provinces at the expense of others.” Thus, the provinces that are favoured will presumably not resist incursions, but the unevenness of federal support was what likely yielded the uneven pattern of conflict across the country. In the sense that Atkinson describes, we will not necessarily see conflict with the federal government in the West if we do not see collaboration with the federal government in the East.

Based on estimates from the Statistics Canada Labour Force Survey. Data is not available for the territorial governments.

Figures are calculated based on Statistics Canada CANSIM tables 183-0004 and 385-0032. Two other areas of industrial assistance that warrant some mention are research and development and loans to business. Regarding R&D, the figures may however be misleading, given much greater reliance in the contemporary period on non-governmental research and development. Whereas federal investment in R&D dipped from $4.4 billion in 1994 to $3.8 billion for the years 1997 and 1998, private investment in R&D climbed rapidly during this period to reach a peak of $16.5 billion in 2006. Provincial government
investment in R&D has always been overshadowed by investment at the federal level but has nevertheless climbed steadily since 1981 to reach $1.8 billion in 2013. Federal loans to businesses increased dramatically in the 1980s to reach a peak commitment of $28.9 billion in 1985. Since subsequently falling to a low of $1.6 billion in 1997, federal loans to businesses have averaged $7.1 billion per year from 1999 to 2011. Having increased only modestly in the 1980s to reach $7.8 billion in 1986, provincial loans to businesses surpassed federal levels only briefly in 1997 to peak at a little over $7.8 billion from 1999-2000 and average approximately $4.4 billion per year from 1999-2011.

6 See Statistics Canada CANSIM table 183-0002 Public sector employment, wages and salaries. Based on the month of March.

7 Interestingly, the post-staples variant of province-building, while certainly under way at the time of YFB’s writing, only accelerated over the course of the 1980s. Alberta’s 1983 white paper on high-technology development is perhaps the clearest example of the shift from secondary processing to strategies of post-staples diversification, which have been persisted in fits and starts to the present (Le Roy and Dufour, 1983). That said, it is worth repeating that it would be erroneous to assume that efforts to diversify beyond staples were unique to the post-1980s era, as Stevenson (1979), Nelles (1974) and others were well aware.

8 While sensitive to the fact that province-building has been with us since before confederation, Cairns argued in 1979 that the crisis of intergovernmental relations in Canada was “of rather recent vintage.” The situation by the late 1970s was thus not province-building under the guise of flexible federalism as described by Black and Cairns in (1966), but rather a situation in which “the federal-provincial game” had “gotten out of hand” (Cairns 1979: 186-187).
Granted, while the Martin government later took up a position on ‘social economy,’ the crucial point to be made here is that relative centralization and decentralization is fluid, and the empirical case has turned out to have produced greater decentralization than centralization.

References


