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# NEOLIBERALISM AND NATIONAL CULTURE

STATE-BUILDING AND LEGITIMACY IN CANADA AND QUÉBEC



Cory Blad

NEOLIBERALISM  
AND NATIONAL CULTURE

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IN CANADA AND QUÉBEC

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# NEOLIBERALISM AND NATIONAL CULTURE

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PART ONE

INTRODUCTION



## CHAPTER ONE

### GLOBALIZATION, NEOLIBERALISM, AND THE RASPUTIN STATE

There is so little to be said about globalization that is not cliché. Globalization, apparently, has the ability to either construct world peace, or rip the world apart. It is purported to create unimaginable wealth and equally devastating poverty. In many ways, I am taking the easy road by circumventing these meta-narratives and examining an artifact of this seemingly ubiquitous and all-encompassing phenomena: The problem of so-called state decline due to globalizing political ideology and systemic liberal market integration. Obviously, “the easy way out” is a rough road as well.

State decline is regularly understood as a bit of a misnomer. State institutions are neither dead, nor on life-support. However, the form of their continued relevance has shifted somewhat leading many to argue that the global political economic structures that manipulate state capacities are a much more worthy analytical focus. The problem is that despite the theoretical appeal of a distinctly global structural level of analysis, national populations are constantly interacting with the intermediary actors and institutions of respective states. To put it very simply, states continue to play an integral social role in the lives of respective populations. More to the point, national populations play much more of a contemporary role in facilitating state authority than many perspectives recognize. In fact, it is these populations that enable (or require) the state to return from a proclaimed death time and time again.

We can take, for instance, Canada and Québec as two interesting comparative examples and notice a few contradictory elements in both. One a federal state, the other a provincial sub-state, both represent an historical tendency to build state institutions often in opposition to each other as well as relatively distinct strategies for negotiating global political economic integration. While Québec is a provincial subordinate within the Canadian confederation, it is unique among provincial states with regards to its political autonomy and its influence over federal policies. This is not to say that federal policy must

pass a Québec litmus test or that other provinces are summarily ignored. Alberta, for example, engaged in a bitter dispute over the federal National Energy Program in the early 1980s, arguing that the protectionist policies would limit provincial petroleum sales to the United States and therefore restrict provincial economic growth. Alberta would soon become an essential (along with Québec) supporter of trade liberalization in the late 1980s and heavily influencing the enactment of national bilateral and multilateral trade agreements. Ontario also has an extended history of influence, particularly due to its position as the demographic and, until recently, economic capital of the country. No other province, however, enjoys Québec's level of autonomy and influence, which is primarily due to its cultural history and ability to mobilize political support/opposition along nationalistic lines – more on this later.

Canada and Québec have long been viewed as embodying a social democratic or statist attitude towards social service provision (health care and education in particular), especially when compared with its southern neighbor. Similarly, few would argue that this history of nationalization and economic protectionism reflected anything other than a particular distinction in the North American political economy. Despite these superficial observations, Canada is a uniquely divided nation with severe identity issues, constant internal calls to divest federal authority from regional interests (energy and environment in Alberta, for example), and external calls to reduce the federal states regulatory authority and provide a more liberal economic environment to promote increased growth.

Québec, on the other hand, is usually first in the line of exemplars when it comes to discussion of regional autonomy and the role of globalization in “liberating” sub-state entities from the clutches of federal, multinational states. Québec (as well as Canada) is a truly global state with substantial foreign trade relationships, foreign political relationships, and an increasingly diversifying urban population drawn from all regions of the planet. By almost all measures, Québec has utilized this globalization era to both enhance its political autonomy and its economic opportunities. Despite these impressive achievements, Québec is riddled with contradiction due to its incredibly strong statist traditions. Public pensions, health care, education, childcare, energy production and distribution (among many other services) are dominated by state management, if not outright ownership and control. The Québec state is a major institutional player in the socio-economic

mechanisms of the province, which, of course, brings it into direct conflict with the dominant political ideology of globalization – neoliberalism. According to neoliberal requisites, the state should be an ancillary institution to facilitate the free and unregulated operations of the liberal capitalist market economy. The contemporary political struggle in Québec today is largely between those who would maintain the statist traditions of the provincial state and the persistent demand by neoliberal proponents and structures to reduce the role of the state.

In both Canadian and Québec political economies, the state plays a varied role in the eyes of its citizens; however, each respective citizenry plays a similar role with regard to the federal and provincial states. Each respective electorate must legitimate the authority of each state (both in terms of institutions and actors). Without such legitimacy, actors are dismissed and institutions crumble in the face of withdrawn authority. In the cases of both Canada and Québec, this legitimacy has been traditionally maintained through *economic protectionist* means. The regulation of national economic mechanisms (including markets, employment, and production) coupled with the provision of social services ensured that the health of the national economy would be protected and the commensurate adversities that accompany capitalist operations would be mitigated to a certain extent. In return for these protections, national populations granted legitimate authority to each respective state. The primary question of this book is what happens when the ability to enact economic protections is reduced? Can states maintain legitimate authority without their primary strategic mechanism for doing so?

### *The Problem of Economic Protections*

Economic protectionism, as a form of state regulation, has long been seen as an impediment to capital accumulation by most capitalist proponents. However, it has also served as an invaluable strategic mechanism to maintain institutional state legitimacy, which is, in turn, essential to the maintenance of social stability required for capital accumulation. In this sense, the state a requisite capitalist institution, but not merely for the promotion of capital interests – it must also maintain social conditions that make economic growth (and even operation) possible. One of the more effective means of maintaining social stability is the mitigation of the negative structural effects of capitalism such as systemic inequality, labor exploitation, and national

market protection. Ironically, capitalism cannot legitimate itself and requires an institution to ensure popular acceptance of a socio-economic philosophy that requires systemic inequality (see Lowi 2005). If a state demonstrates an ability to protect the economic interests of national populations (ironically, from the dangers of the same system it is attempting to manage), those respective populations will likely continue to legitimate the authority of said state institutions.

But what happens if a state's capacity to implement economic protectionist policies is weakened or eliminated? This is precisely the challenge posed by the integration of neoliberalism, which seeks to reduce the economic regulatory capacities of state institutions and privilege private capital interests. The result is, of course, a decreased capacity to meet the economic protectionist demands of respective populations and a subsequent threat to state legitimacy. This reduction of economic protectionist capacity does not change the fact that social stability is still a requisite of capitalism nor does it change the fact that capitalism in general, and global capitalism in particular, has no institutional ability to promote social stability. Thus, the state must remain an institution with legitimated authority to maintain social stability for the purposes of legitimating capitalism, itself. The question still stands, however: How can the state maintain legitimate authority while at the same time reducing economic protectionist capabilities? As I will argue throughout this essay, an emergent alternative is the move away toward the integration of existing cultural norms and definitions that can be presented as distinctly national and thus serve to legitimate both the state and its political economic goals.

In order to illustrate this shift in legitimation strategies, an analytical framework, based on the Polanyian *double movement*, is presented in the following chapter. I am specifically interested in understanding the impact of political and economic policy convergence (i.e., neoliberalism in support of global liberal market capitalism) on the strategic maintenance of state legitimacy. How has the process of state-building changed in response to shifts in political ideological orthodoxy along with the acceleration of global liberal market capitalism? How (and why) has the definition of national culture been linked to the legitimation of state institutions and policies?

The cases of Canada and Québec are instructive in this regard, particularly due to their status as core capitalist societies, long histories of economic protectionism, uneven integration of neoliberalism, and distinct challenges in defining national culture. The fact that Québec is

not a traditional state is addressed below; however, it is important to note that the characteristics that define state autonomy and global market integration are found in both cases. In addition, the comparison of inter-related state-building projects allows us to not only understand the role of distinct national culture but also how sub-state autonomy is enhanced through global political economic integration.

This comparison of Canada and Québec is made much more specific by focusing on several key aspects. First, distinct historical narratives influence divergent national cultural definitions (or at least attempts to define a singular national culture) and conditions that facilitate or inhibit state protectionist capacities. Second, both Canada and Québec are fully integrated into the global market system. Both have embraced the dictates of economic liberalization; however, Québec has retained its economic protectionist capacity (and active regulatory/ownership role) to a greater degree than Canada. There are several reasons for this distinction that will be discussed in subsequent chapters; however, it is important to note the fact that this sustained state protectionist role is constantly changing and not reflective of a resistance to global economic integration.

Third, the Canadian and Québec labor markets have long-relied on immigration for labor market growth to fuel commensurate overall economic growth. Immigration is, of course, directly tied to the definition of national identity and has culturally diversified in the post-war era. The demographic diversification of Canadian and Québec immigration is a direct result of changes in global labor migration and the sustained necessity of in-migration for both Canadian and Québec labor market expansion.

Fourth, as both societies accelerate cultural diversification as a result of shifts in labor migration demographics, both states have responded with institutionalized social policies designed to foster both social integration and provide a singular national cultural definition. Canadian *multicultural* policies and Québec *intercultural* policies are presented in comparative context as reactionary policies designed to facilitate labor market stability and social integration of diverse population groups, but also as progressive attempts to articulate a singular definition of national cultural identity. This comparison helps to illustrate divergent approaches to the social effects of global labor migration as well as state capacities, particularly in the neoliberal era (roughly, the mid-1980s to the present), to maintain social stability, foster economic growth, and manage national protectionist demands.



These integrative conditions make an examination of *multicultural* and *intercultural* policies particularly relevant and illuminating. But before we address the empirical bulk of this essay, it is essential point out a few preliminary assumptions.

### *Conceptual Foundations*

The core assumption of this project is that neoliberal globalization reduces the economic protectionist capacity of traditional states. However, this is an uneven process that is made even more unpredictable when we examine the economic protectionist capacities of increasingly autonomous sub-states. While the economic protectionist capacity of many traditional states is reduced as they integrate more and more deeply into the global economic system, many sub-state institutions are able to resist this trend, in some cases significantly. I argue that one contributing factor for this uneven maintenance of economic protectionism is the ability to integrate a singular definition of national culture. This claim rests primarily on the issue of legitimacy. State authority, and subsequently its capacity to enact social and economic protectionist policies, is based on legitimacy granted by national populations. Traditionally, this legitimacy is derived from the state meeting economic protectionist expectations on the part of national populations.

Active participation in the global economic system requires adherence to neoliberal political ideology, specifically the reduction of economic protectionist policies<sup>1</sup> (see Peck and Tickell 2007; 1994; Prasad

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<sup>1</sup> For instance, membership in the World Trade Organization (WTO) requires adherence to the principles of liberal capitalism. According to the WTO, “The system’s overriding purpose is to help trade flow as freely as possible — so long as there are no undesirable side-effects — because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy” (World Trade Organization, “Understanding the World Trade Organization,” [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact1\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm), retrieved August 2, 2010). In sum, sustained membership in the organization is designed to expand global trade opportunities, but membership is contingent on the perpetual restriction of economic protectionist measures geared towards international trade. While membership in the WTO does not necessitate state decline, per se, it does illustrate how the institutionalization of the global economic system encourages the restriction of state protectionist capacities.