**Banting, Keith, George Hoberg, Richard Simeon, dir. 1997. *Degrees of Freedom. Canada and the United States in a Changing World*. McGill-Queen’s University Press.**

Dependent Variable: policy divergence/convergence between CA and the US since the 1980s

Independent Variables:

* + economic globalization (more associated with convergence)
  + domestic social change (ex. social pluralism: more associated with convergence)

Mediating variables

* + inherited policy legacies (more associated with divergence)
  + political culture/values (more associated with divergence)
  + political institutions and processes (more associated with divergence)

Caveat:

Policy convergence can be explained

* + parallel domestic factors
  + emulation (ex. policy learning)
  + international constraints (ex. international treaties or economic constraint[[1]](#footnote--1))

ECN: Canada’s dependence on the US market is dramatic: no other OECD country relies so heavily on a single market…Canada continues to have a higher proportion of its economy controlled by foreign investors than any OECD countries. The role of foreign-controlled firms is especially prominent in manufacturing (32) Canada leads all other G7 countries in its reliance on foreign indebtedness by a considerable margin (397)

Convergence in productivity level between CA and the US (36-38)

Convergence in macroeconomic policy (shift from Keynesianism and focus on unemployment to monetarism and focus on inflation)

1. Two basic arguments : (1) if Canada established social programs and related taxes that raised the costs of production above those in the US, investment would drift south, and Canadian business would lobby for lower costs. (2) If Canada established programs and tax policies that lowered the costs of production by socializing costs that are borne by employers in the US, these programs might be interpreted in the US as subsidies and could be subjected to countervail… (274) [↑](#footnote-ref--1)