



# 7 Federalism

## Chapter Outline

- What Is Federalism?
- The Origins, Maintenance, and Demise of Federal States
  - Federalism and Political Nationality
- The Origins of Canadian Federalism
  - The Compact and Contract Theories of Canadian Federalism
  - The Federal Division of Powers
- The Courts and Federalism
  - Peace, Order, and Good Government
  - Trade and Commerce
- The Evolution of Canadian Federalism
  - Quebec's Role in Federalism
    - Quebec and the Constitution
  - Centre–Periphery Relations
  - State Interests and Intergovernmental Conflict
  - Intergovernmental Relations
  - Financing Federalism
- The Federal Spending Power, National Standards, and the Social Union
- Summary

## Learning Objectives

After reading Chapter 7 in *Canadian Democracy*, you should be able to do the following:

- Explain why a federal form of government was chosen by Canada’s founders.
- Distinguish among unitary, federal, and confederal forms of government.
- Identify the main legislative and taxation powers of the federal and provincial governments.
- Outline the history of centre–periphery relations in Canada.
- Discuss the role that judicial decisions have played in shaping the federal–provincial division of powers with respect to the peace, order, and good government clause and the trade and commerce clause.
- Discuss the 1980 Quebec referendum and its outcome, the 1992 national referendum on the Charlottetown Accord and its outcome, and the 1995 Quebec referendum and its outcome.
- Distinguish between two major theories of Canadian federalism
- Outline the ways Quebec has influenced Canadian federalism.
- Explain how the financial relations between Ottawa and the provinces have changed.
- Compose one or two paragraphs that use as many key concepts (listed below) as possible.

## Key Concepts

**Asymmetrical federalism** The constitutional recognition of differences in the status and powers of provincial governments (p. 248)

**Block funding** Ottawa’s financial contribution is geared to the previous year’s subsidy plus an amount calculated on the basis of growth in the recipient province’s gross product (p. 256)

**Charlottetown Accord** Second round of reforms from 1990 to 1992 called the “Canada round,” attempted by the federal government after the Meech Accord failed in 1987; this second attempt also failed (pp. 247–248)

**Compact theory** Theory about Canadian federalism which suggests that Quebec should have a veto over any constitutional change that affects either the federal distribution of powers or the relative weight of Quebec in Parliament and on the Supreme Court (p. 237)

**Compromise** Coming to terms with concessions on two or more sides and a joint decision to abide by an agreement (p. 232)

**Concurrent (or shared) powers** Powers and responsibilities shared by Parliament and the provincial legislatures (e.g., immigration, old-age pensions, agriculture) (pp. 238–239)

**Conditional/unconditional grants** As they pertain to the money that Ottawa transfers to the provinces, conditional grants carry conditions as to how it must be spent, whereas unconditional grants carry no conditions (pp. 256–257)

**Confederation** A voluntary arrangement where there is a considerable allocation of responsibilities to central institutions or agencies. Sovereignty is retained by the member-state governments, and the central government is legally and politically subordinate to them. Furthermore, the members of the major central institutions are delegates of the constituent state governments, and changes to the constitution require unanimity (p. 231)

**Contract theory** Theory about Canadian federalism which suggests that each province has the right to veto constitutional change that affects provincial powers or national representation (p. 237)

**Double majority** Between 1848 and 1867, to become law, a bill had to be approved by a majority of members on both the Ontario and Quebec sides of the legislature (p. 243)

**Enumerated powers** Powers and responsibilities that belong exclusively to Parliament (e.g., national defence, judicial appointments, banking and monetary standards) or the provincial legislatures (e.g., natural resources, education, property and civil rights) (pp. 238–239)

**Equalization payments** Paid to provincial governments whose per capita tax revenues fall below the average of the two most affluent provinces (p. 257)

**Executive federalism** A term sometimes used to describe the relations between cabinet ministers and officials of the two levels of government (p. 253)

**Federal system** The constitutional authority to make laws and to tax is divided between a national government and some number of regional governments (p. 230)

**Federation** A voluntary, power-sharing arrangement where sovereignty or competence is distributed between central and provincial (or state) governments so that, within a single political system, neither order of government is legally or politically subordinate to the other, and each order of government is elected and exercises authority on the electorate (p. 231)

**Fiscal gap** The gap between the amount of money the provinces receive through tax revenue and the amount of money they need to accommodate their extensive and expensive legislative responsibilities (p. 255)

**Intra-state federalism** The representation and accommodation of regional interests within national political institutions (p. 250)

**National standards** Canada-wide standards in the delivery of social programs, the federal government hoped to have uniformity of service for all Canadians and create a “national social union” (p. 258)

**Nationalism** When the values and beliefs shared by the people of a territory or a community are translated into a public policy or agenda (p. 233)

**Peace, order, and good government (POGG) clause** An emergency power that can provide the constitutional basis for federal actions in special circumstances, but that cannot be used to justify federal laws during “normal” times (p. 240)

**Province-building** When the political administrative needs of governments are reinforced by the demands of province-oriented economic interests (p. 252)

**Quiet Revolution** Many socio-political reforms and changes that occurred in Quebec during the 1960s—a turning point in Quebec’s history (p. 244)

**Shared-cost programs** Provincially administered programs where Ottawa's financial contribution is geared to what a province spends (p. 255)

**Sovereignty-association** A term generally understood to mean a politically sovereign Quebec that would be linked to Canada through some sort of commercial union or free trade agreement (p. 246)

**Unitary state** A form of government where sovereignty or competence resides exclusively with the central government, and regional or local governments are legally and politically subordinate to it (p. 230)

## Critical Thinking Questions

1. What do the terms *centralization* and *decentralization* mean?
2. Describe the evolution of the federal government's peace, order, and good government power and its trade and commerce power.
3. What are some of the similarities and differences between compact and contract theories of Canadian federalism?
4. What is executive federalism and what are some of the challenges and concerns associated with this type of federalism?
5. What is the division of powers in other comparable federations, say, the US and Australia? What are the similarities and differences between the issues and debates surrounding federalism in these countries as compared to Canada? Are these federations more centralized or decentralized than Canada?

## Additional Resources

CBC Archives, video clips on federal politics: [http://archives.cbc.ca/politics/federal\\_politics/](http://archives.cbc.ca/politics/federal_politics/)

CBC Archives, video clips on provincial and territorial politics:  
[http://archives.cbc.ca/politics/provincial\\_territorial\\_politics/](http://archives.cbc.ca/politics/provincial_territorial_politics/)

CBC Archives, video clips on the constitution: <http://archives.cbc.ca/politics/constitution/>