THE CANADIAN DICTATORSHIP

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November 2, 2002
1. **INTRODUCTION**

Recently, some have found it illuminating to think of Canada as a dictatorship. Jeffrey Simpson’s recent book *The Friendly Dictatorship* (2001) asks if "Canada is de facto a one party state" (p. x), noting that no party was capable of replacing the Liberals and offering an alternative government in the last election. Moreover, he suggests that "The Canadian Prime Minister is more powerful within the [Canadian political] system than any democratically elected leader in other advanced industrial countries" (p. 4).

Donald Savoie’s work (1999a and b) may have been the inspiration for Simpson’s musings. His work focuses on the power of the prime minister within the government and not on the dominance of the Liberal party per se. Both authors agree that the process of centralizing power in the Prime Minister’s Office -- a practise which Savoie labels “Court government”-- seems to have reached its apogee under the Chretien government.

A third line of thought which has received considerable attention lately is that Canada is becoming undemocratic in a different way, namely through the power of unelected judges to make policy as a result of the Charter of Rights and Freedoms. Thus an influential recent book by the political scientists F.L, Morton and Rainer Knopff (2000) suggests that Canadian policy is increasingly being made through “the Court Party”, the name they give to various organizations which increasingly push their agenda through court challenges.

The very presence of two monarchs, each with their particular instruments for exploiting power
and spheres of influence, effectively competing with each other for power, should alert us to the fact that Canada is far from dictatorship. Nevertheless, to an economist, what makes an analysis interesting is not its exactness to real life. Economists know that the usefulness of a model is only partly related to the plausibility of the assumptions used in it! No, what makes a “model” or way of thinking interesting is if applying it yields insight. Can we use a model of dictatorship to understand Canadian politics? Does this give us any new insights into how it functions?

This paper thus explores three questions:

(1) Is there some sense in which Canada can be likened to a dictatorship?

(2) If not, how can this be explained, since at the federal level Canada currently appears to lack what many take to be the *sine qua non* of democracy, namely elections in which the ruling party faces a genuine alternative government which is capable of defeating it in the polls?

(3) Even if Canada is not a dictatorship, are there circumstances where it could become more like one? In other words, what are the threats to Canadian democracy? I consider four phenomena which have been alleged to threaten democracy recently: (1) The use of the Charter by judges to make law; (2) Declining trust or “social capital”, both among citizens, and by citizens in the government, a phenomenon much talked about recently in the United States, most notably by Robert Putnam in his book *Bowling Alone*, and generalized to other countries in subsequent work by Putnam and others (see for example the papers in Pharr and Putnam (2000); (3) Globalization; and (4) the proximity and behaviour of the United States. Thus it is interesting to look at Canada as if it were a dictatorship and compare how it functions to the functioning of real world dictatorships. I compare the workings of the Canadian polity with regimes like the Former Soviet Union, South Korea under the generals, Saddam
Hussein’s Iraq, and other unsavory examples of the genre

One key to understanding these issues is not to repeat the error made by many in popular culture, common in much of social science and of which my own discipline, economics, is probably most guilty, and most famously attributed to Margaret Thatcher (e.g., in Clarkson (2002), p.), who said “There is no society, there are only individuals and the state”. In fact, while democracy can formally be identified with the existence of individual rights, constitutionally guaranteed, I contend that one can only understand the workings of democracy, and how it differs from dictatorship, by understanding the role and functioning of groups and the dynamics of group behaviour. Thus, throughout, I will emphasize the role of groups and group competition, sometimes in sustaining Canadian democracy, sometimes in threatening it.

The structure of the paper is as follows: the next section explores the idea that Canada is a dictatorship. Section 3 continues this line of thought by asking the question, if Canada is a dictatorship, what type is it? I identified four types in my (1998) book on dictatorship: tinpots, totalitarians, tyrants, and timocrats. They behave differently, and so to understand the implications of thinking of Canada as a dictatorship, one has to understand which type one has in mind. Section 4 finally gives up the pretense, openly acknowledges that Canada is obviously a democracy, and asks the question, just how can that be? That is, what is it that makes Canada democratic, given that a central feature of democracy, namely electoral competition, seems to be structurally weak at the federal level.? Two features are identified as particularly important: (1) human rights; and (2) competition among groups. Section 5 describes how competition among groups fosters democracy. Section 6 then asks if Canada could become undemocratic, and what kinds of pressures could produce this outcome. I emphasize
group pressures for conformity, and the dynamics of groups, in particular the contagiousness of many aspects of group behaviour, as particular dangers. Section 7 concludes the paper.

2. UNCLE JEAN

To begin with, let us play the game of thinking of Canada as a dictatorship. The idea is not completely ridiculous: There is a natural governing party, the Liberals. Much, though certainly not all, of the media is controlled by it, if not directly by the Prime Minister, as in Italy, but by forces loyal to the Liberal party. The media differ on who should lead the party, but this is no different from the competition for leadership inside the Communist Party of the Former Soviet Union, for example. Finally, of course there is opposition to the Liberal Party but this is fragmented, and there is no serious alternative to the Liberals at the federal level.

How do dictatorships work? The standard view of the difference between democracy and dictatorship in political science (eg, Friedrich and Brzezinski (1965)) is that dictators can use the tool of repression to stay in power. Thus dictators typically impose restrictions on the rights of citizens to criticize the government, restrictions on the freedom of the press, restrictions on the rights of opposition parties to campaign against the government, or, as is common under totalitarian dictatorship, simply prohibit groups, associations, or political parties opposed to the government. To be effective, these restrictions must be accompanied by monitoring of the population, and by sanctions for disobedience. The existence of a political police force and of extremely severe sanctions for expressing and especially
for organizing opposition to the government such as imprisonment, internment in mental hospitals, torture and execution are the hallmark of dictatorships of all stripes.

However, the use of repression creates a problem for the autocrat, and this problem was the starting point for my own (1990, 1998) work on dictatorship. This is the “Dictator's Dilemma” -- the difficulty facing any ruler of knowing how much support he has among the general population, as well as among smaller groups with the power to depose him. The problem arises from the fact that the use of repression breeds fear on the part of a dictator’s subjects. Because they are afraid, they are reluctant to criticize the dictator's policies. This fear on their part in turn breeds fear on the part of the dictator, since, not knowing what the population thinks of his policies, he has no way of knowing what they are thinking and planning, and of course he suspects that what they are thinking and planning is his assassination. In short, the more the dictator’s repressive apparatus stifles dissent and criticism, the less he knows how much support he really has among the population. Because of this, dictators, just like democratic leaders, have to build loyal support among groups in the population.

Now Uncle Jean doesn’t suffer from the Dictator’s Dilemma with the public – he knows exactly the size of the majority which is eager to see him leave office. And he is unlikely to be assassinated – that is not the Canadian way! But within the party he does have exactly this problem, and individuals within the party, though emboldened recently by his formal announcement of an end to his reign, have been famously afraid to criticize the pronouncements or policies of the leader. Of course, Uncle Jean is denied the luxury of mounting a show trial in which Paul Martin is forced to confess his disloyalty and is subsequently liquidated.

What is the reaction of the Canadian public to this situation? Though some are agitated, I think
it is fair to say that on the whole they are completely bored by it. Some political scientists (e.g., perhaps most famously Almond and Verba (1963)) see the general apathy and boredom of the public with politics in many democracies as a sign of democratic strength. But I don’t find this reassuring. Apathy and boredom were the most notable features of the USSR as it entered into its terminal decline.

In addition, at the federal level, Canada does seem to fail the basic test of democracy, as formulated in public choice: the capacity to throw out the government. To elaborate this point, recall the classic Schumpeter - Downs definition of democracy as an institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote (Schumpeter (1976), p. 269). This definition is commonly used today (although it is not the only way of thinking about democracy1). Thus, Larry Diamond and Marc Plattner define the minimum requisites of democracy as what they call electoral democracy-- as a system in which the principal positions of political power are filled through regular, free, and fair elections among competing parties, and it is possible for an incumbent government to be turned out of office in those elections. Przeworski, et.al. suggest that Democracy is a system in which incumbents lose elections and leave office when the rules so dictate. (Przeworski, et. al.(2000), p.54).

Thus, as soon as we consult the classic definition of democracy, it seems obvious that Canada is not very democratic. Of course, it could be argued that if we really wanted to we could throw out

1For example Anthony Arblaster’s (1987) text still subscribes to the Rousseau concept of democracy as a system which implements the “will” of the people.

2Diamond and Plattner (2001), Introduction@p. x
the Liberals. But how would we do it?

I don’t have anything new to say about what the structural features of Canada are that have given rise to the dominance of the Liberal party. It seems clear that this dominance was considerably strengthened by the collapse of the Conservatives as the result of the trio of 1) the dishonesty of Mulroney, most notably in campaigning against free trade and subsequently implementing it\(^3\), coupled with the failure of Meech Lake and the Charlottetown accord, which lost him the Quebec wing of his party in the East and contributed to the rise of Reform in the West; 2) the ineffectual campaign of Kim Campbell and 3) the return of Joe Clark. But the dominance of the Liberals may be exaggerated: as the section on contagion effects below (6.3) amplifies, public opinion can sometimes change very rapidly.

3. THE NORTHERN TIGER

Given the supremacy of the Liberal party, if Uncle Jean is a dictator, we can ask what type. I defined 4 types in my book: tinpots, who rule with low levels of repression and low loyalty, and are therefore easily deposed; tyrants, with low loyalty but high repression, totalitarians, high on both counts, and the possibly mythical case of timocracy, where the ruler uses little repression, and survives in office

\(^3\)This cannot be the only factor, as it was neither the first nor the last time such deception was practised on the Canadian public: from a mountain of possible illustrations, I note Pierre Trudeau’s implementation of wage and price controls after vigorously campaigning against them. (I recall the line:“Zap! You’re frozen!” as he mimicked the foolishness of the policy, a line which may have come back to haunt him after he implemented that very policy.)
because the people are loyal to him. Almost all dictators claim to be timocrats, but few, if any are.

Thus Saddam Hussein recently suggested that the 100% vote in favor of his regime is easy to explain: the Iraqi people simply adore him⁴.

Now, Uncle Jean is obviously not a totalitarian. Even the Liberal government doesn’t have the machinery to put its critics in jail or torture them (although the Prime Minister may sometimes succeed in blocking them from getting a peerage and thus effectively exile them from the country).

Nor is he a tinpot. Tinpots generally are incapable of building a mass party, and the Liberal party is a hugely successful and long lasting organization, perhaps the most successful political party in the world today.

Is Canada a timocracy, then? I repeat that this is a rare breed, and as a form of government not merely extinct. It probably never existed⁵.

This leaves tyranny. Canada could be like Chile, perhaps, or even better (since that case is too confrontational to fit the Canadian image), South Korea. One thing about tyranny is that of all the types of dictatorship, it is the most likely to be good for economic growth. In this context, John Manley’s recent remark referring to Canada as a “northern tiger” acquires new meaning.

Of course, the comparison is insulting. It is very rare for Canada to quell demonstrations with pepper spray or tear gas the way the South Korean government did when the generals were in power.


⁵In my 1998 book I used the example of Ancient Rome under the reign of Marcus Aurelius to illustrate the type, based on Gibbon’s idea that his reign was “the happiest time the world has ever known”. Indeed, Aurelius used to say things like “Let every action aim at the public good.”
But the comparison is insulting to South Korea too! Look at those growth rates! Moreover, among the most prominent hypotheses about how the tigers achieved that growth is the idea that the fruits of growth there are shared (Campos and Root (1996)). On this line of thought, equality is good for growth. Perhaps Canadian policymakers could take a lesson from South Korea here.

4. WHAT MAKES CANADA DEMOCRATIC?

Of course, Canada is not a dictatorship of any kind but one of the world’s great democracies. Indeed, many of our institutions are admired around the world, perhaps as never before, and often serve as a model for countries searching for effective models of democratic institutions (Ignatieff). But how can this be?

At the most basic level, Canada is not a dictatorship because the people are not subject to political repression here. Nor, I think, could they be repressed in any serious way without creating a public outcry. In other words, human rights are entrenched here, and protected by an independent judiciary. In Canada these have famously been codified in the Charter of Rights and Freedoms. What the Charter explicitly spells out is that the citizens are supreme, not the government. At the constitutional level, it is indeed the question of the rights of the individuals vs that of the state. The fundamental meaning of Hannah Arendt’s monumental The Origins of Totalitarianism is that when

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*Korea’s average annual growth rate of GNP per capita was 8.9% a year from 1955 to 1975, 13.8% from 1975 to 1985 (Kang (2002b, p. 41). From 1990 to 1997 South Korea’s real GDP grew at over 7% a year (Hong and Lee (2000). It contracted during the crisis (1998) by 5.8%, but growth returned in 1999.*
residual rights reside in the state, rather than in the individual, that mass persecution becomes possible. In my view, the Charter is invaluable for the development of Canadian democracy and is worth paying the price of what sometimes appears to be endless litigation over specious rights claims.\footnote{Of course, another important reason why Canada is not a dictatorship is the division of powers among different levels of government and between the elected government in Parliament and “independent” agencies like the Bank of Canada. As this subject will be discussed in detail this afternoon, I will not dwell on it further. I pause only to note that in real dictatorships, typically the first move by the government is to get rid of competing “centres of power”, to use Albert Breton’s phrase.}

Just as secure property rights are the key to economic growth, so secure political rights are the key to development as a democracy. The Peruvian scholar Hernando de Soto (2000) argued that a major obstacle to economic development was what he called “dead capital”. By this he meant that even though a piece of property was formally owned by some individual, the number of obstacles to selling it or altering it in any way were so large that for all practical purposes the capital was useless. To take one example, in the Philippines, if a person has built a dwelling in a settlement on either state-owned or privately owned urban land, to purchase it legally could necessitate 168 steps, involving 53 public and private agencies and taking 13 to 25 years. The political analogy might be “dead rights” like the human rights that were there on paper in the Former Soviet Union but impossible to exercise. The right to freedom of speech, a free press and freedom to organize political movements or parties are not just essential for democracy; it is essential that they be specified and enforced by powers independent of the government.

Of course, rights such as the freedom to vote, to organize and to participate in politics in other ways have existed in theory in democracies such as the US, Canada or the UK for many years.
However, their existence in law is insufficient for their existence in practice, and therefore for
democracy to be complete. One example is blacks in the U.S. south, who were largely
disenfranchised until the civil rights revolution of the 1960's. Two recent books by Michael Ignatieff
(2000) and Charles Epp (1998) describe the emergence of these new rights or the broadening of
political power to new groups -- *The Rights Revolution* (as they are both titled) -- which has occurred
since then in the US, Canada and elsewhere.

Ignatieff traces the emergence of human rights on an international level to the experience of the
Second World War and the promulgation of the Universal Declaration of Human Rights in 1948, the
first of a spreading canopy of laws which altered the balance between individual sovereignty and
individual rights. With the declaration, the rights of individuals were supposed to prevail over the rights
of states when those states engaged in abominable practices (Ignatieff, p. 48).

Charles Epp notes that constitutional rights in the past had been primarily the rights of property
and contract. The “new rights” encompassed, among other rights, the freedom of speech and the press,
free exercise of religion, prohibition of discrimination on the basis of race, sex, the right of privacy; and
the right to due process in law-enforcement and administrative procedure (Epp, p. 7). In Canada, for
example, rights cases constituted 13 percent or less of the [Canadian Supreme] Courts agenda before
1975 and about 60 percent by 1990. (Epp, p. 172). In the United States cases involving the rights of
the accused and women rights mushroomed from forming less than 10 percent of all decided cases by
the U.S. Supreme Court in the early 1930s to between 45 and 70 percent in the period 1970- 1990
(Epp, p.28).

In brief, the Charter strengthens the rights of individuals against the state. I find the notion that
someone, somewhere is suing the Canadian government and that others are busy digging away to find new grounds for doing so enormously comforting. And in the first instance, I don’t care what the grounds are, and I find it even more comforting that some person has found yet another angle to argue that their rights were violated.

By contrast, in modern Russia, there are indeed elections, and to begin with Putin probably faced more opposition than Chretien did in the last election. But human rights are not entrenched in modern Russia, and one sees the consequences of this in all kinds of ways, such as the willingness of the government to close down opposition media and to persecute other groups. Most recently, one could see it in the strategy used by the government to combat the terrorist attack on a Moscow theatre. The government’s main aim seemed to be the protection of the supremacy of the state, rather than the people in the theatre. Some signs of this are that no plan had been put in place for the effective treatment of victims of the gas, and indeed the identity of the gas was not even released to hospitals for a couple of days after the attack ended, preventing effective treatment. Government sentiment was nicely expressed by the title of an article the by the Russian deputy minister of the interior, Vladimir Vasilyev, “We saved the bulk of the hostages, and dealt a blow to terror”. The word “bulk” aptly characterizes the attitude of a dictatorship towards its citizens as “stock” rather than as individuals with inalienable human rights. Of course, the population apparently supports the Russian government in its war against terrorists. That is not a sign of democracy but all the more reason to entrench human rights. They are there to protect individuals from the state, even when, and perhaps most especially when, the bulk of the population backs the state.

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5. THE GLORY OF GROUP POWER

5.1 Securing human rights

While human rights are the *sine qua non* of democracy, most individuals would be powerless, acting by themselves to get them and to keep them. Consequently *groups* are necessary both to obtain these rights and to exercise them. Whether they view the “new” rights favorably or not, scholars seem to agree that what made them possible was not just the arrival of the Charter, but of what Epp calls a *support structure for legal mobilization* consisting of rights advocacy organizations, willing and able lawyers, financial aid of various types, and in some countries, governmental rights enforcement agencies. Epp puts the case for this in a straightforward manner:

> A Ordinary individuals typically do not have the time, money or expertise necessary to support a long-running lawsuit through several layers of the judicial system. ...at the level of the individual cases, the cost of pursuing a rights case has usually exceeded any monetary award to the plaintiffs [at least in the early phases of the rights revolution] so lawyers have had little monetary incentive to take such cases on a contingency basis. Organized rights advocates,

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*Let me emphasize that throughout this paper I am talking about political rights, not economic rights.*
however, have developed a range of sources of support..... and have made them available to potential rights claimants. These sources of support..... form what I called the support structure for legal mobilization. (Epp, p.18-19).

Thus, the existence of effective human rights is due to the presence of activists who make it possible for individuals in large groups who might otherwise face an insoluble free rider problem to obtain their rights. This includes groups as diverse as women’s groups, gays and lesbians, aboriginals, criminals, and many ethnic groups. Of course, rights are still incomplete in Canada and to that extent we are not a perfect democracy.

5.2 Competition among groups

What do economic models say about group competition? Early work in the “Chicago School”\textsuperscript{10} argued that interest group competition is inefficient because the policies typically demanded by interest groups are inefficient and wasteful. In “rent-seeking” models\textsuperscript{11} it is the contest itself which is inefficient and wasteful. However, Becker (1983) showed that democratic politics does take account of the losses from inefficient policies. To see his point, suppose we can divide the population into “winners” and “losers” from government policies. Then it follows that the larger the losses from a

\textsuperscript{10}See for example the classic papers by Stigler (1971), Peltzman (1976) or Olson’s (1982) book.

\textsuperscript{11}Tullock (1967) or Posner (1971)
policy, the more the groups who lose by it will oppose it, and the less likely it is to be adopted.

Alternatively the smaller the gains from a subsidy, the less the “winners” (the group which gains from the subsidy) will exert pressure to obtain it. Consequently, the democratic contest is not wasteful; on the contrary, it tends to select efficient (good) over inefficient (bad) policies. Thus, as bad as many of the policies of the Liberal government might seem to some, these policies won out over worse policies!

Note that competitive elections are not necessary for this result, and indeed in Becker’s theoretical model there are no elections, only interest group pressures. It is only necessary that the pressures from both sides are taken into account, and that groups which can exert more pressure be relatively successful in getting their policies adopted.

To see the point in a different way, let us apply this way of thinking to the case of political dictatorship. It can immediately be seen that the tendency for competition to select efficient policies is severely attenuated. The reason lies in the dictator’s capacity to silence dissent and to repress the losers from the regime’s policies. These powers are unavailable to democratic politicians. Autocrats typically ban dissenting political organizations, refuse to permit their views to appear in the media, refuse to allow them to meet or organize, and jail, torture or even execute their leaders. The result is that there is no reason why efficient policies would be adopted. For example, Saddam Hussein could end his various weapons programs and in other ways adopt policies that would result in the sanctions against the regime being lifted. But the losers from sanctions under Saddam Hussein are repressed, and the small group of producers who benefit from the sanctions12 are the winners in the game played under his regime.

12See Kaempfer, Lowenberg and Mertens (2001) for details
It is worth repeating that for the competitive mechanism to work in Canada, the Liberal party would have to be open to pressures from all of the different groups in society. And it is easy to see the role of the Charter here. It is twofold. First, and most important, it prevents the Liberal party from silencing its critics. Second, it opens up a second front (the courts) for the competition among interest groups, and to the extent that the Liberal party is closed to pressures from certain groups, which do not form part of its majority coalition, the Charter makes it possible for the public sector to take their preferences into account. In general, the more every group is represented in the competition for public policies, and the fairer their representation, the more likely it is that the correct policies will be adopted.

Of course, Canada is not a perfect democracy. It would be, though, on this way of thinking, if every group is represented, and their “weight” in the allocation of public policies exactly represented their weight in the population, just as we would like in a perfect democracy.

To conclude, it is worth emphasizing that in these simple static models, competition among interest groups is efficient from the economic point of view. If there were a better way of allocating rights to Quebec, for example, the political process would tend to find it. That is, a political party or any other group which can invent a new solution which gives Quebec more in the way of group rights at

13Newer, dynamic models of democratic decision-making cast doubts on the efficiency of democracy in a dynamic context. The basic problem discussed there (e.g., in Besley and Coate (1998) is the inability of a representative democracy to commit to future policy outcomes. The question from the point of view of this paper is of course, whether a dictatorship could be expected to do better in this respect. To my knowledge nothing has been written on this issue but it is worth noting the evidence in Przeworski et al. that the average life of a dictatorship is less than democracy. Moreover, dictatorship does not enshrine outcomes; democracy does. For example, Jorge Dominguez (2001) shows that the turnaround to market friendly policies in Argentina, Chile and elsewhere in Latin America was only consolidated when successive democratically elected regimes agreed to the policy. As he puts it “Only democracy can commit to the future” (p.252).
lower cost to ROC, or to aboriginals or women at lower cost to the rest of society will see the government leap on and adopt this solution.

6. WHAT COULD MAKE CANADA UNDEMOCRATIC: THE DANGERS OF GROUP POWER

With the framework outlined in the previous section in mind, it is worth considering the kinds of things which can go wrong in democratic politics.

6.1 Asymmetries: those left out, and those who are always in

The basic problem is that in real democracies the power of groups is typically unequal. One kind of asymmetry arises when some are left out in the competition among groups for public policies. For a number of reasons, politicians are not "open" to bids from all groups but tend to have long term arrangements with certain groups. One reason is ideology. An example is the Conservative revolution in Ontario. It would have been difficult to imagine that the Ontario teacher’s union, for example, could have become among the main supporters of the government, and the recipient of favorable government policies, no matter how much they might have offered in terms of campaign funds. Another example is Canadian federal prisoners, whom the federal Liberal government had deemed unworthy of the right to vote. Presumably the government thought there were more votes to be had from excluding this group
than from allowing them basic democratic rights. The Supreme Court has recently, and entirely
correctly, on my view, over-ruled the Liberal party on this point and restored this right.

Groups which are excluded sometimes take dramatic actions to try and demonstrate that they
are not willing to live with this situation. Normal “bidding” being closed, their leaders may resort to
theatre, to shock, to radical positions and even to violation of existing norms, in order to be "heard". As
Uncle Jean has himself mentioned in some oft noted remarks, it is not surprising that those who are left
out of the prosperity that has accrued to the winners in the globalization game may act in ways that are
a threat to the world’s democracies.

Many of the groups that Morton and Knopff refer to collectively as “the Court Party” are
composed of or represent those who have been left out or who have been disadvantaged in domestic
policymaking or domestic society: criminals, gays and lesbians, refugees, prisoners, women, aboriginal
groups, and so forth. In any case, Gregory Hein (2001) has produced some evidence that seems to
invalidate the Morton and Knopff thesis: by far the largest number of Charter cases brought to the
Supreme Court are not brought by groups who make up “the Court party” but by corporations. Still,
my guess, and it is only a guess, is that, despite this, the charter still tilts in the direction of equalizing
political power among citizens and groups, and also of equalizing it between citizens and the
government. That is, the situation would be even more favorable to corporations and to the
government in the absence of the Charter.

This brings us to the second problem, which arises if some groups have too much power. The

\footnote{Of 819 claims presented by organized interests between 1988 and 1998 to the Supreme
Court, 468 were brought by corporate interests. The next largest groups were “Charter Canadians”
who brought 80, aboriginals (77), and labour interests (58) (Hein (2001), p. 223.}
Stephen Clarkson suggests that this is how we got NAFTA’s chapter 11. The group most often accused of this in Canada is the corporations. To the extent that corporations and the government work in tandem and in secret\textsuperscript{15}, aggravated by the first past the post electoral system, which gives the median voter and the majority party a disproportionate amount of power, we may not be back in South Korea under the generals (General Jean?), but we are headed that way. For those who find this prospect attractive, it is worth looking at the roots of South Korean prosperity in a bit more detail.

Recent work on South Korea illuminates the causes of the spectacular growth in that country. Oddly enough, as David Kang has demonstrated convincingly (2002a, 2002b), one of the main causes of this growth appears to be the massive corruption of the government. Not all the tigers were as corrupt as South Korea, (for example, they are all over the map in their scores on the Transparency International Index). But in South Korea there was an alliance between big business (chaebols) and government in which the chaebols bribed the governing party on a very large scale. The policies pursued bore no relation to the “Washington consensus.” Of course, corruption is not unknown in Canada. But it is inconceivable that the Bank of Canada, for example, would act as the “bagman” for the Liberal party the way the Bank of Korea did for the Democratic Republican Party of Korea (Kang (2002a), p. 187).

How could entrenched bribery account for what is certainly one of the biggest success stories among the tigers? Growth benefits capital owners (producers) more than labor because the increased value of assets in the future implied by economic growth can be immediately capitalized into the price of capital assets today, whereas the increased value of labor or other assets such as a cleaner or safer

\textsuperscript{15}Stephen Clarkson suggests that this is how we got NAFTA’s chapter 11.
Interestingly, even after turning to democracy, the problem remained, in fact in some respects it got worse as the number of bribes necessary per project grew enormously (Kang (2002), p. 196ff. environment can be realized only over time. Thus, if investment decisions by the government are based on bribes, it is to be expected that business groups will offer the most compared to labor or environmental groups and it is no accident that such a system, while corrupt, can result in a high rate of investment and growth. However, the democratic process is subverted. And the presumption of efficiency is lost when bribes are allowed. Thus, one of the causes of the 1997-8 Asian crisis was precisely that investment in South Korea had gone so far that it was excessive and overdue for a correction.

Many have suggested that the authoritarian nature of the regime need not have been a hindrance to this style of growth\textsuperscript{16}. Such arguments need to be looked at carefully. As emphasized in my (1998) book on dictatorship, authoritarian regimes cannot survive without support. Comparing large and small groups as potential sources of support, small producer groups that can offer secret cash donations tend to thrive in the closed environment and tame courts of a dictatorship, compared to a democracy. In turn, dictators obviously have much to offer producers in exchange for their support, including subsidies, fewer problems from labor unions, and the removal of unfavorable regulations. So the possibilities of a trade of rents for support between the government and small, concentrated producer groups like business is actually enhanced under dictatorship, just as exchanges with representatives of broader public opinion are diminished. Consequently, Downs =\textsuperscript{oft - cited proposition} that democracy favors producer groups over consumer groups is not accurate: On the contrary, producers typically have more power under dictatorship than democracy. For this reason, the rate

\textsuperscript{16}Interestingly, even after turning to democracy, the problem remained, in fact in some respects it got worse as the number of bribes necessary per project grew enormously (Kang (2002), p. 196ff.
of growth might sometimes be higher under dictatorship than democracy\textsuperscript{17}.

I hasten to add that dictatorship is not a sure route to high growth. One factor that works in the opposite direction (i.e., it gives an advantage to democracy) is the Dictator’s Dilemma—dictators are typically starved for real information on economic conditions and on the effects of their policies no less than information on their popularity. Nevertheless, the illusion of superior economic growth under dictatorship is a perennial threat to democracy. In the 20\textsuperscript{th} century, the “allure” of superior economic performance under autocracy probably originated with Hitler’s success in bringing Germany out of depression, and was enhanced by the successful Soviet industrialization under Stalin. In the 1990’s it continued with the examples of Chile and South Korea. The most spectacular current success is undoubtedly Communist China. However, other dictatorships have awful growth records. Consider Haiti under Papa Doc, Mobutu’s Zaire, Brazil under its generals, etc. No one knows why some dictatorships grow fast and others do not. The evidence we have is that the variance of growth rates is higher under dictatorships, and that, on the average, the rate of growth under dictatorship is about the same as that under democracy\textsuperscript{18}. Finally, there is some striking evidence that average life span is lower under dictatorship (Przeworski, et. al. (2000)).

\textsuperscript{17}For the details of this argument, see Wintrobe (2002a)

\textsuperscript{18}Przeworski, et. al.,(2000). Barro (1996) claims a slight advantage to “a little bit” of dictatorship but the coefficient is tiny and the estimators insignificant.
### 6.2 Declining Social Capital, Trust and Conformity

Another way of looking at the “health” of a democracy which has recently become fashionable is to examine the state of “trust” or “social capital” among the citizens, and by citizens in the government. Putnam’s work (eg, 1993, 2000) on social capital has received a lot of attention, and provides a convenient place to start our inquiry. Putnam believes social capital is good for democracy and for society. Indeed, he has said that “happiness is living in a society where horizontal trust is high.” In *Making Democracy Work* (1993), he argued that social capital is beneficial for governing capacity. In his latest book *Bowling Alone* (2000) he deploys a battery of indicators to show that social capital has been steadily falling in the U.S. since the 1960s. The evidence that social capital in the U.S. has fallen is compelling, but the analysis of why this has happened appears less so. The main reasons appear to be the growth of television consumption and “generational change”—a catch all phrase referring to the passing of the “great civic generation” born in the years 1925-30 and who became adults during the 1950s. There is no doubt that many of the correlations Putnam presents are fascinating, especially the ones between those who agree relatively strongly with the statement “Tv is my primary form of entertainment” and various measures of civic engagement, such as the number of club meetings attended, whether the person worked on a community project, and even the mean number of times a driver “gave the finger” to another driver last year.

The approach has been applied to other countries as well (see Pharr and Putnam (2000). However the correlations with the tv variable for other countries are tiny (Norris, in Pharr and Putnam (2000)). I have seen no detailed estimates for Canada.
A related problem uncovered by the social capital school is that, increasingly, in Western democracies, no one seems to trusts the government any more. And there seems to be no doubt that satisfaction with government is falling while the size of governments have been rising in many democracies. (Alesina, et. al. in Pharr and Putnam (2000)). The implication often drawn is that governing capacity has fallen.

Lack of trust, both in one’s fellow citizens and in the government, is a central characteristic of dictatorships. This is sometimes referred to as the “vacuum effect” between the leader and the population. To illustrate, contemporary Russia is not a dictatorship but it hardly lives up to the democratic ideal. A Russian scholar, Anton Oleinik, entitles one of his papers on Russia “A Trustless Society” (Oleinik (n.d.)). He reports surveys for 1999 in which only 3.4% of the respondents think that they can trust the state. Indeed, Oleinik suggests that it was the “non-reciprocal behaviour of the state confirmed during the August 1998 crisis [which] led to a dramatic decline of the citizens’ willingness to pay the taxes.” (Oleinik, n.d., p. 22). By contrast people in Canada do trust each other to a remarkable extent \(^{19}\) (Inglehart (1999), p.102).

A related problem with groups arises from their internal dynamics. In groups where the individual’s welfare depends positively on the average level of effort or participation, each member has an incentive to “free ride” on the contributions of others. Group leaders will typically want to take steps to counter this behaviour. One strategy which is often practised by the leaders of many extremist groups is to deliberately create mistrust between the membership of the sect and the rest of society. By

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\(^{19}\)The level of interpersonal trust among Canadians appears, along with that in the Nordic countries, to rank among the highest in the countries listed in Inglehart’s charts.
making it more difficult for the members to associate with the rest of society, the leader hopes to increase their participation in and dependence on the group. Religious sects and cults often try to limit the information available to members in order to successfully control them, and control association with outsiders in order to do this as well. But strategies like these are not only used by sects; they are often practised by mainstream ethnic groups as well. The upshot is that within ethnic groups there is often great pressure for conformity. One of the great virtues and responsibilities of democracy is to protect the rights of individuals against group pressures of this kind.

Pressures like these were most apparent in Yugoslavia under Milosevic. Some think it would be impossible that what happened there could ever take place in Canada. Ethnic groups in Canada do not try to wipe each other out as they did in Milosevic’s Yugoslavia. But it is worth remembering that Yugoslavians are not necessarily warlike, that indeed that Serbs and Croatians lived in peace there for many years and that there was no overt nationalism in Yugoslavia. Instead it exploded, because nationalism can be contagious (see section 6.3 below).

Perhaps this point about group pressures on individuals suggests a different explanation for Putnam’s evidence about the decline of solidarity in the U.S. It’s worth recalling after all that what Putnam labels “the great civic generation of the 1950s” was noted also for its conformity. The 1950s witnessed little in the way of attempts to break up discrimination against blacks. 1947 saw the release of the film Gentleman’s Agreement, which described the process by which Jews were excluded from the mainstream of American society. American society presented a homogeneous front, it was preoccupied with the fight against communism [in which Elia Kazan, the director of the film Gentleman’s

20 See for example Knoke Political Networks (1990), p. 71
Agreement, took part by testifying to the House Un-American activities Committee, and dissent or alternative lifestyles were not particularly welcome.

In social science, perhaps the most famous work of the time was William Whyte’s *The Organization Man*, which described the conformity of life in the American business firm. At one point, in a chapter entitled “The Fight Against Genius” Whyte asks the reader to do a “mental exercise” and imagine what would happen if science were to be organized like a business firm. Among the results would be, he suggests,

(1) scientists would now concentrate on the practical application of previously discovered ideas rather than the discovery of new ones;

(2) they would rarely work by themselves but rather as units of scientific cells;

(3) organizational loyalty, getting along with people, etc. would be considered just as important as thinking;

(4) well-rounded team players would be more valuable than brilliant men, and a very brilliant man would probably be disruptive. Lastly and most important, *these things would be so because people believe this is the way it should be.* (Whyte, (1957), p. 225, italics added)

Today the popular notion of the American workplace is possibly expressed best by the hit TV show Survivor. The critic Natalie Southwork in the Toronto Globe and Mail compared relationships on the island to those in a modern corporation: “the show’s scheming, backstabbing and fragile alliances are all features of the modern workplace....... The participants on the television hit bear a striking resemblance to a group of middle managers trying to avoid a downsizing hit list at a not-so-profitable company.” *(The Globe and Mail, August 22, p. R1).*
In short, people in the 1950s were more conformist than people now. The changes are visible both in the workplace and in the broader society. As to the reasons, one can point to things like the growth of the counterculture, the Vietnam War, and the exposing of the private behavior of heroes in authority like John F. Kennedy in the 1960s, all of which have made Americans more skeptical of their governments than they were before. In addition, the fall of communism in the late 1980s and 1990s removed a major cause of American solidarity. The information revolution has also turned out to favor freedom. Whatever one thinks of these events, the increased distrust in authority and skepticism about social pressures are, in my view, not necessarily bad.

Solidarity in the United States has partially returned now that a new external threat has appeared. Whatever the causes, it is hard to argue that the effect has been healthy for American democracy. Alexis de Tocqueville’s classic Democracy in America is often referred to in studies of social capital. Indeed, Putnam (2000) refers to him as its “patron saint” for the way in which he glowingly spoke about the American proclivity to join associations. However, de Tocqueville also described America as “the most conformist society he had ever seen.” In my view, conformity and the proclivity to join associations are related.

Today the man in the grey flannel suit has been replaced by the imperial CEO, to use Krugman’s phrase, and the CEO’s backstabbing underlings. It is hard to be salutary about the decline of trust in the workplace, but I don’t see the decreased faith in authority as a threat to democracy. Moreover the increased litigiousness in Canada as a result of the Charter appears to me to be a good thing, to use Martha Stewart’s phrase.

21In the New York Times Magazine, October 20, 2002, p. 64)
6.3 Contagion

a) bandwagon effects

There is one proposition about social capital which has not yet been noted, and which gives us further insight into the role of groups. This is that social capital is contagious: like any other form of “network externality”, its value is larger, the larger the stock. Thus social capital is like computer software. The more that others have it, the more valuable it is and the more any individual will want it and be willing to take steps to preserve it.

The contagion property is particularly important in politics, where genuine information is weak and the incentive to collect it is not there because of the free rider problem. Indeed, it is well known that ideas and political support are contagious: hence the name: bandwagon effects. In general, bandwagons and fads can be explained in terms of the desire for social cohesion. People often adopt an idea or join a political movement in order to be “in”, that is, to be either in the vanguard of or at least a part of the group or movement that promotes the idea. It need have nothing to do with the logical case for the idea (if any) at all. Thus, there has never really has been a case on esthetic, medical or logical grounds for hula hoops in the 1950's, tie-dyed tee shirts in the 1960's, disco culture in the 70's, backward baseball caps (the 80’s) or wearing earrings in your tongue (the 90’s, and growing). In the same way, the more everyone else seems to favor Paul Martin as the new leader of the Liberal Party (“Uncle Paul”), the more any individual tends to favour it as well. On the other hand, the contagion property means that the Liberal hold on power may be more tenuous than might be thought, as small
events might cause a loss of confidence and a massive turning away from the party.

One might object that where there is lots of social capital, i.e., lots of horizontal associations a la Putnam, this acts as a bulwark against instability. But that may be exactly wrong: there is some evidence that the more social capital there is, the more unstable the polity. The classic example is the Weimar Republic. It was thought Hitler rose because Germany was an “atomized” society with few individuals members of groups or voluntary associations—but in fact exactly the opposite was true: Germany was particularly rife with horizontal associations, i.e., there was lots of social capital in precisely Putnam’s (2000) sense in Weimar Germany\(^{22}\)!! Perhaps most important, many of the groups themselves joined the Hitler movement as a group, encouraged by their leaders. And these were not necessarily groups of uneducated individuals, easily prey to simplistic and vicious political ideas: among the first groups to declare their loyalty to the Nazis were the medical doctors.

It follows that, paradoxically, the more social capital there is, the greater the demand for constitutional protections in the form of checks and balances. One important application of these ideas is to the reasoning of Madison and others in The Federalist Papers about the design of the American Constitution. There the case for a constitution is made on grounds of the instabilities due to passions. And one big source of instability was said to be bandwagon effects, especially under the influence of the wrong kind of political leaders. Hence Madison’s statement that “it is the reason, alone, of the public, that ought to be controlled and regulated by the government. The passions ought to be controlled and regulated by the government”\(^{23}\)

\(^{22}\)See Wintrobe (1998) and references therein.

The Founding Fathers were especially worried about demagoguery: the notion that citizens could be “misled by the artful misrepresentations of interested men”, or by the “wiles of parasites and sycophants, by the snares of the ambitious, the avaricious, the desperate.”  

As far as the contemporary United States is concerned, this reasoning shows why the decline of social capital in the United States could have been so precipitous as it appears in Putnam’s charts: since it is contagious, once it starts to decline the process sets up expectations which are self-fulfilling. And there are also applications to other societies. Thus, in in Russia, the fall of the communist system left lots of social capital, now unconnected to the Communist hierarchy, and these connections gave birth to the oligarchic capitalism and weak democracy of contemporary Russia. The same type of phenomenon allowed Slobodan Milosevic to pit one ethnic group against another and launch four wars in order to sustain his rule in post communist Yugoslavia.

b) fixing broken windows

Contagion and the group perspective can also be harnessed in positive ways to solve social problems. One example is the so-called “microfinance revolution”. In this approach, first applied in Bangladesh in the Grameen bank, loans are made to small groups, not to individuals, and each group is collectively responsible for repayment. The result has been aptly termed a “miracle”: while each individual within the group is insolvent, the group as a whole may be solvent. Another example of this


25 A good survey of this literature can be found in Morduch (1999).
is the solution to the crime problem which has been widely adopted in a number of U.S. cities and is known as the “Fixing Broken Windows” approach. Some attribute the dramatic drop in crime in big U.S. cities, particularly New York, to the adoption of this approach, but the matter remains controversial\textsuperscript{26}. The approach was first described in an article by George Kelling and James Q. Wilson (1982) and later in the book, *Fixing Broken Windows* by Kelling and Coles (1996). It was applied first in the New York City Transit Authority and later in New York City. The approach emphasizes that behavior commonly classified as “disorderly”, while not as serious as crime, nevertheless can create fear and criminogenic conditions. Like broken windows left unrepaired, disorderly behaviour tends to create an atmosphere which criminals might find congenial but ordinary citizens do not. The result was that neighborhoods deteriorated and citizens withdrew, in turn spawning further deterioration and withdrawal and social decay. So on this line of thought, disorder and crime are contagious. The mechanism may be represented as the *disintegration of social capital*, as follows:

\[
\text{Disorder} \rightarrow \text{Fear} \rightarrow \text{Citizens withdraw from the neighborhood} \rightarrow \text{Crime increases.}
\]

There are two central messages in The Broken Windows approach:

(1) The reversal of “marginal deterrence” (under which more serious crimes are targeted for greater police efforts and higher penalties) – this is the famous (or infamous) “zero tolerance” of small offenses and misdemeanors. Thus the program to combat crime focused on minor as well as major

\textsuperscript{26}However it is worth recalling that the program was begun under Dinkins, a Democratic mayor, and then pushed, along with other measures, by Giuliani, a Republican. The inspiration for the program is undoubtedly Jane Jacobs’ ideas on the texture of urban spaces.
problems and in some ways reversed the emphasis on “marginal deterrence” for bigger offenses which is characteristic of the individualistic approach.

(2) The importance played by the community. First, it was deemed vital to generate a safe neighborhood so that people would not be afraid to go out and to use the neighborhood. Second, it is important to have the community on the side of the police rather than on the side of criminal gangs. To this end, the previous “911” model, which stressed rapid response to an incident in progress anywhere in the city was de-emphasized. Instead, the emphasis turned to making each neighborhood safe as a unit. Thus, William Bratton, the former police commissioner, who was also previously head of the New York Transit Authority in which the “Broken Windows” program was initially applied, emphasized “retaking the neighborhood, block by block”. To this end, the police were taken out of their cars and an attempt made to integrate them into the neighborhood. By contrast, Mayor Giuliani never emphasized the second feature and indeed there was conflict between him and Bratton on this point from the moment Bratton took office. Community policing, as well as a dramatic increase in the number of police, were initiated by the previous mayor, David Dinkins, an Afro-American. Giuliani, who referred to Dinkins’ approach as “social work” (Bratton (1998), p. ) was always anxious to distinguish his contribution from that of Dinkins (as well as, according to Bratton, taking the credit for every success of the police, and killing policies even though they might have been effective if this credit appeared difficult to claim). Later the policy became perverted into the infamous practise of “racial profiling” but such practises, which appeared to have poisoned relations between the Mayor of New York and the black community there (at least until Giuliani became canonized as the hero of September

11), are actually the *antithesis* of the Broken Windows approach. Indeed, perhaps the closest life in Canada could get to life under a dictatorship occurs if people are arrested for no reason except their skin color.

Whether the program was responsible or not, and whichever precise features of it were responsible, there seems little doubt about the drastic decline in serious crime in New York City after its adoption: within 5 years, from 1992-1997, murders had fallen by 64.3 per cent, and total crimes had been cut in half (Massing (1998), pp. 33-34).

One implication concerns the recent deterioration in Canada’s largest city\(^28\). Some aspects are obvious: the developing litter problem, people urinating in the street, and homelessness are not just problems for the poor but for everyone: they will inevitably lead to more serious crimes.

c) new applications of zero tolerance

The “Fixing Broken Windows” approach can be applied to other problems as well as crime. Thus it is natural to suggest “zero tolerance” for corruption in government and corporations, and there is much to recommend in this policy. In the federal system this would appear particularly important because of the near-monopoly of the Liberal party. And it is also important in corporations, unions and other groups a) because some of these groups have inordinate influence on the government and the life of Canadians, and b) because within these groups there is often very little no democracy. In the same way that a broken window can lead to a wave of crime, so bad corporate behaviour can lead to

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\(^{28}\) See the Toronto Star, October 14, 2002.
a flight from the capital market by shareholders. Corruption spreads like a wet stain on a carpet. The same thing goes for leaders of aboriginal groups, political parties, etc. But the second dimension of the “fixing broken windows” approach must not be neglected: the importance of having the respective communities -- citizens and shareholders -- onside in the sense that they have faith in the system. In the same way that the community must be on the side of the police, shareholders must be on the side of corporate leaders and not feel that the game is rigged, with corporate leaders abusing their positions and raking in cash while the stock price tanks, and voters must be on the side of the government.

6.4 Globalization, the United States and group dynamics

If Canada can be compared to a dictatorship, what about the hereditary monarchy next door? And what about globalization? Do these powerful forces threaten Canadian democracy? These matters are obviously complex. One reason for considering them together is that to some extent they act in opposing ways. Thus, on the one hand, globalization is to a considerable extent driven by the US and US institutions (Friedman (1999)). But globalization also makes it easier for small countries like Canada to build coalitions with other countries against the United States (Clarkson). Similarly, I have already argued that domestic corporate power is a threat to democracy. But globalization reduces the power of this group. Finally, globalization obviously acts as a check on Uncle Jean by tying the hands of the Canadian government in many ways. Conversely, it could be argued that the strength of the Liberal party makes it easier to resist American demands. And nothing appears to build solidarity among Canadians better than anti-Americanism.
While I cannot sort all these forces out in a couple of pages here, some things do stand out. First of all, and most obviously, free trade agreements like NAFTA does imply that the Canadian government has ceded its power to supranational organizations. Democracy is particularly threatened when provisions of these agreements are made in secret or with the assistance of some groups and not others. Of course, supranational organizations also act as a check on the power of the United States, as mentioned above, but there would seem to be a net loss of democratic decision making power under many circumstances. Second, fundamental to globalization is the increased feasibility for companies to diversify production internationally. That is, globalization results in an increase in the elasticity of demand for labor as firms can increasingly substitute foreign for domestic labour (Rodrik (1997)). In this way, globalization can undermine group domestic bargains which make it possible for various groups to live together. As Rodrik points out, the consequence is a withdrawal from these understandings and the undermining of solidarity or social cohesion in the society (Rodrik (1997)).

Globalization also detaches the CEO from relations within the firm, inflates executive salaries and gives the firm a greater incentive to substitute non-specific for specific human capital (Cerny (     ). Put differently, and more simply, both of these factors imply that the firm’s demand for trust within the firm falls (Wintrobe (2000))

Globalization thus appears to reduce solidarity (trust) within the society. To understand the ramifications of this more deeply, let us look more carefully at how solidarity is built. Broadly speaking, there are three ways to generate group solidarity:

(1) The first is through mechanisms that ensure equality among the group such as common

29Clarkson, 2002, gives some examples.
pensions, medicare, etc. The more everyone receives exactly the same treatment, the less energy individuals in the group will put into trying to increase their own advantage at the expense of the group and the more they will put into seeking benefits for the group. Of course free riding will limit the extent to which individuals will work for the group’s advantage but, as a substantial literature now demonstrates, there are various ways to overcome the free rider problem, including mobilization through networks and social ties (Opp and Hartmann (1989)), and group leadership and the promise of rewards from successful action (Uhlaner (1989), Morton (1991), Chong (1991), Shachar (1999)). Given a constant level of these incentives, more equality of treatment within the group means more solidarity and more effort directed at group goals.

(2) Group solidarity will also be larger, the larger the barriers to entry and exit from the group. The reasoning is similar: the harder it is to leave the group, the more members will be motivated to take measures that take care of it. The more membership is restricted, the less it will be felt that any improvement in the group’s fortunes will be dissipated through opportunistic entry. Thus, the peculiar solidarity of ethnic groups comes from the fact that entry to and often exit from the group are essentially blocked. Other groups find other ways to limit entry: among these must be included obfuscating the way the group works to outsiders, including in-group rituals and practices and in-group signals and symbolism. Such practices and make it more difficult for members of the group to interact pleasurably with outsiders and raise the value of in-group interaction.

(3) Finally, and most obviously, group solidarity is most famously built through jihad against an external enemy, whether another nation, ethnic group, civilization, etc. Solidarity tends to be greater,

30For more details, see Wintrobe in Breton, Galeotti, Salmon and Wintrobe (1995).
the larger the perceived threat to individuals in the group from outside.\footnote{31}{I leave it to another occasion to consider the individual rationality of this response. After September 11\textsuperscript{th}, it is particularly hard for North Americans to maintain that it does not exist.}

To summarize, barriers to entry and exit, mechanisms to ensure equality and struggle against an external enemy are three alternative methods to raise solidarity. It follows that if one of the mechanisms becomes more costly to use, one or both of the others will be substituted for it. Globalization reduces the capacity to generate solidarity via the mechanisms of equality of treatment within the group, or raising barriers to entry and exit. It follows that the demand for solidarity via struggle against some external enemy is increased. Thus, as Benjamin Barber has argued in his prescient book, \textit{Jihad vs McWorld} (1995), globalization (McWorld) and \textit{jihad} are not necessarily opposing forces. In some ways, McWorld stimulates \textit{jihad}. The mechanism just described is one way in which this can happen.

\textit{Jihad} is the greatest threat to democracy. \textit{Jihad} tends to make the large group behave like the small group and crushes internal differences. It is a favorite tool of dictators--indeed this is probably the main way Saddam Hussein stays in power. But its use is not limited to dictatorship. With George II granting enormous tax cuts to the rich\footnote{32}{According to Paul Krugman (2002), more than one half of the Bush tax cut will go to the top 1\% of families within the United States (p.77)} even as income inequality in the United States reaches heights not seen for over 60 years (Krugman 2002), internal solidarity might become frayed at the edges, and an external enemy is more desirable than ever. Canada and the European welfare states build solidarity by providing pensions, medicare, unemployment insurance and so forth. The United States has fewer of these and considerably more inequality and real poverty (Alesina, Glaeser and Sacerdote (2001), p. ). The welfare state thus protects democracy within a country by insulating it against the desire for...
The process of globalization, which to some extent spreads American style values (Friedman (1999)) of small government and flexible labor markets makes it more difficult for other countries to sustain different systems. If they do lose them, they may find that if their citizens have a real demand for solidarity, as I am suggesting in this paper, *jihad* might have to take its place. On this line of reasoning, it may be no accident that the previous peak of globalization occurred just before World War I.

7. CONCLUSION

Canada is not a dictatorship, despite what sometimes appears to be a near-monopoly of federal power by the Liberal party. The main reason is that human rights are entrenched in Canada, most notably by the Charter of Rights and Freedoms. Other mitigating factors include competition from the provinces and municipalities, and a free press. Most of all, I have emphasized the role of groups in obtaining and maintaining and enhancing individual rights and freedoms. I have also suggested that group competition is efficient— that is, it will result in the best policies being adopted by the government. By contrast, competition among groups does not exist under dictatorship, where groups who oppose the policies of the government are typically repressed. Still, the “allure” of dictatorship remains, and is perhaps never stronger when it can be argued that a “little bit” of dictatorship is good for economic growth, or fighting terrorism.

The functioning of groups is not always salutary. Rather, the greatest danger to democracy lies
in the pressures for conformity that are characteristic of the internal workings of groups. The internal workings of terrorist groups often illustrate this precisely. The danger to democracy is amplified by the fact that conformity is contagious. This is one explanation for how social capital could have declined so precipitously in the US. I know of no evidence that social capital is declining in Canada and indeed, the opposite might be true, perhaps because of the incentives provided by the Charter to participate in group politics. And I do not see “Charter politics” as a threat to democracy in any case – rather, the increased litigiousness of Canadians as a result of the Charter appears to me a sign of democratic health.

The most successful solution to a social problem that I know of also originates with the contagion property of groups, namely the “Fixing Broken Windows” approach to crime prevention first applied in the New York Transit Authority, and subsequently implemented in New York City.

“Zero tolerance” is worth trying as a solution to problems of political and corporate corruption. But racial profiling and other stigmatizing policies which were later adopted are obviously anti-democratic. And they contradict the spirit of the “Broken Windows” approach, which emphasized the importance of having the community onside in fighting crime.

While Canada is not a dictatorship, democracy is never something to be taken for granted and can always be improved. I think it is worth paying the price of occasionally spurious litigation to spread political rights more equally among citizens. From this point of view, the Charter of Rights and Freedoms is the best thing that has happened to Canadian democracy. Secondly, understanding the functioning of groups and their dynamics provides some handle on understanding how democracies work. Groups are necessary for individuals to obtain individual rights. But group behaviour can also
produce a stampede to dictatorship. In sum, understanding group behaviour helps us to understand what the “glue” is that holds a society together, and how that glue can become unstuck, that is, how a democracy sometimes degenerates into a dictatorship.
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Canada is not a dictatorship or a republic. It is both a (parliamentary) democracy and a (constitutional) monarchy. The two are not mutually exclusive. While Canada has an unelected executive, it is responsible to the elected legislature. For a description of how these two institutions integrate, see the related question. Asked in Thailand, Dictatorship.