LOOKING AND HEADING SOUTH

Over the last two decades, Canada’s market sector has become not just convergent with that of the United States—Canada has become an integrated part of the North American market. All firms, including those in the financial sector, now see their future in terms of North America, not Canada. In the auto sector, production processes extend across the international boundary as if it did not exist, and the idea that a car is “made” in any particular country is becoming a peculiar bit of old-fashioned terminology left over from another day. The auto sector is not special in this regard, perhaps only a little more advanced.

There can be little doubt that over the coming decades Canada’s market sector will become increasingly indistinguishable from that in Anyplace, U.S.A. Driving into a mall in suburban Toronto or Boston or Atlanta, perhaps with a few cute local features dreamed up by a mall designer, who is also a resident of Anyplace, U.S.A., will be largely a homogeneous experience. Same shops, same sales, same ads, same food, and—if much of Canada’s business sector has its way—and everything we have seen in the past would indicate that it will have its way—same currency too.

SO WHAT’S SO SPECIAL ABOUT SOCIAL POLICY?

Rather than asking whether Canada and U.S. social policy is convergent, the question can be phrased more aptly as: is there any reason to suppose that Canada will maintain an independent social policy as its economy becomes fully integrated with that of the United States?

My answer to this question is that Canada can maintain a distinct social policy, but only if we do so as a conscious and deliberate political act, accepting the tradeoffs inherent in that distinctiveness. However, if we continue to stumble along, some Canadian regions will retain certain social policies that are unique and different. But the range of social policies in each region will fit quite comfortably and indistinguishably within the range of variation among U.S. regions. For all intents and purposes, we will have converged.

To explain what is meant by “fitting within the range of variation among U.S. regions,” let me pursue a short methodological digression.

In comparing circumstances in Canada with those in the United States, we often commit the classical error of contrasting averages for each country without inquiring too closely about distribution. But if the variation within the United States is as great as the variation between the United States and Canada, what does the difference in averages mean? Put another way, rather than comparing the United States, as one great lump of an entity, to Canada, another little lump of an entity, we should be comparing regions in North America. If we line up the United States and the Canadian regions, and measure according to any given criteria, say, personal income, where would the Canadian regions fall? Would all the Canadian regions be clumped together as a recognizable entity or would they be scattered amidst the United States, as unrecognizable as North Carolina or New Jersey? The answer for most economic measures is that Canadian regions are distributed among the U.S. states and are not recognizably different as a group.

So when we ask whether any particular circumstance is the same in Canada as the United States, what we really need to know is whether the variation between Canada and the United States is greater than the variation between regions of the United States.

MEDICARE: A CRITICAL BUT FRAGILE INSTITUTION

Returning to social policy, let us look at the social program that most distinguishes Canada from the United States—medicare. In Canada, every resident is entitled to hospital and physical care without charge at the point of service, based only on health needs. In this way we are not all that different from some European countries. But we have gone one step further and do not allow our citizens to purchase access to a private tier without inquiring too closely about distribution.

BY MICHAEL MENDELSON

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If governments today cannot or will not muster the resources needed to respond to the current threats to medicare, we may end up following a path that leads inexorably in exactly the opposite direction to where most Canadians want to go.