

**Common Ground:
The Case for Interprovincial Cooperation
in Western Canada**

A Building the New West Project Report

**Robert Roach
Senior Policy Analyst**

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BUILDING THE NEW WEST

This report is part of the Canada West Foundation's **Building the New West Project**, a multi-year research and public consultation initiative focused on the strategic positioning of western Canada within the global economy.

Five key priorities emerged from an extensive research and consultation process and provide a framework for the Building the New West Project:

- the West must create the tools to attract, retain and build **HUMAN CAPITAL**;
- the West must continue **ECONOMIC DIVERSIFICATION**;
- the West must strengthen its **TRANSPORTATION INFRASTRUCTURE**;
- the West must promote the global competitiveness of its **MAJOR CITIES**; and
- the West must develop new ways of facilitating **REGIONAL COORDINATION**.

To learn more about the BNW Project, please visit the Canada West Foundation website (www.cwf.ca).

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1. INTRODUCTION

“Additional opportunities will come forward by creating linkages in the West. Much of what we have to do in the years ahead involves cooperation among the provinces.”

– Former Premier of Manitoba Gary Filmon, Western Builders Roundtable, April 2001

Cooperation among the provinces that comprise the Canadian West has been a topic of discussion for decades. The reason for this is straightforward: practical lessons from daily life teach us that cooperation is a good idea and that it often pays to work together. The four western provinces are not homogenous, but they are tied together in various ways and they all stand to benefit by increasing the degree to which they cooperate with one another.

Unlike the relatively large number of people concentrated in Ontario or Quebec, westerners are dispersed among four separate provincial units. This has advantages (e.g., the development of provincial policies that take into account unique circumstances and a greater degree of policy experimentation) and disadvantages (e.g., barriers to growth created by a splintered regional economy). One way to overcome the disadvantages and maximize the advantages of a region divided into four political jurisdictions is through public policy cooperation. Missed opportunities on this front are too costly given fiscal imperatives such as rising health care costs and a global economy marked by intense competition ready and willing to snatch opportunities away from western Canadians.

This message was independently and spontaneously repeated at a series of Canada West Foundation consultations about the future of western Canada.¹ The message was clear and emphatic across the West: as a physically large but sparsely populated region divided into four provincial units, westerners must find ways to work together if they hope to compete in a global environment and ensure their prosperity over the long-term. The West cannot afford to squander the opportunities that come with cooperation in a world where other regions – the West’s domestic and foreign competitors – are vying for the same markets and the same pool of human capital.

Common Ground: The Case for Interprovincial Cooperation in the West articulates reasons why the four western provinces (British Columbia, Alberta, Saskatchewan, and Manitoba) should move beyond provincial approaches to public policy development and delivery and adopt – at least in some areas – a pan-western approach.² Interprovincial cooperation is broadly defined here as any

1. The Canada West Foundation hosted five consultative events in April and May 2001. The Western Builders Roundtable brought together over 60 community leaders to discuss regional aspirations and policy goals. The event, held in Calgary and chaired by Peter Lougheed (former Premier of Alberta), featured Allan Blakeney (former Premier of Saskatchewan), Gary Filmon (former Premier of Manitoba), Michael Harcourt (former Premier of BC) and Preston Manning (former Leader of the Official Opposition). Four provincial consultations were subsequently held in Edmonton, Saskatoon, Vancouver and Winnipeg. The provincial consultations brought together over 250 community leaders from across the four western provinces. Participants were asked to look ahead to 2020 and think through the requirements for regional prosperity in a turbulent global environment.

2. The northern territories are not included on the grounds that they form a distinct region; cooperation among the four western provinces and the three northern territories is a separate topic that is best addressed elsewhere. This is complicated to some degree by the fact the territories participate in the annual Western Premiers’ Conference. Despite this, there are enough differences between the North and the West to treat cooperation between them as *inter*-regional rather than *intra*-regional.

form of cooperative behaviour among provincial governments or their agencies, including everything from information sharing and coordination of tourism marketing to harmonized trucking regulations and the creation of western Canadian centres of excellence in medicine. Interprovincial public policy cooperation in the West is a relatively common phenomenon with deep roots in a broad range of policy areas (see Fox and Roach 2003). *Common Ground: The Case for Interprovincial Cooperation in the West* outlines the reasons for this cooperation and, by so doing, provides a general case for increasing interprovincial cooperation in the region. The pursuit of cooperation does not, however, negate the value of healthy interprovincial competition and policy experimentation. Policy homogeneity is not the objective, nor is formal political unification. The goal, rather, is to capitalize on shared interests by moving beyond “silo” thinking and realizing the potential benefits associated with cooperation among existing provincial units.

2. THE WEST AS A PRACTICAL POLICY REGION

“It is important to be aware of the West as a whole – not just of our own provinces.”

– Former Premier of Alberta Peter Lougheed, Western Builders Roundtable, April 2001

Discussion of interprovincial cooperation in the West requires at least a passing nod to the somewhat fuzzy, but nonetheless useful, notion of “region.”³ Most observers of western Canadian politics would agree that the West is a region in at least some sense – even if this regional status is based on little more than the fact that people often lump the four western provinces together. There is, however, a great deal of disagreement about whether or not the West is a region in a more demanding sense than “the four provinces west of Ontario.” Although there are good reasons to see the West as a meaningful regional entity, there are equally good reasons to focus on factors that divide it into smaller units.

A lack of regional institutions that cross provincial borders means that provincial governments tend to be the focal points of territorial interests in Canada. There is no Premier of the West and no western Canadian regional government with powers outlined in the Constitution and legitimized by years of use. The West, moreover, does not have an annual budget to pay for public works and programs. As a result, there is a distinct lack of vested *western* Canadian interests. Provinces, of course, have all of these things, and years of province-building have established them as complex political and administrative units with deep roots, significant power, and a vast array of interests dependent upon them:

...since 1867 Canadians have been engaged not only in state-building but in province-building as well. The existence of separate provincial governments automatically elicits a more intense pattern of communications and associational activity within provincial boundaries than across them. (Black and Cairns 1977, 43)

3. There is general agreement in the literature that a region is a roughly contiguous geographic space tied together in some way (e.g., by common cultural traits, political arrangements, or economic linkages). The division of Canada into provincial units created ten regions defined by provincial borders and the powers of provincial governments. (The three territories also form three distinct “political” regions in this sense.) Additional linkages must be found in order to weave the provinces and territories into larger regional groupings such as the West, Atlantic Canada, or the North.

It is important, therefore, to recognize that provincial governments and provincial boundaries are here to stay; formal amalgamation of the four western provinces into a single unit is not a viable option. The durability of provincial divisions means that solutions to common challenges and the exploitation of regional efficiencies must be accomplished through *interprovincial cooperation*.

The case for interprovincial cooperation among the western provinces does not require the West to pre-exist as a region; the West does not have to live up to an abstract standard of what constitutes a “real” region for cooperation among its constituent parts to make sense.⁴ Proving that the West is a region is not the goal nor is it a prerequisite of cooperation. The case for cooperation in the West is based on an account of the reasons for, and the *practical* benefits of, public policy cooperation among the four western provinces. The western provinces should (and often do) *choose* to act as a region because it is beneficial to do so. In this way, developing and implementing coordinated public policy initiatives rooted in the similarities among the four western provinces and designed to take advantage of interprovincial synergies creates a western region based on practical public policy action.

The case for regional cooperation does not deny the existence of differences within the West. Nonetheless, it does presuppose that there is enough common ground among the western provinces to grease the wheels of cooperation and provide a basis for coordinated public policy action. Hence, arguments about what ties the West together remain relevant.

3. ADVANTAGES OF REGIONAL COOPERATION

“We are a small region of less than ten million people. We cannot afford to split the West into more than one economy.”

– Former Premier of Saskatchewan Allan Blakeney, Western Builders Roundtable, April 2001

Generally speaking, the advantages of regional cooperation – whether at the international level among sovereign states, at the sub-national level among provincial or state governments, or at the local level among municipalities – are assumed to be obvious and, therefore, receive very little attention in the literature on regional cooperation. Authors tend to give a passing nod to increased military security or general economic benefits, and then move on to detailed discussions of forms of cooperation, the mechanics of institutional development, and barriers to successful cooperation. Nonetheless, it is possible to identify three broad categories of advantages associated with regional cooperation: 1) strength in numbers/united response to external threats; 2) economic benefits of regional free trade; and 3) rational public policy.

Strength in Numbers/United Response to External Threats

Banding together into regional blocs is a standard means of enhancing military power, increasing political clout, and fending off external economic threats.⁵ International treaties designed to increase the military security of a group of nation-states (e.g., the

4. It is also important to recognize that western Canada is only one of many possible regional configurations and that the western provinces are, or may become, involved in other regional arrangements (e.g., with American states).

5. Regional cooperation as a response to globalization is a common theme in the literature on international regions. As Breslin and Higgott argue, “Initial understandings of regionalism saw it as a defensive mechanism to reduce dependence on the international economy. The new regionalism takes a more offensive response to the global economy. It is a way of securing greater competitive access to global markets under conditions of globalisation, not a way of securing regional autarky. ... The defensive-offensive attitude towards regionalism should not be seen as mutually exclusive. The defensive legacies of the earlier phase remain” (2000, 339).

North Atlantic Treaty Organization) and free trade zones such as the European Union (EU) are classic examples of regional arrangements based on the premise that there is strength in numbers. Regional cooperation is seen as a practical response to external threats such as military intimidation or economic competition. Proponents of European cooperation, for example, believe that the individual countries of Europe stand a better chance of competing with large economies if they work together as a relatively integrated unit: “The single market offers European businesses a larger pool of consumers and allows the creation of world-leading corporations to compete with the Americans and the Japanese” (McCormick 1999, 19).⁶ Regional cooperation is also used to increase political influence within a country or at the international level among nation-states.

The evolution of the General Agreement on Tariffs and Trade and the development of the World Trade Organization notwithstanding, barriers to a truly open global economy have meant that countries have sought to create workable economic zones based on regional synergies – zones that extend the benefits of free trade to members of the region while limiting the access of non-members (Reardon *et al.* 2002, 91). As sub-state regions and countries jockey for position in the global economy, being part of a regional bloc is a significant economic advantage. As the Western Governors’ Association argued in 1988,

the benefits of regional cooperation in export trade include: “cost reductions and economies from consolidation of efforts, increased impact from a more massive presence of the states when operating in combination, increasingly knowledgeable state officers as a result of pooling of experience; greater and more rational global coverage at little extra cost; and an effective presence for Western interests in Washington and overseas.” (Chi 1996, 60)

Although the military aspect of the strength in numbers concept does not apply to interprovincial cooperation, the economic component provides a rationale for the removal of provincial policies that balkanize regional economies and hamstring economic growth. Similarly, cooperation can be used to increase the political clout of a region and, in turn, the likelihood that it will achieve its objectives in political negotiations. As McCormick argues about the European Union, “There is greater chance of building global power and influence when the member states act in concert rather than individually” (1999, 19).

Economic Benefits of Regional Free Trade

The need for relatively small or vulnerable economies to work together to compete with larger or better positioned economies points to the central role played by economic theory in the argument for regional cooperation. Working together enables a region to take advantage of economic principles such as comparative advantage and economies of scale and, by so doing, improve its overall economic performance and its ability to compete with external rivals:

In addition to the benefits of a more efficient economy, economic cooperation provides consumer benefits. These arise from two sources: access to products that are not available in one province at lower prices than would be charged in a protected market; tax benefits from lower costs in the provision of government services. (Parsons 1993, 4)

6. Similarly, “For many developing countries and/or newly industrialising countries the main objective of regionalism is to recapture collective autonomy in relation to the EU and the United States and to begin to organise a collective response to the Japanese challenge” (Boas 2000, 417).

The latter benefit points to the fact that the same economic principles that make the case for policies that facilitate a more open regional economy can be applied to the development and delivery of government programs. This concept is discussed in more detail below.

Rational Public Policy

Because the economic principles of economies of scale and comparative advantage also apply to the provision of government services, regional cooperation also has the potential to generate better public services at lower cost.

Economies of Scale and Specialization

Pooling expertise and resources saves money by reducing duplication and expanding the market for public services. Regional cooperation offers the scale of production necessary to compete with bigger players, but takes place on a small enough scale that is still manageable on a practical level. As Parsons argues, many “public services can be produced at lower average costs when they are produced in higher volumes” (1993, 2). Combining efforts, moreover, makes it easier to do some things that would be impossible or impractical for one province to undertake alone because of a lack of a critical mass of resources or population.

Basing policy decisions on a regional population also allows for a greater degree of specialization. By focusing on a smaller number of services and “trading” these with regional partners, governments can provide their citizens with higher quality services and save money at the same time through the efficiency gains associated with specialization. Opportunities to create “centres of excellence” in the policy areas of education and health care abound. Indeed, as the costs of providing public health care continue to skyrocket, the cost savings promised by regional cooperation should not be ignored.

Harmonization

Harmonization across policy areas such as trucking, securities, power generation, licensing, standards, accreditation, labeling, international marketing, and government procurement saves money, reduces confusion both within a region and among external investors, and increases economic performance. This, in turn, expands the tax base and helps sustain public services such as health care and education.

Spillover Effects

Regional policy cooperation also allows governments to address public policy issues that are unavoidably regional in nature – i.e., issues that spill over political borders such as water management, preservation of the environment, and transportation. Without regional cooperation, effective public policy in areas that cross borders is not possible.

4. WHY A REGIONAL APPROACH AS OPPOSED TO A PAN-CANADIAN ONE?

“It is vital for the future of Canada, if we wish it to have a future, to make a practical reality of the distinction between unity and uniformity, between unity and centralization. ... [Canada] has never been uniform and never can be, for the regional variation which place and tradition both foster are by no means restricted to differences between those who speak English and those who speak French. ... such a large area can only be effectively administered when the greater share of administration and therefore of authority is left in the regions.”

– George Woodcock, “The Sweet Gift of Governing Oneself, or True Versus False Federalism,” 1977

It is relatively easy to make the case why the four western provinces should combine their efforts rather than each go their own way. “Every province for itself” is simply not an effective strategy in an intensely competitive continental and global environment marked by much larger competitors able to flex significantly more demographic, economic, and political muscle. The western provinces are too small and too vulnerable to ignore the benefits of working together in the name of provincial individualism. At the same time, sub-state regions (e.g., the Catalonia region around Barcelona in Spain) and nation-states (e.g., the European Union) around the world are taking advantage of cooperation and, by so doing, creating even more pressure for a jurisdictionally divided region like western Canada to find ways to overcome the barriers to efficient political and economic performance.

In addition, many public policy challenges are not confined within provincial borders but spill over into neighbouring jurisdictions. Transportation, interprovincial trade, and environmental management are but three examples of policy areas that span provincial borders and require interprovincial cooperation if they are to be effectively addressed. This begs the question, why should we focus on provincial cooperation in western Canada rather than pan-Canadian provincial cooperation? If cooperation pays dividends, why not go all the way and work together as a country? The answer is twofold. First, we should in many instances attempt to work together as a country with all ten provinces and three territories on board. Regional cooperation in the West does not preclude other cooperative efforts (bi-lateral, pan-Canadian, or otherwise). In this regard, regional efforts may be seen as a starting point or testing ground for eventual pan-Canadian interprovincial cooperation initiatives.

Second, it is important to recognize that pan-Canadian cooperation is often unlikely or unmanageable because of the size and diversity of the Canadian federation. It can be difficult enough to find the common ground needed to get the four western provinces to coalesce around an issue, let alone all ten provinces and three territories. The western provinces are too far away and too different from other parts of the country for pan-Canadian forums to be effective *in all instances*. In an article about the institutional weaknesses of the Annual Premiers’ Conference, André Dufour notes that “if Saskatchewan wants to discuss subsidies to grain farmers, Nova Scotia plans to talk about fishing quotas” (2002). Dufour’s observation highlights the barriers to pan-Canadian cooperation created by competing interests and priorities. It is simply easier to manage cooperation among the four western provinces than among ten provinces and three territories spread out across the full width and breadth of the Canadian landmass.

Hence, the dictum that strong regions make for a strong Canada. This assertion is based in part on the fact that Canada's relatively small population is scattered across the second largest country in the world and, in turn, must rely on regional mechanisms to ensure that its various parts function effectively and are not dominated by the more populous and traditionally powerful central regions of Ontario and Quebec. Again, this does not mean that the provinces, territories and the federal government should not seek ways to work together as a nation; it means that, in some cases, regional solutions are either more practical given the diversity of the country or more appropriate because the issues are regional in nature. (The same holds true in those cases where issues are uniquely provincial or local in nature.)

If regional cooperation is a good idea but is stymied by a lack of regional institutions, why not turn to the federal government and use it to develop regional policies? Given that its mandate is not confined within provincial borders, might not Ottawa provide the mechanisms for interprovincial cooperation? Might not the federal government handle those cases and instances where provincial responsibilities spill across provincial boundaries or provincial inertia needs to be overcome? The short answer is no. There are a number of areas of importance to provincial prosperity where the federal government is largely inactive. These would include transportation (which Ottawa has largely vacated to markets), educational programming (as opposed to post-secondary research), health service delivery (as opposed to the principles of the Canada Health Act and federal financial transfers), economic development, and regional marketing.

Would it not still be possible to rely on the federal government to fill in the regional public policy cracks, to address issues that transcend the territorial and/or jurisdictional boundaries of the provinces? Is there not a logic to relying on the federal government to handle trans-boundary effects and regional coordination? There are, in fact, a number of reasons for concluding that federal action would be an inadequate substitute for interprovincial cooperation, although it may well provide an important complement to such cooperation:

- Federal departments tend to be organized along functional rather than territorial lines, and in this sense are poorly equipped to handle horizontal policy coordination.
- A potential reliance on federal mechanisms for policy coordination rests on provincial governments having confidence in the capacity of federal governments to reflect and engage regional interests. Such confidence tends to be in short supply in the West.
- A reliance on the federal government would likely result in greater federal intrusions into provincial areas of legislative competence. This in turn would run against the grain of federalism.

In short, there are policy fields in which provincial governments are the primary actors and the key determinants of successful policy cooperation. As David Cameron argues,

One of the more powerful means of strengthening provincial governments would be a greater commitment of resources – by the provinces themselves – to mechanisms of interprovincial collaboration and cooperation. This may deprive some

provincial leaders of a very handy central scapegoat to blame for their own unwillingness or inability to respond to public demands, but it could also provide a useful alternative to the presumption that only a central government can respond to problems or demands which extend beyond the boundaries of a single province. (1977, 43)

The federal government still has a large regional coordination role to play in areas of federal jurisdiction, areas of overlapping jurisdiction, and as a potential facilitator of interprovincial cooperation. In regard to the latter role, federal bodies with regional mandates such as Western Diversification and the Atlantic Canada Opportunities Agency may be able to act as brokers of interprovincial cooperation in the West and Atlantic Canada.

5. THE CASE FOR WESTERN CANADIAN COOPERATION

“...as functional responsibilities grow in number and expand in scope, the financial, technical, and manpower resources required for adequate performance need to be pooled across political boundaries.”

– J. E. Hodgetts, “Regional Interests and Policy in a Federal Structure,” 1966

In addition to the general advantages of regional cooperation, there are four interrelated reasons for cooperation among the four western provinces (as opposed to pan-Canadian cooperation or a more narrow focus on individual western provinces).

Not Too Big, Not Too Small – The Goldilocks Principle⁷

Mobilizing all ten provinces and three territories – with or without the involvement of the federal government – is often (though not always) unmanageable. The number of players and the diversity of interests at the table mean that national negotiations are often slow, extremely complex, and peppered with policy landmines and other barriers to successful cooperation. The advantages of cooperation are often unattainable because of the practical limitations of negotiating pan-Canadian arrangements. In addition, lumping the western provinces in with the rest of the country could be counterproductive as western issues and needs are overshadowed by the concerns of other regions. Simply put, pan-Canadian cooperation is “too big.”

There are, of course, some cases where the federal government can play an effective role in bringing the provinces and territories together and *facilitate* the development and administration of pan-Canadian policies in areas of provincial jurisdiction. This approach is limited by the fact the federal government is not always able or willing to take on this role (there may be provincial resistance or the federal government may be trying to reduce its role in certain policy domains). In addition, the federal government may lack the regional awareness to develop a program that meets the needs of the West as effectively as one generated from within the region.

It is tempting to argue at this juncture that the 15 member states of the European Union face even greater barriers to cooperation,

7. Katzenstein uses the story of Goldilocks to illustrate the role of regions in international affairs: “Because they often mediate between national and global effects, regional effects, as in the story of Goldilocks, are neither too hot, nor too cold, but just right” (2000, 353).

but have managed to overcome them and take advantage of the benefits of working together. Given this, why can't Canada's component parts do the same? There are four general responses to this line of reasoning.

First, Canada's provinces and territories, unlike the countries of Europe, do not have a history of bloody wars among them to act as an impetus for cooperation. Canada has the luxury of allowing certain internal divisions to remain active without the fear that they will lead to military action. Second, because Canada is a single country, it already had many of the things the EU was created to achieve (e.g., a common currency and relatively open internal borders). Third, even though there is a lot more that could be done, it is a mistake to see Canada's provinces and territories as divided as the members of the EU once were and to some degree still are. There is a great deal of common ground in Canada and a large number of cooperative arrangements that should not be ignored (see Fox and Roach 2003). Fourth, despite these successes, Canadians should take the European example to heart and challenge ourselves to overcome our internal differences, find ways to cooperate and, thereby, make the Canadian federation function as efficiently as possible. Nonetheless, a pan-Canadian approach is not always needed, not always best for the West or Canada, and not always possible. A pan-Canadian approach, moreover, may not be the best place to start given that a great deal can be learned by beginning on a regional level and building from there.

If pan-Canadian cooperation in many cases is "too big," retreating to a purely provincial approach in all instances is "too small." The advantages of interprovincial cooperation remain a laudable goal. Hence, rising above provincial borders and engaging in regional policy cooperation has the potential for being "just right." A regional approach is able to avoid (or at least mitigate) some of the pitfalls of pan-Canadian negotiations. It is also able to focus on issues of particular importance to the western provinces as a group and utilize regional common ground as a basis for cooperative action. A regional approach yields the advantages of cooperation without the hazards and barriers to success associated with pan-Canadian policy action.

Spillover Effects in the West

A second reason for regional cooperation in the West is the simple fact that the four western provinces are neighbours and, in turn, are tied to one another in a variety of unavoidable ways. The Goldilocks principle indicates why it is often a mistake to see Canada as a single policy neighbourhood and why it is better in many instances to focus on smaller and more manageable regional units such as western Canada.⁸

We are left, then, with the idea of the four western provinces as a workable policy neighbourhood. The need to address policy issues that literally spill over provincial borders means that there are numerous policy areas where cooperation is an obvious and desirable option. The management of rivers that cross provincial borders is an example, as is the maintenance of an efficient regional transportation system. Again, it is a matter of degree rather than an either-or situation. Ontario, Quebec, and Atlantic Canada have, for example, an interest in Vancouver's port system, just not to the same degree that farmers in Saskatchewan do.

8. Similarly, the sheer size of Ontario's population combined with a history and economy that significantly set it apart from the western provinces suggest that adding it to the western neighbourhood because it shares a border with Manitoba does not make sense. Nonetheless, because the West is only one of many real and potential regional groupings, there are many instances where Manitoba and Ontario – or some other combination of provinces and American states – do, or should, seek to cooperate.

Western Canadian Common Ground

One of the reasons pan-Canadian cooperation is not always the best bet for the western provinces is the fact that there are a large number of policy issues that loom large in the West but sit at or near the bottom of the agenda in the rest of the country. This does not mean that the various regions of the country are indifferent to one another's concerns.⁹ The point is that the diverse nature of the Canadian federation means that some needs and objectives have a regional dimension that make them *more* important to the provinces of one region than to those in other parts of the country. This, in turn, provides a basis for regional interprovincial policy cooperation.

Some key areas of common ground in the West (in addition to issues that have spillover effects) include dependency on natural resource industries and agriculture, well-established regional business and trade linkages, longstanding dissatisfaction with the position of the western provinces in the federation (western alienation), high concentrations of Aboriginal peoples, strong linkages to states in the western US, and significant familial and social connections due to the tendency of westerners to move within the region. These and other common features provide fertile soil in which to grow stronger forms of regional public policy cooperation.

Economic Common Ground

The economic benefits of interprovincial cooperation in the West are well-documented in a study conducted for the Canada West Foundation in 1993 by Dr. Graham Parsons entitled *A Western Economic Cooperation Agenda: Strengthening the Economic Union Within Western Canada*. The basic premise of the report is that there are natural economic linkages within western Canada that should drive the allocation of economic resources in the region, but that these linkages are often severed by the division of the region into four provinces. As a result, there is – despite efforts to create a more open pan-Canadian economic union through the national Agreement on Internal Trade – an array of public policy barriers in place that hinder economic efficiency and growth.

In this regard, there is room for greater coordination of provincial government regulations and for a more concerted effort to remove the remaining barriers to the free movement of goods, services, labour, and capital in the West. Unlike international free trade zones, however, the development of a more coordinated western economic and policy space should not seek to exclude other parts of the country. On the contrary, western Canadian successes in this area should be used to jump start the quest for a more open national economy.

The Small Size of the Western Provinces

The population and economy of each of the four western provinces are relatively small. Even the largest western province (BC) has a smaller population than the Toronto census metropolitan area. As a result, the individual western provinces do not have the population base to achieve critical mass or an economy of scale in some areas. In a national, continental, and global environment in which the individual western provinces are small players, it makes sense to work together as a region of over nine million people and 32% of the national economy rather than as four separate units (see Figure 1).

9. A province or region may share the concerns of another province or region, even if it is not clearly a common issue, for a variety of reasons including supporting the other region on principle or for strategic reasons. The contingencies of federal-provincial negotiations, for example, sometimes lead to deals where one province or region supports the position of another province or region and vice versa as a means of increasing their bargaining power.

Figure 1: Strength in Numbers

	BC	AB	SK	MB	The West	Canada
2001 Population	4,101,600	3,059,100	1,017,100	1,149,100	9,307,500	31,110,600
2001 Labour Force	2,103,500	1,710,700	501,500	587,100	4,902,800	16,246,300
2001 GDP (billions \$)	130.9	151.3	33.3	34.7	350.2	1,092.2
Area (km²)	944,735	661,848	651,036	647,797	2,905,416	9,984,670

As long as it is difficult for businesses, investors, and individual Canadians to operate as if western Canada is a single economy relatively free of barriers to logical economic decisions, the West's ability to maintain its economic prosperity is compromised. In addition, interprovincial cooperation in the West reduces costs and increases the quality of some public programs by accessing the economic efficiencies associated with a larger population base.

A united front also increases the region's political clout. This principle has not been lost on the West's political leaders. The development of common western positions on federal-provincial issues is a longstanding means of exerting collective force on the federal government that is greater than the sum of its individual provincial parts.¹⁰ The rationale is straightforward: a common regional front simultaneously increases political power and legitimacy, and prevents other governments from attempting a "divide and conquer" approach. As a result, regional cooperation in the area of federal-provincial negotiations has become a mainstay of intergovernmental relations in the West and tends to dominate formal mechanisms of cooperation: "the most important function performed by the Western Premiers' Conference has been that of providing a mechanism and forum for coordinating the western provinces' interactions with the federal government" (Elton 1988, 352). Arguably, this preoccupation with federal-provincial issues among both politicians and analysts has come at the expense of efforts to increase cooperation within the region in areas of provincial jurisdiction. At the same time, it provides a valuable basis upon which to increase regional cooperation in other areas.

Similarly, as provinces increase their role in international economic affairs (e.g., in trade disputes, marketing of investment opportunities, attracting skilled labour, and agreements with sub-national units in other countries), the ability to call on the strength in numbers created by interprovincial cooperation will boost the region's bargaining power.

Moreover, because Canada is divided into provinces of different sizes with different resources and interests, maintaining balance within the federation requires the smaller provinces to work together. Ontario's economy, for example, is much larger than any one western provincial economy.¹¹ As a result, it does not need cooperation as much as the provinces of the West and Atlantic Canada. Just as members of the European Union use cooperation to address the challenges posed by larger economies, the

10. This rationale has also played a key role in intergovernmental relations in Atlantic Canada. One of the benefits sought from cooperation outlined in the *2001-2002 Annual Report of the Council of Atlantic Premiers* is "greater influence over external forces and players that affect our provinces, particularly the federal government" (1).

11. "With over one-third of Canada's population and with roughly 40 percent of the nation's gross domestic product (GDP), Ontario occupies a position in the Canadian federation that has no equivalent in any other advanced federal system" (Courchene and Telmer 1998, 1).

western provinces should adopt a coordinated response to Ontario's dominant economic position within the federation and transformation into a "region state" (see Courchene and Telmer 1998). The goal is not to undermine Ontario, but to ensure that the western provinces are able to compete with it and not get left behind in the quest for economic growth in the North American and global economies.

By coordinating their efforts, the western provinces can help western Canadians take full advantage of the opportunities generated by globalization and, at the same time, create greater balance within the national economy. The end result is not only stronger western provinces and a stronger West, but a stronger Canada as well. As Lloyd Axworthy argued in 1996:

It is time to embrace a new blueprint for action and develop a joint strategy for [western Canadian] economic and social renewal. A stronger Western Canada will in turn increase the region's political clout nationally and abroad, making it a more valuable partner in Confederation. (1996, 3)

In summary, the Goldilocks principle, regional spillover effects, the existence of a significant amount of common ground, and the small size of the western provinces combine to form the basic theoretical skeleton of a case for interprovincial cooperation in the West. Common ground and spillover effects tie the western provinces together across a range of policy areas and create ripple effects across the region when provinces do not act in concert. The common ground and spillover effects create a natural western Canadian policy region that is larger than its provincial parts (and therefore able to generate economies of scale), but not as unwieldy as pan-Canadian cooperation.

Applying the Principles of Interprovincial Cooperation in the West

Trade relations with the United States and the ongoing process of North-South economic integration illustrate the above reasons for western interprovincial cooperation at work.

The federal government is responsible for negotiating and enforcing international treaties. Nonetheless, where these treaties touch on areas of provincial jurisdiction, there is a large role to be played by provincial governments. This role includes taking part in the development of the federal position, input into how the treaty obligations are implemented internally, and direct interaction with international partners. In a recent paper about the role of Canadian provinces and US states in the ongoing process of North American integration, de Boer (2002) argues that sub-federal governments (i.e., provincial and state governments) should play a larger role in the integration process. This begs a key question: are the four western provinces better off acting as individual governments or as a group when addressing the challenges of North American economic integration (and globalization more generally)?

According to the Goldilocks principle, the number and variety of interests involved makes it very difficult to put together a satisfactory pan-Canadian position regarding a trade dispute with the US (pan-Canadian arrangements are "too big"). As de Boer argues, "it is not always possible to construct a national strategy in a trade dispute that reflects the disparate interests of the various provinces" (2002, 7). At the same time, atomizing the process down to the level of individual provinces ignores the

advantages inherent in a cooperative approach to relations with the US (individual provincial arrangements are “too small”). Similar interests among the four western provinces (e.g., issues related to natural resource and agricultural exports to the US) make a western Canadian approach to trade relations with the US (and the benefits this will yield) a viable option. Similarly, Canada-US spillover effects in policy areas such as the border, tourism, transportation, economic development, and the environment tend to be *regional* rather than national in nature. It makes sense, therefore, for regions comprised of multiple sub-national governments on both sides of the border to work together *as a complement to* bi-lateral arrangements between a single province and a single state and to interaction between the two national governments.

The small demographic size of the four western provinces also comes into play here as a reason to go beyond a provincial approach and adopt a regional course of action. Whether the western provinces are seeking to influence the outcome of negotiations between Ottawa and Washington or dealing directly with state governments and state interests, they will have more negotiating power and economic clout as a group than as four separate players.

6. CONCLUSION

“I have always hoped that the four western provinces and territories could some day come together, not politically, but with common economic and social goals, some elements of a common administration, and synergies in infrastructure. This is apparently a long way down the road, but it is still worth contemplation, particularly in this era of great fiscal difficulties.”

– Canada West Foundation Chairman Arthur Child, Canada West Foundation Board Meeting, February 13, 1993

The long-term prosperity of western Canada depends in part on the degree to which the four western provincial governments cooperate with one another. This message was repeated again and again during consultations with western Canadians conducted by the Canada West Foundation, and not just in the smaller and seemingly more vulnerable provinces of Saskatchewan and Manitoba.

A fair degree of cooperation already takes place in western Canada (Fox and Roach 2003). Nonetheless, there is room for a great deal more in policy areas such as transportation, health care, post-secondary education, internal trade, and marketing of the region abroad. Increased interprovincial cooperation in these and other policy areas has the potential to generate significant cost savings, improve the quality of services available to western Canadians, improve the region’s economic competitiveness, and increase the likelihood of successfully addressing a range of common public policy challenges.

Looming fiscal pressures combined with greater exposure to a more competitive global economy are rendering “go it alone” provincial strategies in some areas too costly in a region where even the largest province is a relatively small player on the world stage. The efficiencies generated by thinking and acting like a region rather than four “silos” will help the West stay competitive and equip western Canadians with the tools they need to keep the West a great place to live. Failure to recognize the benefits of

strategic regional cooperation and to find creative ways to bring the four western provinces closer together in a number of key policy areas will reduce the West's prosperity and weaken its contributions to the federation. Interprovincial cooperation is not a panacea, but it is one way that the West can take positive steps toward ensuring its long-term prosperity.

For greater interprovincial cooperation to become a reality, at least two key things need to happen. First, the research community needs to undertake a series of studies aimed at demonstrating the benefits of regional cooperation in concrete empirical terms. More hard evidence of the benefits of working together will help overcome the obstacle to greater interprovincial cooperation rooted in the fact that four separate and elaborate provincial political systems sometimes leads to an overzealous "my province first" mentality. Looking out for provincial interests makes sense in many instances, but not in those cases where the benefits of regional cooperation are clear, significant, and achievable. Second, the western provinces need to explore the development of regional institutions:

Western Canadians lack the institutional capacity to plan regionally, and representational shortfalls limit the capacity of the federal government to address regional issues. As a consequence, the cooperation and coordination so essential for regional prosperity cannot be fostered without significant institutional development. (Gibbins 2001, 20)

The barriers to achieving these objectives are numerous, but they are not insurmountable. One of the advantages of the division of the West into four separate jurisdictions is that it ensures that the unique qualities and interests of the region's component parts are well represented. The development of regional institutions need not, therefore, undermine the role of provinces. *The overarching goal is to find ways to build on the provincial system rather than undermine it.*

There has always been a rationale for public policy cooperation in the West, but the opportunities and challenges of global competition and the continuing quest for affordable public programs render it a priority. The West can wait no longer; the time is now for western Canada's provincial governments to overcome the barriers to cooperation and take advantage of the benefits generated by a regional approach to public policy challenges. DWF

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CANADA WEST FOUNDATION

P.O. BOX 6572, Station D

Calgary, Alberta T2P 2E4

Ph: 403.264.9535

Fax: 403.269.4776

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