

The Referendum Papers: Essays on Secession and National Unity

edited by David Cameron. Toronto: University of Toronto Press, 1999. Pp. xviii, 432.

The Referendum Papers is a group of essays by prominent English Canadian social scientists written in the wake of the 1995 referendum in Quebec. The essays are about

- “– keeping Quebec in Confederation;
- renewing the federation;
- thinking about secession; and
- thinking about a new Canada without Quebec.”

The book is in two parts: the first, called “The Canadian Union Papers,” is about what has come to be called Plan A on how Canada might be reformed to persuade Quebec voters to remain in Confederation or to change Canada in ways that are desirable for all Canadians. The second part, called “The Secession Papers,” is about Plan B on the mechanism of secession, and Plan C on how the constituent parts of what was Canada might be reorganized in the event that Quebec does eventually secede.

The first half of the book is mostly about trade and language. Two papers, “Drawing on our Inner Strength: Canada’s Economic Citizenship in an Era of Evolving Federalism” by Daniel Schwanen, and “Securing Canadian Economic Union: Legal and Constitutional Options for the Federal Government” by Robert Howse, consider how to remove the remaining impediments to the free movement of goods and services within Canada. Howse would like a constitutional amendment enshrining the Agreement on Internal Trade, but he does not see that as a likely prospect. His review of the relevant treaties and Supreme Court decisions is a bit terse for the general reader who may not already be familiar with this material. Accommodation between Quebec and the rest of Canada is discussed in “Time Out: As-

sessing Incremental Strategies for Enhancing the Canadian Political Union” by Roger Gibbins and Katherine Harmsworth, and “Citizen Engagement in Conflict Resolution: Lessons for Canada in International Experience” by Janice Stein, David Cameron, Richard Simeon and Alan Alexandroff. It is observed in the first of these papers that though “lip service to equalization may continue, the long-term tension between equalization and decentralization must be recognized” (p. 59). The authors of the latter paper have great faith in the power of negotiation. As a cure for tensions in Montreal, they recommend, “an informal group of concerned influential citizens from across the fault lines of the conflict, individuals well-connected to the political leaderships of the several communities, could join in a problem-solving workshop with several objectives” (p. 184). To make any coming referendum fair, they advocate that “a group should be sponsored and convened by private interests” and “its work should be underpinned by a multi-authored resource document that reviews the lessons to be learned from democratic theory and from international experience respecting major constitutional change, restructuring and secession” (p. 189).

In “Language Matters: Ensuring that the Sugar Does Not Dissolve in the Coffee,” John Richards focuses on the deep concern of French Canadians in Quebec for the preservation of their language, threatened both by the predominance of English in North America and by the unique place of English as the working language of commerce and communication throughout the world. The paper contains a good review of proposals to protect the French language in Canada. Richards advocates several constitutional amendments to deal with these concerns. He would amend section 92 “with a blunt statement to the effect that each province (or Quebec alone) can determine an official language for itself and can legislate over matters pertaining to the public use of language within the province” (p. 124). To the *Charter of Rights and Freedoms*, he would add a clause stating: “This Charter shall be interpreted in a manner consistent with the

preservation of the following fundamental characteristics of Canada: a) Quebec as a distinct society, which includes a French-speaking majority, a unique culture and a civil law tradition; and b) The multicultural heritage of Canadians” (p. 129).

Richards does not consider how these amendments might play out in practice, whether they might impinge on the free trade among provinces that Howse so passionately advocates, or how the interests of English Canadians outside Quebec might be affected. Have English Canadians been stubborn and vindictive in opposing similar amendments in the past? Is there anything of substance at stake, and, if so, what? These questions are not discussed.

The second part of the book begins with “Looking into the Abyss: The Need for Plan C” by Alan Cairns. Cairns is particularly struck by the virtual impossibility of predicting how English Canada would reorganize itself after the secession of Quebec. He agrees with Maureen Covell and others that discussions of the future of “a Canada without Quebec are of necessity an exercise in political science fiction that is only partly grounded in verifiable data and that gives a large role to the assumptions and preferences of the author” (p. 214). Cairns sees a centrifugal bias in the interests of provincial governments in enhancing the scope of their authority on finding themselves as the only stable institutions in a post-secession Canada. He also sees a centripetal bias in the common interest of English Canadians who need no longer take account of the linguistic concerns of French Canada. In that stew of uncertainty, Cairns recommends caution. “Given the magnitude of the demands and the lack of preparation that the smaller Canada would confront, it would make sense to play for time — to give thought a chance to crystallize, and to give Canadians outside of Quebec a chance to come to terms with a post-yes world” (p. 234). Though the diagnosis in this paper seems accurate enough, I, for one, am uncomfortable with the prescription. More of this at the end of the review.

“Coming to Terms with Plan B: Ten Principles Governing Secession” by Patrick Monahan, Michael Bryant and Nancy Coté has to some extent been overtaken by events, events the authors themselves may have influenced. The reference to the Supreme Court which the authors recommend, is now history, but their ten principles governing secession remain relevant and provocative:

- “1 Clear ground rules governing secession should be set down in advance of any future referendum.
- 2 Secession of all or part of a province is legally possible under Canadian law.
- 3 Secession of a province must respect the principle of the rule of law.
- 4 Secession of all or part of a province can occur only if it is supported in a consultative, province-wide referendum on a clear question conducted according to a transparent and fair procedure.
- 5 A majority of 50 percent plus one in favour of sovereignty in a referendum conducted in accordance with Principle 4 should be sufficient to trigger referendum negotiations.
- 6 Certainty and the rule of law require advance clarification of the ground rules governing secession.
- 7 Any negotiated secession agreement must be ratified by a definitive Quebec referendum but need not be ratified by a national electorate.
- 8 Democracy requires that partition is legally and logically compatible with secession.
- 9 The fiduciary obligation of the Crown in relation to the aboriginal peoples of Canada must be respected.

10 Upon secession of a province, the existing Canadian Constitution would remain intact with only those changes necessary to accommodate the fact of secession being implemented immediately.”

The reader may not agree with all the items on the list, but the list does serve to identify problems about the right to secede and the mechanism of secession. Presumably, insistence on the rule of law in principle 3 means that secession be in accordance with the toughest amending rules in the Canadian constitution, requiring ratification by Parliament and by the legislatures of all of the provinces for as drastic a change as the break-up of the country. The paraphernalia of referenda and negotiation, referred to elsewhere in the list, would be, in effect, an extra requirement for secession, making secession that much more difficult to achieve. The Supreme Court’s ruling in the *Bertrand* case is less definitive, with some ambiguity as to whether referenda and negotiation are required *in addition* to the amending rules in the constitution or *as a replacement*, a short-cut to secession, circumventing ratification by Parliament and by all of the provincial legislatures.

Item 10 raises the question of whether the secession of Quebec should be seen as a *splitting off* or a *splitting up*. It is an old platitude of Canadian politics that the constitution is compromise between the English and the French. To say, as the authors appear to be saying in item 10, that secession is a splitting off would imply that Quebec alone may design its constitution as it pleases, but that the new country of English Canada may not. The new country of English Canada would remain bound by the Canadian constitution as it is today, except for the minimal adjustment required to account for the absence of Quebec. To say that secession is a splitting up is to envision the emergence of two new countries, both free to design their constitutions as they please. Presumably, the obligations of the Crown, referred to in item 9, would be split up as well, each new country acquiring exclusive responsibility for the Aboriginal people within its territory.

There is some question about what it means to say that secession could be illegal. English Canada’s response to a unilateral declaration of independence by Quebec could be anything from finger wagging with the admonition “You’re illegal!” to sending in the troops. Excessive focus on legality might block the secession of Quebec for reasons that are entirely internal to English Canada. If unanimity of the provinces is required for constitutional change, Canada could find itself in an impasse where, for instance, New Brunswick refuses to accept the secession of Quebec without the preservation in the constitution of French as an official language, and British Columbia refuses to accept the secession of Quebec unless all French language rights are removed from the constitution of the new English Canadian country.

In “Ratifying a Postreferendum Agreement on Quebec Sovereignty” (the only title in the book without a colon in the middle), Peter Russell and Bruce Ryder ask how a new country of Quebec might be launched if a solid majority of the people of Quebec vote yes in a fair referendum on separation and if most people in the rest of Canada are prepared to see Quebec go. Russell and Ryder favour the constitutional route, including the unanimity requirement, but they anticipate that the required votes in favour of recognizing secession will be forthcoming once it is generally recognized that the alternative may be chaos. They would favour a Canada-wide referendum on whether to permit secession; a solid affirmative vote in a referendum on allowing Quebec to secede would pressure provincial legislatures to vote accordingly. In “Walking the Tightrope: Canada’s Financial System between a ‘Yes’ Vote and Quebec Secession,” David Laidler and William Robson discuss the risk of financial crisis and some ways to minimize that risk. In “Limits to Partnership: Canada-Quebec Relations in a Postsecession Era,” Richard Simeon takes seriously the possibility that relations between the new countries of Quebec and English Canada might be closer than, for example, relations between Canada and the United States today. He sees some possibility of the

emergence of a loose multimember confederation in which “Quebec would be invited to participate” (p. 406).

Looking at the collection of papers as a whole, what strikes me most forcibly is not what the authors say, but what they fail to say. There is very little “thinking about a new Canada without Quebec,” though this is one of the five stated themes of the book. Cairns is the only author to argue explicitly that discussion about the organization of an English Canadian country should be put off until such time, if it ever comes, when Quebec secedes, but the tone of the book as a whole suggests to me that Cairns’ view is shared by other authors as well. I am not persuaded that they are right.

Consider the status of the French language. Canada is bilingual today because Quebec would not have entered Confederation otherwise, for, as Richards says, the preservation of language and culture is more important than whatever material advantage might have been reaped in a unilingual Canada. English Canadians have to accept a bilingual Canada, or none. Whether English Canadians want a bilingual country in the absence of Quebec is another question altogether.

Language matters not just to French Canadians in Quebec, but to English Canadians as well. Bilingualism is costly to English Canadians, by whom I mean not just Brits or descendants of Brits, but people who came to Canada, or whose ancestors came to Canada, from all over the world and who require a common language to live together harmoniously. There is a substantial cost in the maintenance of bilingual institutions. There is a cost in devoting a year or so of one’s life to learning the other language or, if one chooses not to become bilingual, in the restriction on one’s participation in federal institutions.

A major asymmetry should be recognized. Even in a united Canada, language matters in different ways to French and English Canada. English Cana-

dians learn French to participate in federal institutions. French Canadians learn English to participate in the world. English is Esperanto, the worldwide language of business, diplomacy, and culture. People everywhere learn English as their second language, and Quebecers would continue to do so even in an independent country of Quebec. People in an English Canadian country would have much less need of a second language. Nor, if they learn a second language, would most English Canadians choose French. English Canadians might choose their ancestral language, which is more likely to be Chinese than French, or perhaps Spanish, German or Japanese which would be more helpful in international commerce.

English Canadians who are quite prepared to bear the cost of bilingualism as a necessary condition for a united Canada may not be prepared to do so in a country without Quebec. Old compromises would be automatically void. The status of French in the new country of English Canada could become the same as the status of Polish, Norwegian, Chinese, Yiddish, Italian, and virtually every other second language in English Canada today. The common interest of the vast majority of English Canadians in having one, and only one, official language in the legislatures, in the bureaucracies, and in publicly-funded schooling would, and should in my opinion, prevail. *The Referendum Papers* has nothing to say about these matters.

Consider the powers of the provinces. It is at least arguable that health and education were assigned to the provinces in the *British North America Act* and the Canadian constitution because these functions of government, especially education, are infused with language. Provincial authority over language and culture is incomplete without authority over education too. If so, the case for provincial jurisdiction would be considerably weaker in an English Canadian country than in Canada as it is today. Language and culture would be country-wide, not province-specific. Today, Canadians are watching the disheartening spectacle of people dying for want

of adequate medical care while federal and provincial governments haggle over which of them must tax citizens to pay for it. With the separation of Quebec, health and education might best be assigned to the central government of English Canada, just as they will be in the new country of Quebec. The book is silent on this matter too.

Consider the provinces themselves. The present division of English Canada into nine provinces may prove cumbersome in a country without Quebec. It is widely believed that, with half the population of English Canada, Ontario is too large to remain intact as one province among eight others. If so, the province of Ontario might be split into two or three provinces. Other smaller provinces might be combined, or the whole of English Canada might be reconstructed as a unitary state. The reader of *The Referendum Papers* remains in the dark about whether the authors believe there is an "Ontario problem" at all, and, if so, what they think should be done about it.

English Canadian social scientists should be debating such matters now, when secession does not seem imminent and when the options for a Canada without Quebec can be discussed dispassionately. Social scientists are trained and paid to think about the organization of society. Our unique preoccupations and experience should provide us with a comparative advantage in sorting out the issues and identifying the pros and cons of the different options. Social scientists in English Canada might be expected to prescribe the government, institutions, and constitution for the English Canadian country best suited to serve the needs of the great majority of its people. Obviously, different authors would hold different opinions. Obviously, prescriptions could never be more than advice to the citizen. Nevertheless, discussion now might serve to identify consensus where it exists, to eliminate options that do not survive careful analysis, and, where there is no consensus, to articulate and compare our different points of view.

Dialogue now may save English Canada from some very costly and unfortunate errors later on. Options open at the moment of secession may be closed later on once a new country is established. Before separation, everything is negotiable. Afterwards, and especially if the constitutionally-entrenched powers of the provinces remain as they are today, constitutional change might prove difficult. The moment of secession may provide a unique opportunity for large and advantageous changes that may be thwarted in sterile conflict if we delay.

There are strategic considerations. If French-language rights would be terminated in accordance with the interests of the great majority of citizens of an English Canadian country, then Quebecers ought to be aware of that now, before the next referendum. Quebecers ought to be aware that a vote for separation is not just a vote for a French country in North America, but for a North America where not a word of French will be heard outside Quebec and Haiti. Folks hoping to deter secession ought to consider sticks as well as carrots. Beyond that, Plan A may be dependent on Plan C. As advocated by Richards, Plan A would revitalize the Meech Lake or Charlottetown accords; Plan A would entail compromises with Quebec that have, so far, been rejected by English Canada. It is of the essence of compromise that both parties be left better off than they would be at the non-agreement point. For English Canada, the non-agreement point is a Canada without Quebec. One cannot tell whether this or that compromise would be preferable to separation without some idea of what the institutions of the new country of English Canada would be.

It may be a bit unfair to the authors of *The Referendum Papers* to harp on what they did not say, especially as the appropriate standard of comprehensiveness is different for a book of essays than for a unified treatise. But, in considering the new Canada without Quebec, the authors of *The Referendum Papers* seem to rally round the banner of "don't discuss specifics now!" That may be a serious mistake. English Canadians may one day be required to

establish a new country of their own and could easily be locked into a dangerously unsuitable constitution unless the pros and cons of the different alternatives are examined long before it becomes necessary to act.

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Tomorrow's Cures Today? How to Reform the Health Research System

by Donald R. Forsdyke. London: Gordon & Breach, 2000. Pp. 168. US\$38.00.

The lack of cures for such high-profile diseases such as cancer and AIDS has called into question the effectiveness of health research. Is it simply a case of not enough money to do the research? Is something else required if cures are going to be found in time to save people's lives and decrease suffering and misery?

Forsdyke argues that the managers of medical research, the grant-funding agencies, are more concerned about their own security than with encouraging breakthrough opportunities in health research. He further argues that more funding support is required for those researchers "at interfaces between disciplines" (p. 135), instead of just specialists.

Forsdyke identifies three major impediments to the immediate improvement of health research. These are (i) lack of involvement by constituents including politicians, patients, health professionals, and disease-related charities; (ii) agency problems with those people responsible for approving and distributing grant monies, including those at the MRC; and (iii) conflicts of interest and understanding between peer reviewing and research conducting scientists.¹

The author suggests that funding be more widely distributed so researchers with radically new ideas do not have their "heads chopped off" before the validity of their ideas is tested. He also suggests that credible medical research scientists be given free rein to explore their new ideas. Specifically, Forsdyke recommends looking to the past history of the researcher and the research group for evidence of ability to accomplish what might appear to be "risky" research. He recommends funding 100 percent of the budget by the most credible researchers and funding less than 100 percent of the budget by less credible researchers on a pro-rated, sliding

scale. This proposal contrasts with the current practice of funding most grant applications at or near 100 percent until the money runs out, leaving the majority with nothing (80 percent in the case of MRC, according to a 1999 Manitoba survey conducted by R.G. and J. Pear). Forsdyke says it would buffer against errors in judgement and our inability to predict whose research will pan out.

The author supports his thesis with several examples in the field of health and biological sciences where ideas were not pursued because peers did not appreciate the ideas of pioneers. Only later were these pioneering ideas followed, and only sometimes were the originators given due credit. This is "post-mature scientific discovery": the discovery could and should have occurred much sooner in history — hence the title of the book. In these cases, a discovery would remain ignored by the scientific establishment for decades, waiting until a body of influential scientists had matured enough in their thinking to recognize past genius or overwhelming evidence. In the meanwhile, many people suffered and died needlessly. One of the author's graphic examples describes the tragedy of millions of children dying while the UK medical establishment delayed the decision on diphtheria immunization for more than 20 years!

Forsdyke's central message is that medical research funding and health agencies all too often fail to make the best choices. Managers of these agencies are tempted to make decisions that provide for incremental improvements and deny funding for the breakthrough initiatives. By so doing, these agencies fail the medical researchers and their various constituents, including all of us. Forsdyke contends that this overly conservative policy must not only be questioned but rectified.

Forsdyke's conclusion is that constituents must become more actively involved in how research is funded. More specifically he concludes that the research-funding agencies must be directed to establish a new set of criteria that recognize past accom-

plishment more than present promises, so that confidence is placed in credible researchers rather than fashionable research. He recommends “bicameral review” (pp. 95-97), looking to the past “track record” of the researchers instead of the promise of the proposed research, with a separate administrative review of the proposed budget. His argument is that the past, being more certain, should be given full weight in assessing the credibility of the researcher. Except in its financial aspects, the researcher’s proposal should not be examined.

Forsdyke, at various junctures, invites us to imagine what was going on behind the scenes. This introduces a needless weakness in his argument. He excuses himself from archival research of the peer review system on the basis that he is an active medical researcher with little time for such endeavours. Hopefully such matters will be fully explored by historians of medicine. Enough time has passed since the “murky” beginnings of the peer review system in the 1940s (p. 18) to permit incisive historical analysis. Another weakness is in the author’s foray into the commercialization of biomedical research (“Partnership with the Drug Industry?”). He correctly points out how large brand-name drug companies can obstruct unfavourable evidence and that this can have a negative impact on innovation. But unfortunately he stops short of considering the most obvious alternative, restructuring that would separate the funding of innovative research from that of commercialization of matured research.

In summary, this is an important and timely book. It examines how health and medical research is con-

ducted and by whom. The tragedy of funded and unfunded scientists alike, who are unable to pursue their novel ideas, comes through clearly. It is compellingly written, and the book contains a wealth of examples and insights on what ails health research, as well as some useful suggestions on what might be done. The lessons are applicable to granting agencies everywhere.

Forsdyke has called for leadership in the important area of health research in Canada, but where will it come from? *Tomorrow’s Cures Today* represents hope for those stricken with disease, along with their relatives and friends. He calls upon *them* to clamour for reform of medical research funding, as he does not see reform coming from scientists, administrators, or government, all of whom are too enmeshed in the present inefficient system to see the way forward.

The book will be read with interest by those who are concerned with medical research and health sciences. This should include us all.

NOTE

¹MRC is the Medical Research Council of Canada, soon to be superseded by the CIHR, Canadian Institutes for Health Research.

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The Politics of Automobile Insurance Reform: Ideas, Institutions and Public Policy in North America

by Edward L. Lascher, Jr. Washington, DC: Georgetown University Press, 1999. Pp. xii, 144. \$65.00.

In this well-written book, the author evaluates political intervention into the automobile insurance market by examining two key themes — first, policymakers' beliefs about policy consequences are embedded in causal stories and their beliefs in these stories explain policy decisions and second, that the structure of the political arena, specifically the American separation-of-powers system and the Westminster parliamentary system, has a large impact on policy decisions.

Lascher chooses to examine reforms in automobile insurance because it affects most North Americans and it has been (and continues to be) a controversial policy issue in many North American jurisdictions. Since the 1980s, reforms in this area have been necessary due to escalating rates, inaccessible coverage, inadequate benefits, and insurance fraud. Readers need not be well versed in the intricacies of automobile insurance reform to follow this insightful book. The author did a commendable job in explaining the economics of automobile insurance and the structure of the Canadian political system. I found the discussion of the US political system somewhat weak.

The two main stories concerning rising insurance rates are the “profiteering story” and the “pogo story.” In the “profiteering story” skyrocketing rates are the result of price gouging by inefficient, non-competitive insurance companies. If legislators believe this story then viable solutions include rate rollbacks and freezes, tighter regulation, and even public insurance. The essence of the “pogo story” is that escalating claims costs have forced competitive insurers to increase premiums. The solution to this problem is no-fault insurance that, if instituted correctly, reduces the average size claim.

One theme tackled by Lascher is that “pressure” theory is insufficient in describing politicians' actions regarding this contentious subject. “Pressure theory” argues that interested economic agents capture legislators who then act in the best interest of these agents alone. Alternatively, legislators assess different causal stories as suggested by the “politics of ideas” theory, which argues that they accept the story that most closely matches their beliefs. Their understanding of the effectiveness of reforms, given the accepted stories, then shape the reforms enacted. However, Lascher's discussion of the “politics of ideas” theory does not make clear how policymakers establish their beliefs regarding the competing stories. In particular, why do some policymakers believe the “profiteering story” while others believe the “pogo story?”

Although not empirically rigorous, in his detailed examination of reforms in Pennsylvania, Rhode Island, and Ontario, Lascher presents convincing arguments that the “politics of ideas,” not “pressure theory,” wields greater explanatory power. Pennsylvanian legislators appeared to have accepted the “pogo story” and in 1990 signed into law “Act 6.” This law imposed rate reductions (so that savings were passed onto consumers), established medical-cost containment systems and introduced an optional no-fault system. However, during the same time period, no-fault provisions were rejected in Rhode Island where legislators gave more support to “profiteering” stories than “pogo” stories. And finally, in Ontario, no-fault reforms were accepted after a small group of Liberal leaders were convinced of the accuracy of the “pogo” story. Even though backbenchers grumbled, no-fault legislation was enacted.

In Chapter 7, Lascher argues that it is easier for Canadian legislators to impose losses necessitated by insurance reform because of “party voting.” Automobile insurance reform creates winners, notably the general public, and losers — trial lawyers, medical providers, insurers, and some consumers themselves.

Overall, this is a thought-provoking book which should be read by individuals interested in policy reform, and especially by players in the automobile insurance market. For lobbyists, if one accepts the “politics of ideas” argument, then effort should be spent formulating a convincing story for policymakers. For academics, the interesting ques-

tion as asked by Lascher is: “How do policymakers distinguish between competing stories?” The answer to this may involve at least some elements of “pressure theory.”

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Rationality in Public Policy: Retrospect and Prospect, A Tribute to Douglas G. Hartle

edited by Richard M. Bird, Michael J. Trebilcock and Thomas A. Wilson. Toronto: Canadian Tax Foundation, Canadian Tax Paper No. 104, 1999. Pp. v, 282. \$40.00.

Douglas Hartle was a highly respected Canadian scholar and government insider. The three editors of this book were his colleagues at the University of Toronto. In Chapter 1, they provide a detailed review of Hartle's professional career and contributions to economics. The remaining ten chapters of the book consist of papers presented at a 1998 conference at the University of Toronto. Unfortunately, Hartle had died in September 1997 and thus could not comment on the views expressed by his colleagues. Such comments would indeed have been interesting.

The paper by Bird and Wilson, "The Legacy of the Carter Commission" deals with Hartle's contributions to the work of that commission as its Director of Research. As such, he had so much influence on the commission's report that Bird and Wilson think it might be remembered as the Hartle Report (p. 43). Its main focus was on the need to broaden the tax base through the use of the Haig-Simons definition of income. It paved the way for the introduction of the capital gains tax, though through political cherry picking, the report's recommendation to adjust income for imputed services from consumer durables and for inflation were never adopted. As noted by Bird *et al.*, "the main policy message of the report, one in which Doug Hartle believed strongly, [was] that equity is central to taxation" (p. 5).

At the same time, Hartle was also concerned with the need for efficiency. Thus, the report recommended lowering the top marginal rate on personal income, which then was 80 percent and it urged the end to tax incentives for economic and social engineering.

Hartle's second main contribution came through his work as a civil servant. He made great efforts to

rationalize government decision-making from the inside. Yet, he accepted that technical analysis goes only so far and political judgements have to dominate in the end. The contributions in this volume by Rod Dobell, S.L. Sutherland and Clark Leith successfully elaborate on this theme in the context of policies close to their own research interests.

Trebilcock discussed an important joint paper he had written with Hartle on the theory of public choice. He then goes on to show that many empirical phenomena are not consistent with this theory and asks how he and Hartle might rewrite their paper today. I found this study very enlightening and, from what I have learned about Hartle, expect that he would have agreed with most of Trebilcock's conclusions.

The remaining papers in the volume take some smaller aspect of Hartle's work as a starting point for their analysis. These papers push knowledge frontiers and might well have been published in specialized journals. Albert Breton develops a sophisticated aspect of the theory of federalism. Stanley Winer and Walter Hettich consider the role of information and coordination in tax policy-making.

The volume also contains three excellent papers reviewing current issues and developments in policy. In one Jack Mintz considers tax policy. In the second, Bruce Doern, and in the third, Sylvia Ostry and W.T. Stanbury, discuss regulatory theory and recent developments in Canada.

The book is a fine tribute to one of Canada's most influential economists with good theoretical skills and even better political insights. The book is also a gold mine of information about taxation, the role of bureaucrats and politicians in policy formulation and regulatory and other policy issues of current and lasting concern. It is most suited for professionals, but some chapters are also useful for graduate and undergraduate courses.

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The Origins of American Public Finance: Debates over Money, Debt and Taxes in the Constitutional Era, 1776-1836

by Donald R. Stabile. Westport, CT: Greenwood Press. Pp. xii, 208. \$59.95.

This slim, well-written study provides a useful account of the debates over the appropriate way to manage the nascent republic's public finances (war debts); the extent of federal power necessary to manage the new nation's economic and fiscal affairs and the shape of the institutions necessary to facilitate interstate commerce. The study captures the difference in perspective of the Federalists and the Jeffersonians on the fiscal issues faced by the United States at its inception. The debate over the appropriate mix of fiscal and monetary policy, and the role of a central bank continued in the aftermath of the American Revolution, Shay's Rebellion, the War of 1812 and into the Jacksonian period.

Stabile shows how the pertinent ideas of Smith and Hume were used by the participants in the debates accompanying the establishment of appropriate institutions to implement policy to solve problems of inflation-financed war debt and an inflated currency in order to establish a fiscally credible new regime. His account reviews the difficulties in coordinating the waging and financing of the revolutionary effort through the weak federal state established under the articles of Confederation and the dependence on the good will of the states and currency inflation to meet the fiscal needs. Dissatisfaction led to the framing of the Constitution and the debates over the definition of the extent of federal power to tax and to regulate the currency. Subsequently, Hamilton's use of the Constitution to implement a system of tax administration with an emphasis on excise taxes, a convertible currency, a

mechanism to fund debt repayment and the chartering of the Bank of the United States reinforced the sovereignty and credibility of the federal government. The Adams regime introduced a series of other direct taxes in an attempt to speed debt reduction and to maintain defence spending. The change in regime in 1801 brought a change in perspective as the Jefferson administration sought to reduce the size and influence of the federal government by reducing internal taxes and spending, relying on tariffs on traded goods for revenue.

The contrasting views of the sectional interests over appropriate revenue sources, taxes versus tariffs; on the choices of tax base, on land or on consumption; the use and misuse of debt and the governance of currency and note-issuance, whether by state or federally sanctioned institutions are also captured. Throughout the book, the conflict over paramountcy, the rights of the states versus the federal government, is revealed. This particular tension continues today, both in the political area and in academic writings on public finance.

The issues raised in the debates over the formation of the fisc in the emerging United States are paralleled today in the efforts of transition and developing economies to build appropriate fiscal and intergovernmental frameworks. Rekindled interest in "financial development" also makes this study relevant as the Hamilton program set the stage for the financial revolution that took place in the early nineteenth-century American economy. The one weakness of the book is that the author does not explicitly draw upon current economic history literature to strengthen his account.

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