

# Stuck...in This Place: Shrinking Policy Space in New Brunswick

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## Abstract

*After New Brunswick's 2010 provincial election, a new policy environment took shape, characterized by an awareness of, among other things, ballooning public debt, economic dysfunction, soaring health costs, and demographic decline. Employing institutionalist analysis, this essay canvasses these problems and examines the obstacles standing in the way of effective, concerted action to deal with them. New Brunswick manifests several factors making institutional change to address these policy challenges difficult.*

## Résumé

*Après les élections du Nouveau-Brunswick de 2010, un nouvel environnement politique a pris forme. Cet environnement a été caractérisé par une prise de conscience, entres autres, d'une dette publique astronomique, d'une économie dysfonctionnelle, de coûts de soins de santé qui montent en flèche et d'un déclin de la démographie. En s'appuyant sur une analyse institutionnaliste, cet article sonde ces problèmes et examine les obstacles qui freinent les actions efficaces et concertées nécessaires afin de les surmonter. Le Nouveau-Brunswick présente plusieurs facteurs qui contribuent aux changements institutionnels afin de traiter de ces défis politiques difficiles.*

## Introduction

During the 2006 provincial election campaign, Liberal leader Shawn Graham promoted a twenty-year plan to make New Brunswick self-sufficient—a “have” province in Confederation. After winning the election, the government quickly embarked on the Self-Sufficiency Agenda, and provincial re-branding was considered essential to the initiative. In this, Graham followed Frank McKenna who as premier in the 1980s and 1990s had attempted to alter perceptions of New Brunswick as a depressed, dependent, defeated jurisdiction in favour of the view that New Brunswick was “open for business.” A new brand, argued the members of the Self-Sufficiency Task Force in 2007, was necessary for the same reasons. New Brunswick, perceived for too long as a stultified have-not province, needed to be seen as a dynamic province of opportunity and achievement. The committee’s report, therefore, counselled an extreme makeover—branding New Brunswick as an “exciting and dynamic province with a strong standard of living”—while assuring readers that the province of the future “won’t be that much different from the New Brunswick you know today” (*New Brunswick Self-Sufficiency Task Force 5*).

Out of a consulting exercise came the slogan “Be...in this place.” Instead of inspiring New Brunswickers and exciting investors, however, the slogan connoted an easy, comfortable stability. “Being” here does not communicate the dynamic economic activism intended by the architects of the Self-Sufficiency Agenda. It fails to address the worrying tendency of young people to leave the province in search of opportunity, so that they can “do” elsewhere. Beyond this, the slogan is born of a facile theory that marketing alters perception, and perception alters reality. Instead of acquiring a *reputation* for having realized economic dynamism and a high standard of living, the province opted for a *brand* to announce what it wished to become.

The title of this essay is not meant to suggest that New Brunswick is a trap from which its residents are trying to escape. In fact, many New Brunswickers have little difficulty leaving the province in search of opportunity elsewhere, and this, rather than remaining stuck at home, is one of the problems facing the province. New Brunswick in many ways is no trap at all. For those with good work, the place is a gem—a well-kept secret of natural beauty, with a decent climate,

civic peace and civility, and a human-scale pace of life. But New Brunswickers are stuck in the sense that they are constrained by the effects of decisions and institutional legacies that will make progress on serious problems difficult. Some observers note the burden of history on the province, and in particular, how Confederation and the subsequent dominance of central Canada produced national policies whose effect—if not purpose—was to denude New Brunswick of its economic vitality. Such exercises in regional grievance are used to explain New Brunswick's underdevelopment and perhaps produce a sense of guilt and obligation on the part of partners elsewhere in Canada. They are based on the presumption that others share our memories and will do something about them.

If the problems are so bad, why isn't something being done to address them? Why are we stuck? Building on the historical-institutionalist literature on institutional resilience and change, this essay argues that contemporary New Brunswick is a vivid case study of institutional persistence and inertia in the face of forces of change. Institutional resilience and longevity are maintained by diverse strategies of reproduction, both material and "ideational." Particular institutions create clienteles and actors whose interests are advanced by the existence of the institution; but institutions also cultivate legitimacy by helping to fashion identities, cognitive frameworks, and logics of appropriateness in society at large. Institutions can enjoy legitimacy even when they produce suboptimal outputs. And they can embed a cognitive framework in which "the way things are" is "the only way they can be." This article examines the literature on institutional change and particularly the conditions supporting institutional reform. It argues that such conditions are not yet in place to spur the province to face its long-standing problems.

## **The Institutional Perspective on the Dynamics of Political Change**

A major school of social theory, structural-functionalism, holds that society is an organism whose diverse components work together for the health, order, and stability of the whole. Disruptions are met with responses that re-establish equilibrium. Unity is the fundamental principle. Older understandings of political institutions accord with this view, taking them to be efficient, innocuous mechanisms for allocating resources, undergirding social norms, and managing change. The job of the "institutionalist" scholar is thus to describe the formal workings of institutions.

Institutionalism was somewhat eclipsed in the 1950s by "behaviouralism," the view that society was essentially the interaction of individuals and that institutions were epiphenomenal mechanisms for the translation of social demands and supports into policy outputs. Behaviouralist scholarship coincided with breakthroughs in survey research and the statistical analysis of public opinion, so it was perhaps unsurprising that institutional analysis would go out of vogue.

The pendulum swung back in the 1970s when scholars began to suspect that institutions were not neutral, efficient translators of demands into outputs, that they exerted independent influence on the policy process and indeed the initial formulation of citizen demands, and that they were once again worth studying in their own right. The neo-institutionalist school was born.

As Stephen Krasner argued in an influential 1984 review article, behaviouralism merely inverted the simple relationship between institutions and society posited in formal institutionalism (Krasner 229). In the 1970s, scholars began to investigate the state and its institutional characteristics as causally significant in their own right. Theda Skocpol, a leader in the field, was inspired by Alexis de Tocqueville, whose study of the causes of the French Revolution attested to the influence of the past over the future—what we now call path dependency. "[A] large number of constitutional laws and customs from the Ancien Regime disappeared suddenly in 1789," he wrote, "only to resurface a few years later, just as certain rivers plunge underground only to re-emerge a little further on, showing us the same water between new banks" (Tocqueville 10). State-centred accounts of politics have flourished since the 1980s and have helped fill out a variety of forms of institutional analysis (Hall and Taylor; Hay and Wincott). Institutionalism maintains that "the organization of political life makes a difference, and institutions affect the flow of history" (March and Olsen 159).

An institution is not an organization or building but rather a "stable, recurring pattern of behaviour" (Lowndes 99) defining what is "appropriate conduct" in a particular context. Like buildings, they are stable and long-lasting. Institutions order and simplify reality. They allow individuals to predict what others will do. At the material level, institutions, and in particular the contemporary state, penetrate society, altering citizen incentives, redirecting resources, creating supportive

clientele, and establishing a relative permanence (Weaver and Rockman). Institutions influence the formation of identities and norms of appropriate behaviour. “Action is often based more on identifying the normatively appropriate behaviour than on calculating the return expected from alternative choices” (March and Olsen 22). In an imaginative essay from the 1980s, Alan Cairns wrote of “the embedded state” in which state and society are locked in a pattern of mutual interaction and penetration:

The contemporary state manoeuvres in an ever more extensive policy thicket of its own creation, interacting with a society that is tied to the state by a complex network of benefits, dependent relations and coercions. From this perspective the state, in confronting society, confronts its own past, and the society that seeks to influence the state directs its efforts to transforming the multiple linkages that interpenetrate and affect almost every facet of its functioning. (57)

As institutions penetrate society, society in a sense penetrates the state, binding it, tying it down like Gulliver, depriving it of some of its directive freedom.

Among other things, this means that institutions do not necessarily tend to historical efficiency; their outputs may not operate as efficient policies for satisfying individuals’ preferences. A dominant approach to the study of politics, rational choice theory, holds that individuals act rationally in their pursuit of their interests; that is, they respond to incentives to maximize the satisfaction of their preferences, their “utility.” Individual preferences or interests are formed outside of the institutional contexts in which they are pursued and satisfied. In this sense rational choice theorists consider preferences to be exogenous. Many in the institutionalist school disagree, suggesting that while individuals do have and pursue interests, the interests themselves are to a significant extent produced or framed by the institutions in which they participate (Banting). Institutions convey meaning and identity; they do not merely satisfy exogenous preferences. Institutions define the possible by conveying the message that current institutional forms are accepted as the way things are and the way things are done. Alternative futures are hard to imagine. As a result, path dependency—the view that what an institution or policy-maker is able to do today depends largely on what was done yesterday—looms large in institutional evolution.

Further, different sub-state institutions may not work congruently. The whole political system may then operate, from an output perspective, suboptimally. Structural-functionalism’s myth of historical efficiency obscures detailed, realistic assessments of how institutions can persist even when they do not “work” (March and Olsen 54–6). The Canadian Senate, for example, persists despite its increasingly awkward fit with evolving notions of legitimacy and assessments of its value in democratic decision making.

With some exceptions (e.g., Dobrowolsky; Smith), Canadian political science has always taken institutions seriously (Cairns, *Alternative Styles*). The formative effects of constitutional structures, especially federalism but also parliamentarism and the Charter, have long preoccupied scholars (e.g., Simeon). But institutionalism is also concerned with lower-level institutions like departments, agencies, and offices (e.g., Atkinson 36–44; Banting 800–3).

Institutionalism compellingly explains institutional persistence. Institutions are “sticky” because they are so good at reproducing themselves. Reform, when it occurs, is often conditioned by institutional imperatives: “Institutions are resistant to redesign ultimately because they structure the very choices about reform the individual is likely to make” (Hall and Taylor 940). Grace Skogstad outlined several means of institutional reproduction (530–4). Powerful actors may benefit from an institution and use their power to support it. The British TV series *Yes, Minister* is a veritable study in this type of institutional reproduction (see Cairns, *The Governments and Societies of Canadian Federalism*). On a strictly utilitarian level, the institution’s material output may produce more benefits than costs, creating one or more constituencies of support. Political decision makers may perceive beneficial, functional consequences of the institution for the overall political system. Finally, institutions may justify themselves in terms of their advancement of widely held moral commitments like justice, equality, or liberty. Institutions and their proponents deploy rhetorics of legitimation. In sum, as Skogstad suggests, institutions use both material and “ideational” means of self-reproduction.

Can institutionalism explain change? This is considered by some to be institutionalism’s Achilles heel. But institutionalist scholars have developed several accounts of change, of which a few will be considered here. There is evolutionary change as an institution adjusts or even transforms over a long period. More dramatic is change produced by

some shock, usually external to the institution but occasionally from the inside. Such shocks produce “critical junctures” during which settled patterns of support are disrupted, opening up several avenues the institution may follow. Swift, significant, and encompassing change is produced by a critical juncture. For example, economic crises in Ireland in the 1980s created the setting for a new, cooperative codetermination arrangement between the trade union movement and the government. A formerly adversarial labour-government relationship was transformed into a consensual one (Hogan 667-73).

Change can proceed when means of institutional reproduction conflict. In her study of changes to the Canadian Wheat Board in the 1990s, Grace Skogstad argues that policy change emanated from a clash of self-reproducing logics. An institution reproduces itself by delivering material benefits to its constituents and by fostering an ideology or identity (ideational constructs) supported by elites and wider publics. While the board was criticized for failing to deliver adequate material returns to some enterprising farmers and lost the support of some western Canadian political elites, it retained a large measure of legitimacy among a majority of farmers and federal elites who maintained that the board’s single-desk monopoly marketing system is the best way to maximize consistent returns to farmers as a whole. The board advanced the value of equality as against critics’ concern for the economic liberty of individual producers. While institutions have several ways of ensuring their survival over time, sometimes one or more reproduction mechanism(s) may weaken or fail, resulting in continuation but in altered form. The disjunction between the Wheat Board’s material and ideational means produced a partial change to the mandate and operation of the board.

A similar analysis is undertaken by Jörg Broschek. In his study of the evolution of German and Canadian federalism, Broschek understood federal arrangement to operate on two levels: concrete institutional structures and ideational legitimating rationales—the ideas that support or undermine institutional arrangements. Change is possible when the two levels of federalism become misaligned. The institutional and ideational levels of German intra-state federalism aligned early in the life of the state and have proven remarkably stable since then. Canadian intra-state federalism soon acquired inter-state status because, according to Broschek, Canadians never agreed on the principles supporting and justifying federal arrangements. Dissensus at the ideational level unsettled federalism at the institutional level (Broschek 17–9).

Institutionalist analysis proves helpful in understanding political arrangements that persist even when they do not work well. Policy-making institutions and their outputs can enjoy continued support (or at least benign acceptance) despite challenges. A comment in the literature is apposite: “Except possibly in the case of abject institutional failure, the legitimacy of an institution is in many respects less an empirical phenomenon than it is a subjective construct. It is actors’ perceptions, even when they are at odds with the empirical evidence, that guide actors’ beliefs about the legitimacy of an institution and thereby their support for its retention, adaptation or overthrow” (Skogstad 534). New Brunswick is a vivid example of the inertia explained by institutionalism. On many indices of governmental and societal performance, the province struggles. In addition, demographic and fiscal challenges loom, yet evidence of institutional change or the resolve to attempt it is hard to find.

## **New Brunswick’s Policy Challenges**

Though Donald Savoie was among the very few Cassandras warning of the province’s fiscal crisis before the 2010 election (Savoie, *The Politics of the Coming Crisis*), since then New Brunswickers have been given a crash course in public finance and the politics of debt. In 2010–11, the *Telegraph-Journal* made the issue its cause. New Brunswick-born business leader Richard Currie declared soon after the election that “New Brunswick is a failing province,” deep in debt, highly dependent on indulgent federal governments, and without the means to compete in the evolving global economy (Wallace A4). David Ganong and Camille Theriault warned that we may be heading off an economic cliff (Ganong and Theriault D6). The debate has focused on the province’s rising public debt and the need for austerity, but links are frequently made between fiscal conditions and larger problems of demographic change, transfer dependency, and economic vulnerability. Undoubtedly, the statistics reflect in part the recession that afflicted many countries including Canada in 2008–09. Canada weathered it better than most but our trade ties to the United States ensured that we would be affected by the economic slide south of the border. A high Canadian dollar has not helped compensate for low Canadian

productivity relative to that of our trading partners. New Brunswick's problems, however, extend beyond those associated with a cyclical downturn.

The province's fiscal picture is dispiriting. In the 2010–11 fiscal year the province's deficit was forecast to reach \$800 million, up from \$738 million in 2009–10. Net provincial debt at the end of the 2009–10 fiscal year was \$8.353 billion and debt servicing costs the province over \$600 million currently, edging to 10 percent of the provincial budget. If present trends continue, net debt will top \$17.5 billion by 2015–16, or 51 percent of the province's gross domestic product. Debt servicing by then will consume 25 percent of government spending (Casey A1). Debt servicing costs will continue to crowd out program spending even if the province's deficit is eliminated. In addition, municipalities in New Brunswick carry a total of \$686 million in debt and an average of 11 percent of every municipality's budget is devoted to debt servicing (Chilibeck A5). Interest rates could make things much worse. They have been at historical low levels in the past few years and will only increase as economic growth increases and inflation becomes a concern. The current low cost of debt may soon end.

New Brunswick is a "have-not" province. In the language of fiscal federalism, this means that this province is a recipient of annual equalization grants, unconditional federal payments designed to give the province the financial means to reach a national average provincial fiscal capacity sufficient to provide its residents with a decent standard of public services. While equalization involves payments to provinces and ostensibly involves a transfer of wealth from wealthier provinces to poorer ones, its parameters are defined by the federal government and funds for provinces come from federal, not provincial, tax revenues. Contrary to the rhetoric of the wealthier provinces, the transfer of wealth is not interprovincial. All provincial taxpayers submit tax revenues to the federal government and these contribute to the equalization pool. The redistribution of wealth is thus indirect. Almost one-quarter of New Brunswick revenues take the form of equalization grants. In addition, New Brunswick, like other provinces, receives federal transfers for health, social services, and postsecondary education. Altogether, these monies from the federal government constitute 41 percent of total provincial revenues, making this province among the most dependent on federal sources of revenue. This figure may understate the province's dependence on the federal government, since federal government jobs outside the National Capital Region are often located in have-not regions. One study of "stealth equalization"—the disproportionate location of federal government jobs in have-not provinces—found that it adds 25 percent to regular equalization payments to this province (Eisen 11–2). In 2007 New Brunswick was among three provinces in which "more than half of all economic activity came from government spending" (7). Whenever the federal government announces the opening of a new federal operation in New Brunswick—as it did in the winter of 2011 when a federal payroll office was announced for Miramichi—the province greets the news as a boon to the provincial economy. Government itself becomes an economic driver. The province gets the federal dollars; the feds hope to get the votes. Transfer dependency deepens.

Studies show that provinces whose revenues to a large degree come from federal transfers tend to have higher-than-national-average rates of government employment, and at rates of remuneration above provincial averages (Crowley and O'Keefe; Eisen and Milke). With relatively weak economies, government *itself* is a form of economic activity, embedding the state firmly in the economic base of the province. Indeed the federal and provincial state in New Brunswick is a major contributor to personal income. Data from 2001 indicate that 18.6 percent of personal income is in the form of transfers, while the national average then was 11 percent (Savoie, *Visiting Grandchildren* 250). Defending the creation of Invest New Brunswick, the latest government economic development agency to dot the province's policy landscape, the premier said it would rationalize the province's unwieldy economic development infrastructure which has grown to "form one of the biggest sectors in our province" (McMahon A1).

High dependence on federal transfers bespeaks a relative lack of own-source provincial revenues, the product of a relatively weak provincial tax base. This in turn reflects provincial economic weakness. New Brunswick is dependent on natural resources, particularly forest products, minerals, fisheries, and energy. Accordingly, it is export-dependent and subject to all the vicissitudes export dependence entails. International commodities markets are volatile and industrial and resource extraction development around the world have increased competition in these sectors. New Brunswick has suffered as a result, particularly as the American economy has slumped into a protracted economic downturn. Rates of employment and per capita income have chronically fallen behind national averages. Export sectors are also sensitive to currency exchange rates and a high Canadian dollar, making exports from Canada relatively uncompetitive. The more

profound curse of natural resource endowment is that it discourages human capital formation, which over the long term is a stronger, more stable, and more lucrative source of economic prosperity.

Compounding New Brunswick's difficulties is demographic aging. This year the firstborn of the baby boom generation will turn sixty-five years of age and will begin to retire. Since life expectancy is increasing, the effect of the baby boom will deepen. In Canada, 25 percent of the population will be over sixty-five by 2040, doubling the current figure (Statistics Canada, *Population Projections for Canada 50*). As fertility remains below replacement levels, total population will continue to grow, but at low rates and increasingly dependent on immigration (40–3). Accordingly the dependency ratio—the number of dependents (youth under the age of nineteen and seniors over sixty-five) per hundred working-age people—will increase from sixty currently to more than eighty in 2056 (Ragan; Statistics Canada, *Dependency Ratio*). New Brunswick's population is aging at a rate exceeding that of Canada. While the Canadian median age is 39.5, it is 42.7 for this province. In 2009 for the first time seniors outnumbered those under fourteen years of age (New Brunswick 18). The annual number of deaths is approaching the number of births and soon natural increase will be zero.

Greg Marquis points out that population worries are almost as old as the province itself, but that decennial census results have almost always posted absolute increases in population. Only in the five-year period following 2001, when economic opportunities elsewhere in Canada proved especially attractive to New Brunswickers, did the province's population suffer a net decline. Regardless, New Brunswick's population growth has never kept pace with that of the country, and so its share of Canada's population has experienced steady decline (Marquis).

The province's immigration numbers have increased but they still represent a tiny fraction of Canada's total intake. In addition, though hard evidence on this is difficult to find (Statistics Canada does not distinguish between immigrant and native-born interprovincial migration), there is substantial anecdotal evidence to suggest that over half of those who come do not stay. Migrants are an increasingly sophisticated lot and shop for easy entry points into Canada. Once in, nothing prevents them from following opportunity. The province wants to increase its population in order to bolster its economy, but without a vibrant economy and a settled, core immigrant community into which new arrivals can be welcomed, internationals are hard to attract. Late to the game, the province now competes with other attractive jurisdictions for immigrants. As source countries develop their own economies, they produce fewer migrants.

The Graham government's Self-Sufficiency Task Force's indelicate declaration that "New Brunswick is slowly dying away" (*New Brunswick Self-Sufficiency Task Force 2*) may be maudlin, but it does alert us to a difficult long-term problem with implications for economic growth and debt reduction (Ragan). One such implication concerns health care, one of the most visible and expensive programs any government undertakes. Across all advanced democracies, public health spending has for years increased at rates exceeding inflation, population growth, and economic growth. Public expectations for health care are high and increase with personal income. Health care personnel command handsome salaries. Technological advances are expensive and devilishly attractive both to patients and to health care providers. Health spending has been going up by 5–7 percent annually in this province. Per capita spending is higher than the national average, and we spend more than the Canadian average on hospitals, suggesting a weak link in the provision of primary care, and, perhaps, poor lifestyle choices (Canadian Institute for Health Information).

Health care costs are influenced by the demographic profile of a population. In a word, the older you are, and the longer your life expectancy, the higher the charge you place on the health system. More seniors mean higher total cost to the system. In Canada in 2008, a twenty-year-old charged the public health system less than \$2,000, a sixty-year-old \$4,000. Those from seventy-five to seventy-nine years of age charged almost \$12,000 and those eighty-five to eighty-nine charged more than \$20,000 (Canadian Institute for Health Information, chap. 5). Already health and senior care in New Brunswick consumes 40 percent of provincial program spending. If left unaddressed, that percentage will go up, crowding out money for other public purposes. The demographic bubble will create rising demand for health spending, made worse by a diminishing number of working people available to pay taxes to support this spending. The medium-term challenges are daunting.

## Legitimizing New Brunswick's Institutions and Policies

How did New Brunswick get into this hole? Until recently, one historical narrative has dominated. This narrative places New Brunswick's woes in the context of political decisions made by others in Confederation whose purpose or effect has been to place or keep New Brunswick and the Maritimes in a subordinate place in Canada. Underdevelopment in the Maritimes, in this view, is not "natural" or inevitable, but the product of political engineering, often in defiance of solemn constitutional commitments. Whether it was the promise of a railroad to link central Canadian producers and consumers to the ports of Halifax and Saint John, commitments to stock the federal cabinet with Maritimers, or promises of regional development monies, Maritimers were shortchanged. The language of the Maritime Rights Movement after the First World War was the language of justice, rights, and fidelity to promises made at Confederation (Forbes 73–95).

While the issues changed as the twentieth century unfolded, the language of justice continues to resonate. In his *Visiting Grandchildren: Economic Development in the Maritimes*, Donald Savoie speaks for many when he notes that:

Policies were struck in Ottawa to meet national objectives, which, to a Maritimer, became a code phrase meaning the economic interests of Ontario and Québec only. What was good for central Canada was invariably perceived in Ottawa to be good for Canada as a whole, but the same reasoning would never apply to the Maritimes. (27)

With more than a hint of exasperation, Savoie describes how the concept of "region" was redefined over time to include parts of central Canada, making them eligible for federal regional development monies. Those "regions" conveniently included electoral districts up for grabs in federal elections.

Savoie describes as a breakthrough for the Maritimes the agreement of central Canada, subsequent to the report of the Rowell-Sirois Commission in 1940 on the fiscal dimensions of Canadian federalism, to a system of federal fiscal transfers to provinces allowing them to share in the fruits of policies fostering the industrial prosperity of central Canada. In other words, the new national policy required Ottawa to foster Ontario wealth generation, tax it, and distribute a portion of it in the form of grants to the have-not provinces. The regions would then use some of that money to buy the industrial production of central Canada. Everyone would prosper.

No wonder Maritimers consider transfers like equalization and regional development programs a matter of justice. Margaret Conrad recently wrote a bitter reflection on Atlantic Canada's place in Confederation, claiming an ideological fixation with "the weakening of the state" is really behind the declining support for federal transfers. No other province or region would tolerate the out-migration and rural depopulation that Atlantic Canada has suffered as a result of national policies, she insists (Conrad).<sup>1</sup>

Whatever the efficacy of regional development and other transfers, the new postwar national policy linking Ontario's economic prosperity to the federal spending power and transfers to the regions depended on the existence of a national, east-west economy. Ontario supported federal taxation and the transfer system so long as the federal monies transferred to the regions came back to Ontario in the form of purchases of Ontario industrial output. When continental trade patterns deepened and Ontario became less dependent on Canadian markets for its output, a crucial support for the new national policy weakened (Courchene, *A State of Minds*, chap. 3; Crowley, *Fearful Symmetry* 234–9). Savoie recognizes in his work that because of the diverse regional character of Canada's economy, one national policy cannot fit all provinces. But this very fact—that Canada is a series of regional economies significantly integrated with regions south of the international border—has undermined the transfer system. Maritimers may still consider federal transfers a type of birthright, but economic forces are eroding underlying conditions for their continuation.

Worse, if the policies of redress have deepened problems rather than fixed them, then reliance on others is misplaced. The common argument is that transfers produce transfer dependency (Courchene, *A Market Perspective* 506–18). Provincial governments will settle in to the receipt of free money from Ottawa rather than undertake policies to stimulate own-source revenue. Given the alternative, any actor will take the easier of two courses to a given good. Transfers like equalization operate like welfare traps, encouraging provinces not to increase own-source revenues because

doing so produces no net revenue benefit: every increase in fiscal capacity reduces eligibility for federal grants. Transfer revenues fund government programs to subsidize inefficient employment in the recipient province. That employment is dependent on government funding for its survival. Workers are encouraged to stay in the province when in the absence of such support they would probably move to other provinces in search of secure employment. Political manipulation of programs like unemployment insurance to link eligibility to region and industry exacerbate the problem.

Coexisting with the indignation at central Canada is the frank recognition of New Brunswick's dependency. Hugh Thorburn's 1960 study of New Brunswick's politics discovers weakness and dependency sown into the foundations of the province, early on developing "the habit of looking to Ottawa for subsidies rather than to themselves for solutions" (Thorburn 16). Savoie captured the provincial posture in 1988 when he wrote of the region's political Catch-22: it resents the discriminatory character of federal policies but remains dependent on Ottawa to escape underdevelopment (Savoie, "The Atlantic Region" 296–98). Recently, however, he wrote a candid about-face, suggesting that transfer arrangements do not work. "What we have learned over the past 40 years," he said in 2007, "is that federal transfer payments are much better at creating economic dependency than promoting economic growth" (Savoie, "Forging" A1). In *Visiting Grandchildren*, Savoie came to the conclusion that "market-based economic development holds more promise for the Maritime provinces than any other approach" (330).

Regardless of developments in the political and economic landscape, the legitimating narrative of central Canada's original sin exerts its influence still. Donald Savoie's work indicates a weakening of the legitimating narrative as time has passed, but his thinking has yet to establish itself in the broader attitudinal landscape of the province.

## The Graham Government's Self-Sufficiency Agenda

With the number of Canadians born abroad approaching 20 percent, fewer and fewer Canadians possess the historical memory on which traditional Maritime grievances are based. Canadians are fast becoming historical amnesiacs. It is not only a matter of immigration. Technological civilization is about the forward-looking conquest of nature. History, as George Grant once wrote, is a receding shoreline, no longer operating as a "thrust of intention into the future" (31). Public priorities in this province converge with those in Toronto, Ankara, Denver, and Cairo: wealth, accountable government, and protection from life's contingencies. It is perhaps no surprise, then, that the province recently attempted a forward-looking approach to its many problems.

The centrepiece of the Graham government's 2006–10 policy was the "transformational" plan to make the province self-sufficient by 2026. "Self-sufficiency" resonates well in liberal democratic polities. For the individual, it connotes independence, maturity, and self-control. Can anyone in principle prefer dependence, servility, and vulnerability to circumstances beyond one's control? At the collective level, self-sufficiency implies the possibility of self-government, the capacity of the province to direct its future, to be a policy-maker rather than policy-taker. Self-sufficiency in one version or another has motivated New Brunswick as well as other provinces for a long time.

The Self-Sufficiency Agenda defined much of the Graham government's early activity. A task force released discussion documents, held hearings, and issued recommendations. The government responded with an action plan, and moved aggressively on several fronts. But execution was the weak link. The government was accused of failing to consult affected parties before acting, and one year into its term seemed to lose focus while dissipating its energies on a variety of poorly planned policy initiatives. For example, to develop a bigger pool of skilled workers for the development of the province's "energy hub" in Saint John, the province proposed to change UNBSJ into a polytechnical institute. This idea crashed into a wall of opposition in a region in which the Liberal party did well in the 2006 election. On other initiatives the government backed down or diluted its proposals. In early 2009, when the government announced the pending sale of NB Power assets to Hydro Quebec, it failed to convince New Brunswickers that this initiative would move the province to self-sufficiency. In fact, it barely tried. In the provincial election campaign in 2010, self-sufficiency was replaced by the bland "The Future Matters" in the Liberal platform, itself an attempt to have New Brunswickers forget the past four years.

Implementation questions aside, the chief conceptual problem of self-sufficiency was how it was defined. While he was never perfectly clear on the point, Premier Graham did pin the attainment of self-sufficiency to the province's



ineligibility for federal government equalization payments.<sup>2</sup> This benchmark had the benefit of creating a clear, measurable standard by which the province's progress toward self-sufficiency could be measured. All other things being equal, declining equalization payments to the province would indicate increased provincial self-sufficiency. The Graham government is at least to be applauded for tying its central policy initiative to a clear measuring stick.

But all things are rarely equal, especially in Canadian intergovernmental relations. Premier Graham defined the attainment of New Brunswick self-sufficiency in terms of the operation of a federal transfer program over which the provinces have no formal control. While the essential purpose of the equalization program has remained constant over the decades, and while section 36 of the *Constitution Act, 1982* declares that "the Parliament and the government of Canada are committed to the principle of making equalization payments...", the details of the program have been adjusted frequently with implications for amounts due to recipient provincial governments. The Constitution does not entrench provincial entitlement to particular levels of payments, and the provision is not even justiciable. While in recent years the federal government has shielded provinces from declines in payments, older equalization formulae contained no such protection. We may revert to this pure principle when the details of the program are periodically revisited. A straitened federal government could reduce equalization payments, moving New Brunswick closer to "self-sufficiency" simply by reducing the province's equalization entitlement.

As new as it sounded, Graham's self-sufficiency strategy bore a striking similarity to Frank McKenna's energetic "can do" pitch during his premiership from 1987 to 1997. Instead of waiting for transfers from Ottawa, he once said, "There is a new vision for New Brunswick: self-sufficiency for individuals. Self-sufficiency for the province" (Savoie, *Pulling Against Gravity* 192). The old was new again. Even in the details, old institutional habits persisted. While on the one hand the province sought to wean itself from dependency on federal equalization transfers, on the other hand it framed its Self-Sufficiency Agenda partly in terms of securing from the federal government funding for the development of "strategic infrastructure" for transportation and for research and development. It is passing strange for a province to seek financial independence from a benefactor by appealing for funds from that same source. While self-sufficiency was designed to reduce dependence on the federal government, the provincial government retained for itself a prominent managerial role in economic management, steering capital in particular directions and essentially socializing the risks of investment to grow new businesses and industries in the province. Maybe the province would become self-sufficient, but the private sector would continue to enjoy assistance from taxpayers. Thus the province would continue to hew a well-established Maritime pattern of state-led economic development.

Perhaps the clearest evidence of movement toward self-sufficiency was modest growth in provincial population and modest signs of progress in public school student competencies. But provincial economic performance spluttered, reliance on federal transfers increased, provincial deficits increased, and net debt increased. Self-sufficiency is incompatible with debt and the dependence on external factors indebtedness implies. Yet in Graham's last year, New Brunswickers heard nary a peep about the province's indebtedness until they were told that the sale of NB Power assets would erase \$4.75 billion in the utility's outstanding obligations.

## Where to Look for Change?

As New Brunswick politics in the new Conservative government's Alward era continues on well-worn tracks, unchallenged by crises of legitimacy or the wake-up call of an imminent external shock, one wonders what will propel the province into a critical juncture. Critical junctures are momentous periods that concentrate the mind, disturb settled patterns, open up new options, and force change. They are the equivalent of dropping the frog in a bucket of hot water. In the absence of such a juncture, the water slowly heats, and the frog swims around unaware of what is to come. On several fronts the water is indeed heating up and may produce in future the conditions for institutional change.

### a. The Coming Reckoning on Federal Transfers

As discussed above, 41 percent of New Brunswick provincial revenues come from various transfers from the federal government, chiefly Equalization, the Canada Health Transfer, and the Canada Social Transfer. All provinces receive transfers. The poorer provinces receive more, and have come to depend on them. But provinces do not have a

justiciable right to them. When the federal government unilaterally altered the Canada Assistance Plan in 1990 to limit the growth of transfers, the provinces cried foul and submitted a reference case to the high courts, arguing that they have a right to predictable funding and a right to negotiated changes to program design. They lost (*Canada Assistance Plan [B.C.]*).

While regular consultation and negotiation has characterized the operation and adjustment of transfers, there are no guarantees. In the case of other major transfers in the mid-1990s, then-Finance Minister Paul Martin unilaterally cut funding to the provinces to combat what was then a serious federal budgetary crisis. In the early 2000s the federal government, in more auspicious financial circumstances, sweetened the equalization program. During the 2004 federal election campaign, Prime Minister Paul Martin committed to an exceptional alteration of the equalization program for Newfoundland and Labrador and Nova Scotia, permitting them to receive equalization even though their burgeoning offshore oil revenues would otherwise reduce them. The federal government in 2004 went on to prevent any province's grant from falling below historic levels, and also increased the pool of equalization grants at an annual rate of 3.5 percent through 2014. This escalator proved unsustainably sweet for the Harper government; in 2009 it tied annual increases to economic growth. New Brunswick has not received huge increases in payments—Quebec takes that prize—but its cheque went from \$2.1 billion in 2005–06 to \$2.5 billion in 2010–11, making it the second highest per capita recipient, behind Prince Edward Island.

The days of generous transfers may be nearing their end. In 2007 the equalization formula was changed to include 50 percent of a province's nonrenewable natural resource revenues in the calculation of a province's per capita fiscal capacity for purposes of equalization eligibility. With the return to a ten-province standard for calculating a national average of provincial fiscal capacity, this increases federal commitments to recipient provinces. Natural resources revenues go to the provinces, but are used as a benchmark for federal government payments. This is what helps make equalization unaffordable for the federal government. According to Thomas Courchene, for every dollar increase in provincial energy revenues, the federal government is on the hook for fifty-seven cents in equalization payments. Since 2009, the recession has caused Ontario to qualify for equalization, creating a situation the equalization program was not designed to handle. His view is that equalization is fast becoming unaffordable (Courchene, *Intergovernmental Transfers* 32–40; Richards 68–83).

Related to this is Ottawa's own fiscal position: it ran up record deficits in countercyclical spending and is committed to balancing its books. With the Canada Social Transfer, the Canada Health Transfer, and Equalization all up for review in 2013–14, the provinces may face a less generous federal government approach than was taken in the early 2000s (Norquay 16–22).

For New Brunswick, this is a bracing prospect. The situation is made worse by structural demographic and political change in the country. Economic and demographic power has been shifting westward for a generation. Political power has been slow to follow. Ontario and Quebec until recently dominated national politics and the ranks of the federal government. As recent federal elections indicate, a potentially important national political shift is afoot. An Albertan is prime minister and the national political agenda is no longer dominated by a fixation on national unity. A potentially tectonic Ontario–western Canada axis may have been forged in the 2001 federal election. Proposed legislation will increase the size of the House of Commons by thirty seats following the 2011 census, giving eighteen seats to Ontario, five to Alberta, and seven to British Columbia. The effect of redistribution will be to consolidate the influence of Ontario and the West. Already overrepresented in the House due to the “Senate floor” provision of the Constitution, New Brunswick's strength in the House will decrease from 3.2 to 3.0 percent.

Ontario's support for the federal transfer system wavers. In 2003 Premier Dalton McGuinty made much of Ontario's unsustainably high net contribution to Confederation and declared that this could not continue. Recently, Matthew Mendelsohn of the Mowat Centre for Policy Innovation at the University of Toronto writes of

a New Ontario, a province less willing than in the past to see the appeasement of other provinces as core to its interests and one where the citizens are more willing to support muscular political leaders who stand up for the province. The New Ontario is less confident in its economic future than the Old Ontario, but it also has global

ambitions, believing its prosperity in the present century will be determined far more by its competitiveness on the global stage than by its ability to placate other provinces.

The New Ontario will produce a political shake-up in Canada. A new national politics will emerge, one that either reconstructs our social policy architecture and federal fiscal relations so that they work better for Ontario, or that sees Ontario join with Alberta and Québec in demanding greater provincial autonomy to run its own social programs with its own fiscal resources (Mendelsohn; see also MacKinnon).

Either alternative poses challenges for New Brunswick. The very suggestion of an Ontario-Alberta alliance on fiscal federalism means, from this province's perspective, that change is in the air. The 2011 election results suggest, if not tectonic change, then at least the hint of an emerging Ontario-West axis of electoral and parliamentary power.

In the 2011 election campaign, Stephen Harper committed his government to maintaining generous annual increases in health care transfers to provinces, matching other parties' promises, and signalling the moderation of a party that must appeal to the median voter to capture and retain political power in Ottawa. But economic conditions and federal priorities can change. In addition, nothing was said about the other transfers. Further, the means of redistributing federal monies can be changed—from transfers to provincial governments to transfers to individuals who can spend their money how and where they wish. Notably, individual transfers might encourage interprovincial movement of people, surely a worrying prospect for New Brunswick. The option of individual transfer payments has been pursued in the past by federal governments no longer willing to increase the power and status of provincial governments. The Conservative federal government used this delivery mechanism in 2006 when it provided a child-care allowance directly to parents instead of subsidizing the creation of institutional daycare spaces. And the Liberals frequently bypassed the provinces in making targeted funds available to individuals and non-state institutions (Jeffrey 317). This instrument can be pursued again. Much may depend on the most provincialist of provinces, Quebec, which is no longer part of the Conservatives' governing coalition and which is represented in Parliament by the NDP, traditionally the most centralist of federal parties.

The relative fluidity of Canadian fiscal arrangements—and thus cause for worry in this province—creates a contrast with the embeddedness of the New Brunswick provincial state. Why is not the federal state as embedded as the provincial state? This question deserves a paper of its own, but a couple of considerations come to mind. The first is that the provinces are assigned, under the constitutional division of powers policy, jurisdiction over education, health care, and social policy. While the federal government generally has the more distant oversight of defence, banking, currency, and criminal law, the provinces oversee matters that have a greater impact on the daily lives of Canadians. Decades of federal government attempts to insert itself into the consciousness of Canadians by means of the use of its spending power have not radically changed this. The federal government's chief success has been the Canada Health Act but even this has suffered from funding volatility and spotty enforcement. If these hunches are right, the federal state may not be as embedded as the provincial state; accordingly, the provinces have reason to fear more sweeping, critical changes in federal policy affecting provincial affairs.

The next few years will be important for Canada's complicated intergovernmental fiscal arrangements. The ramifications for provinces like New Brunswick cannot be overstated. Yet it is important to note there is little evidence that the provincial government is prepared for changes to existing transfer arrangements should they be pursued.

### **b. The 2010 Provincial Election**

New Brunswick's 27 September 2010 election produced, according to pundits, a thumping of Shawn Graham's Liberals and a resounding mandate for the Progressive Conservatives under David Alward. In one sense this is true. At dissolution, the Liberals occupied thirty-two seats in the Legislative Assembly and the Conservatives only twenty-one. After the election the Conservatives had forty-two seats to the Liberals' thirteen. Popular vote, however, tells a different story. The Liberals did indeed suffer a thumping, dropping over 12.5 percent from their 2006 showing to 34.5 percent, but the Conservatives gained only 1.3 percent (a mere 3,815 votes) from 2006.

Our single-member plurality electoral system, of course, consistently produces anomalies like this. A party's seat count very imperfectly reflects how it actually did among voters. The key to the puzzle is that a general election is really a

simultaneous holding of fifty-five individual constituency elections, in each of which the winning candidate need only garner more votes than each of his or her competitors. The composition of the Assembly is merely the aggregation of these individual contests. Nonetheless, it is the representation of parties in the Assembly that determine what party governs, and voters tend to vote for a party rather than the local candidate representing a party. Observers naturally draw attention to the gaps between a party's share of vote and its share of seats. For the NDP, capturing 10 percent of the votes but no seats, the gap is dispiriting, all the more so since calls for electoral system change are as futile as they are ubiquitous. The system has remarkable staying power not least because changes to it must be implemented by those who benefit from its tendency to over-reward winning parties.

In the light of New Brunswick's policy challenges, the electoral system's biases are particularly maddening. Both the Liberal and Conservative platforms presented a literally incredible array of new promises knitted together by bland slogans. The Liberals wanted us to forget about the past four years by intoning that "The Future Matters." The Tories promised to "Put New Brunswickers First...for a Change."

Both almost completely ignored the fiscal challenges. Instead we got a campaign much like the others: promises of new funding for programs, buildings, demographic groups, regions, and communities. The Liberals promised howlers like laptops for every middle-school child, all but ignoring their signature self-sufficiency strategy from the previous term—even though that strategy was to unfold over a twenty-year period. The Conservative plan committed the party to spraying money in all directions. Amidst a bevy of new spending promises was the remark that responsible financial management is "the most important role of any government." Then the delusional part: a PC government would "bring order and stability back to our provincial finances without raising taxes or reducing services." Even when the platform did hint at a measure of fiscal modesty, it couched it in old-style expansionist terms. When it addressed health care spending, the platform promised to maintain annual increases in health care spending at a minimum of 3 percent, failing to note that health care spending has been rising consistently in the 5–7 percent range.

The New Democrat platform faced the provincial fiscal problem directly and honestly. Apparently seeking to capture the middle-class voter, building on the pragmatism of the new Nova Scotia NDP government, and taking a page from the Saskatchewan NDP, whose management of that province's fiscal crisis in the 1990s was exemplary (MacKinnon), the platform squarely acknowledged that New Brunswick "is facing a fiscal crisis," that mounting public debt "threatens the economic independence of our province," and that the province cannot merely "grow out" of debt through economic growth. The party couched its new-found interest in fiscal probity in terms of the need to protect social programs, acknowledging that its former tax-and-spend policies were in need of modernization. It raised a serious issue here. Conservative governments tend to attract investment with low tax rates. The NDP argued, however, that economic investment into a province is not simply the infusion of dollars. New business means new people, and people will move to a region with effective public services like education, health, parks, and recreation. So robust growth requires robust public services. How this can be done in current economic conditions is indeed the big question, but by raising the point, the NDP made its platform the most interesting of the lot.

Why did the NDP not do better? It did recover from its 2006 debacle to its historical 10 percent support level. Perhaps voters could not square the new middle-class-friendly, Blair-ite NDP with the historical union-based form they formerly knew and rejected. Perhaps the party still suffered from the lack of resources stemming from the loss of momentum in the post-Weir era (O'Byrne and Ericson). New Brunswick remains a two-party province, one of the few remaining in Canada. The party system in league with the electoral system organized out of political discussion a serious policy challenge to the status quo.

### **c. The Politics of Consultation**

Older studies of Canadian political culture described the country as reflexively conservative in disposition and deferential to elites. Canadians inhabited the peaceable kingdom, habitually apologized, and stoically braved both harsh weather and difficult economic conditions. Populist movements, labour protest, and the occasional appearance of radical parties complicated this popular view but failed to uproot it. Deference was supported by the political theory of parliamentary government according to which elections *are* consultations and the people are represented in the legislative

chamber. Said John Mercer Johnson, member of the New Brunswick House of Assembly during the 1866 debate on ratification of the Quebec Resolutions on Confederation: “The legislature when they meet are the people” (Ajzenstat 40). Elected members, he understood, represented all constituents, not only those who elected them. Such principles are now quaint. No one takes them seriously. We do not know whether to revivify elections or sidestep them with other innovations. Many seek to do both.

Political scientists in the last thirty years have documented these attitudinal changes. Neil Nevitte’s 1996 *The Decline of Deference: Canadian Value Change in Cross-National Perspective* argued that citizens in the affluent, postwar, late-industrial, and increasingly postindustrial advanced democracies had begun to shed their patterns of deference to authority, bringing to political life a distrust of institutions and received ways of doing things. They brought to politics new, “postmaterialist” values and policy demands.<sup>3</sup>

Evidence of postmaterialist cultural change is found in criticism of inegalitarian social and institutional arrangements, the rise of the new social movements, the appearance of feminist and environmental parties like the Greens, and, not least, the new politics of consultation and transparency. Of course, it is the rhetorical stock-in-trade of opposition politicians to complain of government secrecy and its alleged disregard of the will of the people. Populist strands in Canadian politics flare up to capture some of this discontent, but as the dismal showing of the People’s Alliance of New Brunswick in the 2010 election indicates, contemporary political anger goes beyond populism. Late in its term the Graham government created the cabinet position of Minister of Public Engagement and the new Alward government dedicates a separate webpage to ongoing consultation processes. Consultation has been institutionalized.

A local example is instructive. In 2008, the provincial government planned to replace early voluntary French immersion education starting in grade 1 with a new scheme under which intensive French would be taught all students starting in grade 5. One week before the March school break, it announced a truncated set of public meetings to explain the new scheme and solicit public comment. Two weeks after the comment period, Education Minister Kelly Lamrock accepted the recommendation of the report to alter the French immersion program. Clearly the minister anticipated the usual level of resistance but was convinced it could be weathered. Parents whose children were to be affected by the new policy mobilized to oppose the plan, garnering much media attention. They also litigated the matter and won a court case on the argument that rules of natural justice in administrative law require the party proposing to alter the education policy to hold meaningful consultations. Specifically, the parents “had a reasonable and legitimate expectation that the program would not be cut without them having a real opportunity to be heard by the Minister” (*Small and Ryan v. New Brunswick* para. 28).

The decision was highly unusual in that the judge applied the principles of administrative law not to the application of an extant policy but rather to a proposed policy in the process of development. Aside from this technical feature of the case, the win was as politically as legally salient. It became one of a series of policy initiatives for which the government was castigated for its failure to consult with the public. The effect was to block a significant policy departure from the status quo, forcing the government into a compromise. While consultation is often understood to be a democratic departure from elitist parliamentary practice, it easily becomes a means of reasserting the institutional status quo, providing interested groups and constituencies a vehicle to block disruptive change. And of course governments can structure consultation processes to exclude certain options from public debate. Given the centrality of NB Power to New Brunswick’s fiscal troubles and energy future, one would think that the new government’s Energy Commission would be required to consider its operations, performance, and future. But the terms of reference excluded it.

## Discussion

Contemporary New Brunswick provides a vivid case study in the institutional analysis of politics. The province is marked more by continuity than change, more by sticky institutional persistence than society-based functional reform. Despite the presence of several significant, mounting, and potentially transformative policy challenges, the province’s institutions have not moved to address them. That old chestnut, Maritime political union, involving in the extreme the creation of one maritime province out of the three relatively small struggling jurisdictions, is as dead an option now as it ever was. Even more recent initiatives like the Self-Sufficiency Agenda failed to move the province forward and itself was

an example of the influence of the past on the present. The Alward government's "Invest NB" initiative claims to be new and improved but looks much like Business New Brunswick, its predecessor. One massive policy change proposal—the selling of the assets of NB Power to Hydro Quebec—ran into a wall of opposition the minute it was made public. The utility everyone loved to complain about instantly became the province's fiercely defended patrimony. While the sale had the potential to relieve some of the province's ailments, New Brunswickers would have none of it. Institutions can persist not because they work but because they enjoy legitimacy among stakeholder groups. NB Power became tied to jurisdictional sovereignty and that was enough to imperil the deal.

Why has change not (yet) come to New Brunswick? Institutionalism does account for change. Institutions are not monolithic. Institutional analysis holds that institutions are influential and important, not that they are omnipotent. Societal forces have their due. Yet institutions seem to have extraordinary influence here. One possible explanation has to do with the province's population profile. New Brunswick is a slow or no-growth province experiencing difficulty both in retaining its younger residents and in attracting interprovincial and international migrants. While further research on this is in order, it is reasonable to speculate that both groups are incubators of new ideas, policy orientations, and political values, able to influence institutions and the policies they generate. Members of these groups are generators of change. In their relative absence, established political ideas and orientations prevail more easily. March and Olsen argue in their study of institutions that in many organizations problems beget not solutions but increased attachment to established patterns. Solutions precede the identification of problems (March and Olsen 62). Relative population decline in New Brunswick is a problem. Part of this problem is that the sources of solutions are in some measure contained in the demographic groups the province lacks. Indeed young New Brunswickers' departure is particularly ominous because they see that their initiative and creative energy is better deployed elsewhere. The demographic problem is self-reinforcing.

Another explanation may have to do with the relative balance between state and society. Societal factors are important for both institutional continuity and change. After all, institutions reproduce themselves in large measure by the material and ideational effects they have on society. This article has suggested that the provincial state is a dominant presence in the province's economy and society. It is an embedded state. With so many groups and interests tied to the state, the appetite and capacity for change may be unusually weak. Stability and continuity for some is a lack of dynamism and nimbleness for others. The forces of stability are in the ascendant here. Fiscal federalism fosters this sense of things. New Brunswickers enjoy a high level of public service in the absence of a provincial tax base to pay for it. Substantial federal transfers and debt-financing delay a reckoning. Public services are visible and figure in people's daily lives. Public debt, on the other hand, is a distant, abstract issue described in numbers whose scale most cannot comprehend.

New Brunswick to this point has been spared a shock—either external or internal—that would produce a critical juncture and thus a moment of significant institutional change. The province has not experienced a major downgrading of its debt rating, a debt wall, or a disruptive decline in federal transfers. New Brunswick is not Greece. Its problems are more of a slow-burn variety. In time they may very well disrupt established patterns of political life, but for now it is incremental business as usual.

For those who worry about the neoliberal assault on the state and social programs, institutionalist analysis offers some comfort. Welfare state programming protecting citizens from life's contingencies are part of the fabric of modern life and deeply embedded in the lives and attitudes of citizens (Banting 803–5; Mahon 358–9). While reform is possible and perhaps necessary, there can be no question of a return to the age before the welfare state. Even observers on the political right now take this to be axiomatic (Voegeli 94–153). So policy change in the absence of catastrophe will necessarily contend with these limits.

## Conclusion

In 2002, when he was leader of the Canadian Alliance, Stephen Harper, in a maladroit attempt to curry Maritimers' support for his western-based conservative party, told Maritimers that "I think in Atlantic Canada, because of what happened in the decades following Confederation, there is a culture of defeat that we have to overcome" (Roik). Harper was accused of blaming the victim, even though he attempted to link Maritime attitudes to federal public policies

that fostered dependency. A sophisticated analysis of New Brunswick's troubles suggests that we need to not merely bemoan attitudes but examine institutional and policy forces that structure incentives and foster stable patterns of conduct and attitudes that then support them. New Brunswick is stuck and for the reasons discussed in this article will remain so for the foreseeable future. Institutionalist analysis illuminates both the reasons for stasis and the conditions that must occur to encourage institutional and policy change.

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## Endnotes

<sup>1</sup> Conrad seems strangely silent on massive population shifts and declines in Saskatchewan as recently as the 1990s, and rural depopulation everywhere.

<sup>2</sup> *The Action Plan to be Self-Sufficient in New Brunswick* indicated that the province's goal was to make NB a "have" province. The Premier elsewhere indicated that he wants New Brunswick to be a contributor to Confederation, not a recipient of equalization payments (Gambale 2007).

<sup>3</sup> Nevitte draws his account from the pioneering work of Ronald Inglehart. (see Works Cited)