

Book Notes: Racing to the Bottom Provincial Interdependence in the Canadian Federation, by Kathryn Harrison, (ed)

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*RACING TO THE BOTTOM: PROVINCIAL INTERDEPENDENCE
IN THE CANADIAN FEDERATION.* BY KATHRYN HARRISON,
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BY MICHELLE CHAISSON

While there is no shortage of academic theorizing on the race to the bottom phenomenon in Canada, the discussion is lacking specific empirical studies. In *Racing to the Bottom*, Kathryn Harrison takes the first step in moving the debate about inter-provincial competition from

² *Ibid.* at 6.

theory to empirical evidence. Using models and statistical evidence in discrete policy areas, each essay in this collection examines the degree to which provinces respond to each other's policy initiatives, and, to the extent that they do, whether this results in a race to the bottom.

The most compelling case of a race to the bottom is provided by Harrison in her examination of tobacco taxation. However, as expected, Harrison finds that vulnerability to a domino effect was primarily dependent on geography. Additionally, Gerard Boychuck provides evidence of cross-provincial erosion in various indicators of social assistance provision in Canada. While there are a number of alternative explanations for this trend, Boychuck concludes that the race to the bottom hypothesis cannot simply be dismissed.

Despite these two case studies, the other essays suggest that a race to the bottom is not evident in many Canadian policy areas. Kenneth McKenzie shows that business taxes have steadily increased over the past thirty years. Doug Brown examines how inter-jurisdictional competition for economic development has proceeded in Canada by the use of incentives to attract industry.

Nancy Olewiler finds that, instead of a race to the bottom, the norm in Canadian environmental policy is harmonization interspersed with brief periods of competition for more stringent policies when public demand for pollution control spikes. David Green and Kathryn Harrison reject the hypothesis that the provinces are engaged in a race to the bottom in minimum wage policy. They conclude that the minimum wage case suggests that intergovernmental emulation or benchmarking has a significant influence on governments' policies.

Finally, Mark Carl Rom provides a U.S. perspective to the race to the bottom debate using two policy domains: education and welfare. Rom concludes that inter-state competition in welfare is resulting in a race to the bottom, while competition in education is leading to a divergence in policies, with some states racing to the top while others race to the bottom.

In a concluding chapter, Harrison suggests that while it is reassuring that Canada is not spiralling towards the bottom in terms of taxation, environmental, and labour standards, the U.S. literature suggests that it is premature to lay to rest the prospect of a race to the bottom. The effects of inter-provincial competition may be modest and may require a more nuanced analysis.
