

Introduction

Understanding Canada: comparative political economy perspectives

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The study of Canadian society has always been comparative. During the formative postwar years, Anglo-Canadian sociologists (Clark, Porter) and non-Canadians who studied Canada (Alford, Lipset) took as their points of contrast Britain, the United States and sometimes Australia (Brym with Fox, 1989). Canada was understood as a unique mixture of the 'old' and the 'new', at once British and American, with a distinct, mid-Atlantic, quality. The contrast with Britain and the United States provided both an analytical starting point for understanding Canada and a point of departure for criticizing Canadian social institutions. For Porter, Canada would have been well served by abandoning the class-ridden, elitist social traditions of the British and emulating the more open, meritocratic and dynamic political and social models that had emerged from the American experiment.

The late sixties changed all this. Vietnam, urban poverty, and race riots in the United States along with the discovery of the American empire in Canada undermined the progressive imagery associated with the American model and turned it upside down. In the seventies, the United States became the 'evil empire'. The analytical shift was equally important and gave birth to one of the more productive and exciting periods in Canadian social science scholarship in this century. The Canadian experience was no longer to be simply understood as an innocent or accidental mixture of two historical traditions. Instead, by drawing on Marx, Innis and Frank, the new political economy of the seventies adopted a much more relational view: During the twentieth century, Canada had moved from dependency on Britain to dependency on the United States. 'In the last instance,' Canada was to be understood as an 'effect' of these ongoing and changing relationships with the two great imperial powers of modern capitalism.

This point of departure at once opened and truncated the comparative framework within which Canada could be examined. It opened comparisons (often implausible) with the historical experience of the Third World and especially Latin America. But as in the traditional approach, Canada was clearly located within the vortex of the Anglo-American triangle and rarely, if ever, were detailed and rigorous comparisons made with other

developed capitalist democracies. In the same way, the new political economy both opened and truncated the range of analytical and critical questions it could subsume. Analytically, 'Canada' was reduced to an effect of its position within the international system. As a framework for critique, the new political economy tended to externalize the source of Canadian problems in what Laxer (1985: 314) has called the 'Canada as victim' perspective.

Laxer's (1985) challenge to Canadian political economists to extend their horizons to a wider range of historical and contemporary contrasts is premised on the simple but devastating observation that theoretically relevant comparisons have not been made. The choice of contrasts is never theoretically innocent and theoretical argument without appropriate contrasts is empirically unconvincing. For example, to understand Canada's history of dependent industrialization, Laxer argues, it is necessary to compare Canada with otherwise similar countries that did not follow this path. The logic of the Naylor-Clement thesis, he suggests, requires comparisons with countries such as Germany, Sweden or Japan.

Laxer's essay in this volume continues these themes. It is best read as an editorial on the current state of political economy in Canada. It is provocative and is intended as such. Canadian political economy, Laxer argues, is still trapped in the analytical dilemma of choosing between nomothetic 'internationalist' Marxism, on the one hand, and the idiographic studies of the 'new political economists' on the other. His way out of the dilemma is the comparative historical method, the strategy which, in several variants, characterizes the other studies included here.

Laxer's critique of Canadian political economy comes from within the left nationalist problematic. His essay provides a bridge to the now traditional concerns of this perspective. When we step outside that problematic, however, the truncated range of questions that can be answered without a much broader range of national political economies as comparisons becomes even more serious. Among the rich capitalist democracies, the Anglo-American countries form a distinctive block, more similar than different from one another with respect to major patterns of macroeconomic policy and social organization. As a result, analyses embedded within the Atlantic triangle – or even the 'white dominions' – tend to conceal more than they reveal about the distinctiveness of the Canadian political economy and, hence, about what needs to be explained.

Fortunately, many of the building blocks for a broader historical and comparative understanding of Canadian society are already in place. During the past decade and a half, comparative studies of the 18 or so rich capitalist democracies have become a major growth industry. The reasons for this related to the end of postwar expansion in the early '70s and recognition that the convergence that Marxists had expected to see in capitalist economies and non-Marxists had anticipated in industrial economies was not about to be realized. As a result, attention shifted from similarities (all capitalist and/or industrial societies are essentially the same or becoming so) to differences (the variants among industrial/capitalist economies are important

and require explanation).¹

Among other things, these comparative studies examined national differences in inequality, unemployment, social spending, taxation, labor militancy, political organization, economic growth and the relationship among them. From these studies a rather clear and consistent picture of Canada as a country characterized by historically high unemployment rates, low taxation, low social spending, and high inequality has emerged (Banting, 1986; 1987). Among types of welfare state 'regimes,' to use Esping-Andersen's term (this volume), Canada stands clearly entrenched within the liberal, residualist model of the Anglo-American democracies (Kahn and Kamerman, 1983-84; Myles, 1988).

This same literature offers an account of this international pattern and Canada's position within it. Though the accounts differ in detail and emphasis, the story could run something like this. Postwar 'welfare states' (a term that refers not just to social spending but the entire configuration of employment, fiscal and social policies) were the product of a new consensus or accord over the rules by which the capitalist game would be played. Nevertheless, the terms of this new 'social contract' differed significantly across countries. Labor was simply in a better bargaining position in some places than in others and, hence, more able to extract concessions in the form of the whole range of macroeconomic state outputs described above. Labor was most successful where it was able to inscribe its power inside the state, preferably in the form of direct control of government by labor parties. This, in turn, required a large and cohesive (i.e. centralized) labor movement capable of providing resources and able to serve as a continuous basis of political mobilization. A powerful and cohesive labor movement is also necessary to ensure that, once elected, party officials carry out their mandate: if organized labor is unable to ensure continued success at the polls, the party will, of necessity, turn elsewhere for support. The main messages of the comparative political economy literature have been that 'politics matters' and 'class politics matter the most'.

It is not difficult to locate and to understand Canada within this framework. A small and fractious labor movement, a working class often hostile to organized labor, and a moderate social democratic party with tenuous links to the labor movement is not a formula for producing an advanced version of the full employment, social citizenship welfare state of the Scandinavian variety, for example. But is this sort of explanation and the understanding it offers enough?

Starting from Panitch's (1981) observation that this genre of theorizing 'overpoliticizes' the state in capitalist society, Larry Griffin, Philip O'Connell and Holly McCammon argue, in effect, that it is necessary to bring capitalism 'back in'.² This means much more than merely taking account of national or conjunctural differences in economic organization or the material base of different societies (e.g. resource dependency in Canada). Instead, it means taking account of capitalism, as Marx argued, as a set of more *general* systemic processes and dynamics. But the dilemma of choosing between the general and the particular, the nomothetic and the

idiographic is a false one. In what is the most Marxisant paper in this collection, Griffin, O'Connell and McCammon argue that it is necessary and, more importantly, show us how to transcend this methodological conundrum.

Readers familiar with the general linear model and its application will also recognize the important technical advance made by Griffin and his colleagues. The general linear model has provided the methodological framework for many of the most important advances in comparative political economy over the past decade. In their recent overview of this literature, however, Skocpol and Amenta (1986) conclude that efforts to construct quantitative models of systemic processes have probably reached a point of diminishing returns. Instead, they argue, we are likely to learn most in future from deep comparative-historical studies of a few well-chosen cases (see Myles, 1984 for a similar conclusion). Griffin, O'Connell and McCammon show convincingly not only that this judgment is premature but also that it represents a trade-off we cannot afford to make.³

The results presented by Griffin et al. highlight a second shortcoming of the comparative political economy tradition, a shortcoming pursued systematically in subsequent papers. An account that identifies the specificity of the Canadian political economy only in terms of those things that did not happen is incomplete. The failure of Canadian workers to organize and seize control of the state through parliamentary or other means is an important but nonetheless limited problematic. It defines things negatively and begs the question of what workers and other classes were doing over this period and with what consequence. As Griffin, O'Connell and McCammon demonstrate, workers in the liberal democratic countries such as Canada have not won power inside the state but neither have they been 'tamed in the market' to the same degree as workers under social democratic regimes.

Gosta Esping-Andersen and Jane Jenson in separate articles tackle the same problem in a different way. Esping-Andersen has been a major contributor to the development of comparative welfare state studies and his paper here is simultaneously an autocritique and an exercise in empirical and theoretical reconstruction. He argues that the first generation of comparative studies conceptualized the problem of the welfare state in terms of more or less spending or more or less services which, in turn, were to be explained by more or less economic development or more or less working class mobilization. This sort of linear formulation of the problem – distinguishing countries simply in terms of whether they are high or low on some dimension such as social spending – tells us nothing about the *kinds* of welfare states that have developed or how they are changing. To develop this sort of knowledge, he argues, it is necessary for us to think sociologically again. This means thinking about types of welfare state regimes as distinct forms of social organization or systems of stratification, forms that define a model for both social participation and distribution. He identifies three such regime types: the social democratic as developed in Scandinavia; the corporatist (or status-based) regime characteristic of continental Europe; and the liberal regime of the Anglo-American democracies including Canada. To

explain the emergence of these regime-types, he advocates and applies the class coalitional perspective of Barrington Moore, a perspective in which social relations, not just social categories, bear the explanatory burden.

Jane Jenson addresses one of most vexing problems for anyone attempting to locate the postwar Canadian political economy within a comparative framework, that of 'translating' many of the key concepts and categories of comparative state theory into the Canadian context. Only with difficulty, she argues, can Canada's postwar political institutions be understood as representing a 'new social contract' or 'compromise' between capital and labor. Unlike many European countries and even the United States, the Canadian experience provides a nebulous base on which to build such metaphors. As Jenson points out, the Canadian working class has never occupied a privileged position in the policy bodies of the state nor achieved the popular status of 'social partner', even briefly. Consequently, neo-conservatism in Canada has not developed in the forms associated with Thatcherism and Reaganism, i.e. as an ideological attack on the 'social contract' and its institutions: in Canada, there has been no social contract to attack. To locate Canada, Jenson begins from (but goes well beyond) the work of the French regulation theorists. They emphasize less the specific political arrangements of the postwar years and more the particular regime of accumulation which came into being at the time – a regime based on the mass production and consumption of consumer goods, generally characterized as fordism. Fordism did come to Canada; so Canada is not *exceptional*. But the Canadian variant – permeable fordism – was *different* both economically and politically. Economically, it developed from a strategy emphasizing continental integration – hence its permeability. Politically, the system of representation was constructed not around class-based collective identities organized within a party system but collective identities constructed within a discourse of nation-building and the institutions of federalism.

Jenson's analysis is important not only for its conclusions but also for the model it provides for a way out of the intellectual trap identified by Laxer. The division between a political economy 'made in Canada' and an 'international' political economy invites a trade-off between an understanding of Canada as a unique totality, on the one hand, and one that comes from locating Canada within a broader analysis of more general historical processes, on the other. Like Griffin et al., Jenson does not allow us the intellectual luxury of such a trade-off.

David Wolfe's 'The Canadian state in comparative perspective' provides one of the most synthetic overviews of Canada's postwar political economy available. Wolfe locates all of this within a theoretical framework that transcends yet another cleavage in recent debates on the state, namely the division between the so-called 'society-centered' perspectives of both Marxist and pluralist theory, on the one hand, and the 'state-centered' perspective advocated by Skocpol and her colleagues (Skocpol, 1985), on the other. His analysis, like Jenson's, emphasizes the importance of the resource-led export strategy oriented to American markets as providing the context for understanding the development of state and class relations in postwar

Canada, and for their breakdown. But he also points to the importance of systematic differences in the way in which banks, states, and industrialists mobilize investment capital in different countries and locates the Canadian form within that context. He identifies the hegemonic role of the Department of Finance within the state bureaucracy and how that shaped the particular variant of Keynesianism adopted in Canada after World War II. Now, however, the decline of the American empire is posing special problems for the Canadian state that may fundamentally change its role within the Canadian political economy.

Julia O'Connor's comparative study of the Canadian welfare state demonstrates that Esping-Andersen's injunction to abandon purely linear conceptions of welfare state development in no way implies abandoning quantification and statistical analysis. O'Connor takes up the challenge of identifying the nature of the Canadian welfare state *regime* with an analysis of the particular *mix* of social and public expenditures in Canada relative to that of other countries. She emphasizes the importance of distinguishing between social transfer payments and government civil consumption expenditures and the division of the latter between health, education and more general labor market and housing policies that could be characterized as 'preventative' welfare state programs. By international standards, Canada has low levels of social transfer expenditures but relatively high levels of civil consumption expenditures. While Canada is not a big welfare state spender, this is the sort of expenditure *mix* one expects to find where labor is politically and economically strong, for example, in Sweden or Norway where governments spend a great deal on housing and labor market policies. O'Connor's answer to this puzzle has little to do with Canadian presumptions to having an 'advanced' welfare state and more with the observations of Jenson and Wolfe concerning Canadian linkages to the American economy.

Dating from Porter and the subsequent work of Clement, Naylor, Niosi and Carroll, among others, investigations into the organization of Canadian capital have been among the more outstanding achievements and contributions of Canadian sociology. In his analysis of 'The social organization of the Canadian capitalist class in comparative perspective,' Michael Ornstein draws our attention to the continued importance of this research tradition and the questions it raises. He points out that comparative research on the social organization of the capitalist class has not kept pace with the comparative studies of the social organization of the working class. Since it takes two to 'struggle', and in view of the importance placed on 'class struggle' in the theoretical underpinnings of most comparative political economy, the neglect of this issue is both surprising and unfortunate. In this study, Ornstein compares the Canadian inter-corporate network to that of the United States and nine European nations. Contrary to conclusions drawn from case studies and narrower sets of comparisons, Ornstein shows that the Canadian inter-corporate network is not particularly fragmented, is not divided between industrial and financial or between foreign and domestic capital. Indeed, the corporate interlocks that bind Canadian capitalists to

one another look remarkably like those of Germany and France in contrast, say, to the more fragmented networks of the U.S. and the U.K. This unexpected cohesiveness of Canadian capitalists is especially significant in view of the fragmented character of the Canadian labor movement and the decentralized character of the Canadian state. Ornstein's methodological point is similar to that of Griffin et al.: drawing general conclusions from a limited set of cases is a hazardous exercise.

The papers by Jenson, Wolfe, O'Connor, and Ornstein all represent a particular variant of the comparative method – what Skocpol (1984) calls a 'comparative case study' and Tilly (1984: 87ff.) refers to as 'individualizing comparisons'. The purpose of comparison is not to draw broad generalizations but to isolate and explain the peculiarities of individual cases. This, of course, has been the whole point of the movement towards the development of a truly *Canadian* sociology since the '70s – to develop a social science that would allow Canadians to understand their own history and institutions so as to transform them. What these papers demonstrate is the indispensability of comparative analysis for this purpose. The study of Canadian society in isolation, no matter how scholarly and rigorous, is simply not up to the task. Our understanding of other societies and the *general* social, economic, and political processes that Canada shares with those societies – as Griffin et al. remind us – must be equally rigorous. In sum, Canadian sociology must always be comparative since a sociology of Canadian society is impossible otherwise. These papers also demonstrate that the intellectual vigour that gave birth to the 'new political economy' of the seventies is still very much alive and still capable of transforming and extending our understanding of Canadian society.

NOTES

- 1 An important motivator in much of the early comparative work was resistance to the hyper-structuralism that typified mainstream social theory of the fifties and sixties and came to dominate Marxist theory in the seventies. The comparativists reacted by emphasizing agency, resistance and the capacity of people to make their own history. They entered into the fray with mainstream theory in which world history was being shaped by the impersonal forces of economic growth, technology, and demography ('politics doesn't matter') by emphasizing the importance of politics and political struggle. But they found the theoretical functionalism and political pessimism of mainstream Marxist theory in the seventies equally appalling. Because of this emphasis on agency and politics, great importance was placed on the success stories among postwar labor movements and political parties so that, as Piven and Cloward (1988) pointedly observe, it is difficult to avoid the sense that these analysts have become something of a cheering squad for the Swedish social democratic establishment (see also Shalev, 1983). But the key ideas of this tradition are more deeply rooted in Marxist theory than the 'social democratic' label would suggest. See for example, Carnoy (1984: chap. 6); Bowles and Gintis (1982); Gough, (1979); and especially Esping-Andersen, Friedland and Wright (1976).
- 2 Quadagno (1988) reaches a similar conclusion about this literature.
- 3 Indeed such a judgment is probably always wrong for as Raymond Williams observes in *Politics and Letters* (1979: 170), without arrangements for the collection of statistical

data and the development of statistical theory to analyse these data, the society that has emerged out of the industrial revolution is literally unknowable.

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