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Abstract

Contemporary debates are increasingly pessimistic about the impact of ethnic diversity on support for the welfare state. A growing number of analysts argue that greater ethnic diversity in Western democracies is weakening public support for redistribution, and that this underlying tension is exacerbated by the adoption of robust multiculturalism policies. The purpose of this essay is to summarize early findings from several studies that bear on the questions at the heart of such debates. These studies analyse the implications of immigration and multiculturalism policies for the welfare state across OECD countries, and also focus more closely on the experience of two distinctively multicultural countries, the United States and Canada. The evidence points to more complex relationships than often assumed. OECD countries with large foreign-born populations have not had more difficulty in sustaining their welfare states than other countries. The extent of change does seem to matter, however, as countries in which immigrant communities grew rapidly between 1970 and the late 1990s did experience lower rates of growth in social spending. But despite the warnings of some critics, robust multiculturalism policies do not systematically exacerbate this tension. Moreover, the United States and Canada reflect different patterns. In the US racial diversity does weaken support for redistribution; but Canadian experience suggests that immigration, multiculturalism policies and redistribution can represent a stable political equilibrium. These contrasting narratives from North America stand as a warning against premature conclusions based on the US experience alone. There is no inevitability at work, and policy choices do seem to matter.

Keywords

Welfare state; Multiculturalism; North America

One of the most compelling challenges facing Western democracies is how to maintain and strengthen the bonds of community in ethnically diverse societies. How can we reconcile growing levels of multicultural diversity and the sense of a common identity which sustains the norms of mutual support and underpins a generous welfare state?

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This challenge faces virtually every Western democracy. In the past, it was perhaps feasible to divide countries into those with homogeneous societies and those with plural societies defined by ethnic, linguistic and religious diversity. Over the last half century, however, changing patterns of migration have eliminated such polarities. We have seen the globalization not just of our economies but also of our societies, and ethnic diversity is now a natural attribute of life in the West. Not surprisingly, this transformation has sparked political controversy. In part, current controversies are driven by the heightened security agenda of the post 9/11 world. In part, they are fuelled by fears that fundamentalist strains within some minority cultures are not sufficiently respectful of individual rights, gender equality, and tolerance for cultural diversity. But current debates are also driven by a new pessimism about the impact of diversity on support for the welfare state. Historically, challenges to immigration and multiculturalism have tended to come from the conservative right. Now, however, doubts are also emerging from the left and centre-left of the political spectrum, which increasingly fears that multiculturalism makes it more difficult to sustain and enhance the traditional agenda of economic redistribution.

Two distinct but related concerns lie at the heart of this part of the debate. The first is that growing levels of ethnic diversity in Western nations are weakening support for the redistributive state. The second is that multiculturalism policies adopted by some countries in response to rising levels of diversity further divide potential supporters of the welfare state, potentially exacerbating any underlying tension between ethnic diversity and redistribution. As a result, we are witnessing the potential splintering of the left-liberal coalition that has historically supported immigration, multiculturalism and the welfare state in many Western countries.

Are these fears realistic? Is there a tension between ethnic diversity on one hand and social solidarity and the welfare state on the other? Are social democrats faced with a tragic trade-off between sustaining their traditional agenda of economic redistribution and embracing cultural diversity and multiculturalism? Is the very idea of a multicultural welfare state a contradiction in terms?

Unfortunately, our existing research base is inadequate to provide definitive answers to these compelling questions. The purpose of this essay is therefore twofold: to summarize early findings from a number of recent studies that do bear on the questions at the heart of the debate; and to highlight the importance of a fuller research agenda in this area. The first two sections of the paper examine the implications of immigration and multiculturalism policies for the welfare state in Western democracies generally, drawing on cross-national quantitative analysis of OECD countries. The third section turns to a set of case studies from North America—the United States and Canada—two multicultural countries that generate very different narratives about the politics of the multicultural welfare state. The concluding section summarizes the threads from recent studies, and reflects on the implications of the two distinctive narratives emerging from North America for wider debates about the future of welfare in diverse societies.
Diversity, Immigration and Redistribution

Students of social policy have long argued that the welfare state was built on, and can only be sustained by, a strong sense of community and associated feelings of trust, reciprocity and mutual obligation. An early expositor of this view was T. H. Marshall, who wrote his most definitive work on social citizenship during the postwar expansion of social programs. For Marshall, entitlement to an expanded range of social benefits reflected the emergence of a national consciousness in Britain, a consciousness which began to develop before the extension of modern social programs and sustained their development in the twentieth century. “Citizenship,” Marshall argued in an oft-quoted passage, “requires a bond of a different kind, a direct sense of community membership based on loyalty to a civilisation that is a common possession” (Marshall 1950: 8).

The fear of many analysts is that multicultural diversity will erode this sense of a common community, and weaken feelings of trust in fellow citizens, with potentially debilitating consequences for the politics of social policy. At the level of social movements and coalitions, they worry that growing diversity might fragment the historic coalitions that supported the welfare state and/or divide emerging groups defined in cultural terms that might otherwise coalesce in the fight for redistributive agendas. At the level of electoral politics, critics worry that members of the majority public might withdraw support from social programs that redistribute resources to people they regard as “strangers” or “outsiders” who are not part of “us.” Alternatively, members of the majority might vote for conservative or neoconservative parties that oppose immigration, thereby indirectly and perhaps inadvertently triggering greater retrenchment in the welfare state.

Is the welfare state in greater trouble in countries with high levels of immigration and ethnic diversity? Traditionally, researchers interested in the development of the welfare state have paid little attention to such factors. The dominant “power resource” model emphasized the strength of organized labour, both economically and politically, as a key determinant of the expansion of social expenditures. While the implications of ethno-linguistic diversity were seldom analysed, the implication would seem to be that such diversity is likely to divide labour along ethnic and linguistic lines, fragment political discourse and make it more difficult to focus reformist politics on an agenda of economic inequality as opposed to inter-communal relations. Hints along these lines are hardly new. Harold Wilensky was an early exponent of the argument that social heterogeneity constrains redistribution (Wilensky 1975), and John Stephens’ early empirical work pointed in the same direction. Stephens’ analysis, which emphasized the centrality of organized labour, found that ethnic and linguistic diversity was strongly and negatively correlated with the level of labour organization (Stephens 1979). However, subsequent generations of research on the welfare state did not follow up these leads. The increasingly sophisticated studies that seek to explain cross-national differences in social spending concentrate on factors such as the level of economic development, the age structure of the population, the proportion of women in the paid labour force, the strength of
organized labour, the dominance of political parties of the left or right, and the structure of political institutions and the electoral system (Swank 2002; Huber and Stephens 2001; Hicks 1999). Studies which move beyond the level of social spending to different welfare state “regimes” also rooted their explanations in historical patterns of class coalitions (Esping-Andersen 1990, 1996). In comparison, these literatures are silent about the impact of immigration and ethnic diversity.

In recent years, economists have increasingly examined the implications of ethnic diversity and/or immigration for the provision of public goods. Development economists, including some associated with the World Bank, point to ethnic and tribal diversity in attempting to explain the poor economic and social performance of a number of developing countries, especially in Africa (Easterly 2001). In the case of OECD countries, economists have focused primarily on the separate but related issue of the extent to which generous social programs represent a welfare magnet, part of the attractive pull for people from low-income countries (Borjas 1994, 1999; Boeri et al. 2002). However, a recent study by Alesina and Glaeser does seek to explain differences in the development of the welfare state across Western countries. They conclude that almost half of the difference in social spending between the United States and European countries can be explained by differences in the level of racial diversity (Alesina and Glaeser 2004).

The distinctive history of race in the United States may well limit the more general resonance of such findings, a point discussed more fully below. A tighter focus on the implications of immigration for the welfare state is therefore also important.1 Obviously, immigration and racial diversity are separate but related phenomena. Not all immigrants are members of racial minorities in their new country; and not all racial minorities have emerged as a result of recent immigration, as the case of African Americans confirms. Nevertheless, immigration is the primary engine of growing ethnic diversity in most Western countries. Moreover, to the extent that immigration and diversity are different, a focus on immigration and welfare still captures much controversy, as we saw in Europe during the run-up to the recent accession to the European Union of ten new countries in central Europe.

A recent study by a team of political scientists analyses the relationship between immigration and change in the level of social spending across OECD countries from 1970 to 1998 (Soroka et al. in press). In this study, immigration is measured using United Nations’ data on what is inelegantly called “migrant stock,” the proportion of the population born outside the country. To analyse the role of migrant stock in the evolution of the welfare state, we adapted leading models of the factors associated with variation in social spending across OECD countries, especially those developed by Swank (2002) and Huber and Stephens (2001). The model in the study therefore incorporates a range of factors that have been shown to be important determinants of social spending, such as the proportion of the population over 64, the percentage of women in the labour force, and the strength of the political left in government. To this set, our study adds migrant stock and the level of social spending in 1970, on the assumption that spending growth may partially represent catch-up by initially low-spending countries.
Two findings stand out. First, there is no relationship between the proportion of the population born outside the country and growth in social spending over the last three decades of the twentieth century, controlling for other factors associated with social spending. There is simply no evidence that countries with large foreign-born populations had more trouble sustaining and developing their social programs over these three decades than countries with small immigrant communities. Second, however, the extent of change does seem to matter. When the analysis examines the relationship between growth in the foreign-born population and change in social spending as a proportion of GDP between 1970 and 1998, the result was clear: countries with large increases in the proportion of their population born outside the country tended to have smaller increases in social spending. This relationship remained statistically significant in multivariate analysis. Social spending as a proportion of GDP rose in every country in the sample during this period, including in countries with substantial growth in migrant stock. But the growth was smaller in countries that saw a significant increase in the portion of the population born outside the country, other things held constant.

While there is still much work to be done in this field, the early evidence is suggestive. There is no evidence here that countries with large immigrant populations have greater difficulty in sustaining and enhancing their historic welfare commitments. But large changes do seem to matter. It is the extent of social change rather than the fact of difference that stands out here as politically unsettling. These results therefore pose important questions about how states can manage periods of rapid demographic transitions. What is the role of public policy?

**Multiculturalism Policies and Redistribution**

Multiculturalism, as we noted at the outset, is a social reality throughout Western countries, and migration in some form will continue in the future. The issue before us is how to ease the potential for tension between ethnic diversity and social redistribution. Does the policy response of government to ethnic diversity matter?

The policies that Western governments have chosen vary considerably, reflecting different blends of three basic models:

- The liberal model, which draws a fundamental distinction between the public and private spheres. The state guarantees individual rights and the equal treatment of all citizens in the public realm, but tolerates substantial diversity in people’s private lives and in the internal affairs of distinct communities.
- The nationalist model, in which the state seeks to ensure that newcomers assimilate or integrate into a common national culture, adopting a common language and national identity.
- The multicultural model, which celebrates and supports cultural differences. This approach rejects the hard distinction between the public and private realms, and envisages that the public realm itself should evolve to accommodate cultural diversity in society at large.
In recent years, the third model, multiculturalism, has become controversial. The essence of multiculturalism policies is that they go beyond the protection of basic civil and political rights guaranteed to all individuals in a liberal-democratic state, and extend some level of public recognition and support to ethnocultural minorities to assist them in maintaining and expressing their distinct identities and practices (Kymlicka 1995). Criticisms of these policies have emerged both in the academic literature and in political debates. In academic debates, the first was a philosophical critique, which argues that multiculturalism policies are inconsistent with basic tenets of liberal-democratic principles. Since the mid-1990s, however, this critique has been supplemented, and to some extent supplanted by the argument that multiculturalism policies make it more difficult to sustain a robust welfare state. Some theorists insist that although ethnic diversity per se does not threaten the welfare state, the adoption of multiculturalism policies does trigger a politics that crowds out redistributive issues from the policy agenda, corrodes trust among vulnerable groups who would otherwise coalesce in a pro-redistribution lobby, or misdiagnoses the real problems facing minorities, leading them to believe that their problems reflect their culture rather than economic barriers that they confront along with vulnerable members of many other cultural groups (Barry 2001; Wolfe and Klausen 1997; Rorty 1999, 2000). Defenders of multiculturalism policies reply that such policies do not create distrust among groups. Distrust is the historical legacy bequeathed to us by earlier generations of indifference or repression of ethnic differences. Rather, multiculturalism policies can ease inter-communal tensions over time, and strengthen the sense of mutual respect, trust and support for redistribution.

Much of this debate has been based on anecdotal references, but a recent study subjects the assertions to more systematic empirical evidence (Banting and Kymlicka 2003, 2004). In this study, we ask whether countries that have adopted strong multicultural policies over the last two decades have, in fact, experienced a weakening or even just slower growth in their welfare states than countries that have resisted such policies. Answering these questions requires several steps. First, we classify OECD countries in terms of the relative strength of their multiculturalism policies, using the following eight policies as the most common or emblematic of this approach:

1. constitutional, legislative or parliamentary affirmation of multiculturalism
2. the explanation/celebration of multiculturalism in the school curriculum
3. the inclusion of ethnic representation/sensitivity in the mandate of public media or media licensing
4. exemptions from dress codes, Sunday-closing legislation, etc.
5. allowing dual citizenship
6. the funding of ethnic group organizations or activities
7. the funding of bilingual education or mother-tongue instruction
8. affirmative action for disadvantaged immigrant groups

The first three policies celebrate multiculturalism; the middle two reduce legal constraints on diversity; and the final three represent forms of active support for minority communities and individuals. A country that had
adopted six or more of these policies was classified as “strong”; a country that had adopted two or fewer of these policies was classified as “weak.” Countries falling in between were categorized as “modest.” The resulting groupings of OECD countries are reported in table 1.

The second step was to examine how the three groups fared in terms of change in the strength of their welfare state between 1980 and the end of the 1990s. Is it true that countries that adopted strong multiculturalism policies had more difficulty than countries that resisted such approaches in maintaining and enhancing their welfare states over the last two decades of the twentieth century? Table 2 provides a first cut at the issues. There is no evidence here of a systematic tendency for multiculturalism policies to weaken the welfare state. Countries that adopted such programs did not experience an erosion of their welfare states or even slower growth in social spending than countries that resisted such programs. Indeed, on the two measures that capture social policy most directly—social spending and redistributive impact of taxes and transfers—the countries with the strongest multiculturalism policies did better than the other groups, providing a hint that perhaps multiculturalism policies may actually ease the tension between diversity and redistribution.²

Table 1

The strength of multiculturalism policies in democratic countries, 1980–2000

| STRONG: | Australia, Canada |
| MODEST: | Belgium, Netherlands, New Zealand, Sweden, UK, US |
| WEAK: | Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Norway, Portugal, Spain, Switzerland |


Table 2

Multiculturalism policies and change in social redistribution

<table>
<thead>
<tr>
<th>Multiculturalism Policies</th>
<th>Social Spending Average % Change</th>
<th>Redistribution Average % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>46.4</td>
<td>15.3</td>
</tr>
<tr>
<td>Medium</td>
<td>8.6</td>
<td>−2.1</td>
</tr>
<tr>
<td>Weak</td>
<td>31.8</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Notes: Change in social spending represents change in public social expenditure between 1980 and 1998. Based on data in OECD SocX. Change in redistribution represents change in redistributive impact of taxes and transfers between the early 1980s and the late 1990s or near years. Based on data provided by the Luxembourg Income Study.

Source: For details of the calculations, see Banting and Kymlicka (2004, Appendix 1).

adopted six or more of these policies was classified as “strong”; a country that had adopted two or fewer of these policies was classified as “weak.” Countries falling in between were categorized as “modest.” The resulting groupings of OECD countries are reported in table 1.
Clearly, this study represents simply a starting point in a much larger research agenda about the relationship between the politics of recognition and redistribution in the case of immigrant minorities. At a minimum, however, the evidence does stand as a check on casual assertions about the inevitably corrosive effects of the multicultural model.

Two North American Narratives

Cross-national statistical evidence of the sort reported above is useful in testing sweeping assertions about the general relationships between immigration, ethnic diversity and the welfare state. However, such studies have limits. For example, to conclude that there is no systematic negative relationship between multiculturalism policies and redistribution does not preclude such a tension emerging in specific contexts or specific places. Moreover, cross-national correlations say little about the experience of individual countries. They cannot hope to capture the context and nuance that is likely to be critical in such areas. It is therefore also useful to examine the linkages through case studies. This section explores in greater detail the experience of two North American countries, the United States and Canada. Both are traditional countries of immigration and have multicultural societies. Both are often categorized as liberal welfare states, although Canada has adopted a more expansive and redistributive version of that model, with critical differences from the United States in fields such as health care. As we shall see, the broad narratives about the relationship between multiculturalism and the welfare state that emerge from these two cases differ in interesting ways.

The United States

Students of US experience have long emphasized the role of race in shaping the politics of social programs. Indeed, Karl Marx worried that ethnic divisions posed a challenge to socialism in the United States.

The tensions between racial diversity and social solidarity feature prominently in studies of public attitudes in the United States. Martin Gilens has demonstrated how the interaction between racial attitudes and media-driven images of the poor explains “why Americans hate welfare” (Gilens 1999). Robert Putnam’s analysis of social capital points in similar directions. Putnam argues that social capital, in the form of trust and engagement in social networks, is critical to a wider sense of public purpose and a capacity for collective action through the public sector. But social capital, he has recently concluded, is weakened by ethnic diversity. Early findings based on his Social Capital Benchmark Study suggest that individuals in ethnically diverse regions and neighbourhoods in the United States are much less engaged in their community and wider social networks than individuals living in more homogeneous parts of the country (Putnam 2004).

The impact of race reappears in policy-making about the American welfare state, at both the national and local levels. Race is a long thread running through the history of the US social programs. During the passage of the Social Security Act in 1935, resistance from southern congressmen and other
conservatives led to the exclusion of agricultural and domestic labourers, denying coverage to three-fifths of black workers; and southern congressmen led a successful campaign in the name of “states’ rights” against national standards in public assistance, leaving southern blacks at the mercy of local authorities (Quadagno 1988; Weir et al. 1988). In the 1960s, racial politics swirled around Aid to Families with Dependent Children (AFDC) and the Great Society programs. As welfare rolls expanded and new poverty programs were put in place, the profile of the poor became racially charged. Black families represented close to half of the AFDC caseload and Hispanic groups were increasingly over-represented. Resentment against these programs was critical to the fracturing of the New Deal coalition and the base of the Democratic Party. White union members, white ethnics and southerners deserted their traditional political home, especially in presidential elections, in part because of its image on race and welfare issues. The effect was so powerful that the Democratic Party sought to insulate itself in the 1990s by embracing hard-edged welfare reforms, including the 1995 reforms signed by President Clinton (Skocpol 1991; Weaver 2000).

The imprint of racial diversity is also evident at the level of state and local governments, whose considerable discretion over welfare programming was enhanced further by welfare reform in the 1990s. Alberto Alesina and his colleagues have demonstrated that public spending tends to be lower in cities and states with higher levels of racial heterogeneity, even when other relevant factors are held constant, and their results have been replicated by others (Alesina et al. 2001; see also Luttmer 2001).

The politics of immigration were also swept up into the welfare reforms of the 1990s. Resentment about immigrant dependency on welfare contributed to a political backlash in a number of jurisdictions, most famously in California, and governments often responded with policy changes that denied or delayed eligibility for welfare programs to immigrants. Indeed, the largest predicted federal savings from the welfare reforms introduced by the Personal Responsibility and Work Opportunity Reconciliation Act resulted from restrictions on immigrant eligibility for social benefits, including Food Stamps, Supplementary Security Income, Medicaid, and public assistance (Weaver 2000).

It is not surprising, perhaps, that multiculturalism policies were also swept up into the social politics of the 1980s and 1990s. To what extent multiculturalism programs may have actually exacerbated the tension between race and redistribution, as a number of critics contend, is still unclear. There is no question, however, that a number of multicultural initiatives adopted in earlier decades were rolled back at the same time that social programs were being cut. During the 1980s, a number of states adopted English as the official state language, seeking to counter initiatives dating from the 1960s and 1970s that were largely sympathetic to language rights and maintaining diverse cultures (Citrin et al. 1990; Tatalovich 1995; Hero and Tolbert 1996). In addition, affirmative action programs were ended in California and Texas in 1996.

The US experience thus seems consistent with the argument that racial diversity erodes the welfare state. As a consequence, the United States has
come to represent the leading international example of the proposition that diversity erodes redistribution. Its story has emerged as a sort of “master narrative,” the quintessential model of the multicultural welfare state. Many analysts seek to extrapolate its experience, as a source of warning to other countries, especially about the future of the European social model. In the 1980s, the American scholar Gary Freeman predicted that immigration would lead to “the Americanization of European welfare politics” (Freeman 1986). In their comparison of the US and European welfare states, Alesina and Glaeser are more restrained, but point in the same direction. Their evidence, they conclude,

offers a caution about current directions in European politics . . . As Europe has become more diverse, Europeans have increasingly been susceptible to exactly the same form of racist, anti-welfare demagoguery that worked so well in the United States. We shall see whether the generous welfare state can really survive in a heterogeneous society. (2004: 180–1)

But before accepting American experience as the harbinger of the future throughout Western countries, it is worth noting that there is another possible narrative from North America, one which provides a somewhat more optimistic view of the prospects for the multicultural welfare state.

**Canada**

Canada represents an interesting test of the relationships between immigration, ethnic diversity, multiculturalism policies and the welfare state. Canada is one of the most multicultural countries in the world. About 18 per cent of the population was born outside the country, second only to Australia among developed countries. In addition, Canada is a plurinational country, incorporating English- and French-speaking communities and diverse aboriginal peoples, known as “First Nations,” who have a significant presence in parts of the country. While the Canadian social policy regime is less extensive than that in many northern European countries, it represents a more ambitious social role for the state than that in the US, with universal public health care and a more redistributive structure of income security programs (Banting 1997). Moreover, starting in the early 1970s, Canada became a poster child for multiculturalism, adopting a strong set of multiculturalism programs that incorporate most of the elements set out on p. 103. Canada therefore brings together the central elements under discussion here in interesting ways.

Once again, we start with public attitudes, especially the links between ethnicity, social capital in the form of trust, and support for social programs. Recent evidence comes from Soroka et al. (2004), which tests two related propositions: that ethnic diversity erodes feelings of trust in one’s neighbours; and that this weakens support for social redistribution. Data for the analysis come from a special national survey, which was supplemented with an over-sample in metropolitan areas to get more complete information on the attitudes of members of racial minorities themselves. The analysis also drew
on census data to capture information about the local communities in which Canadians live, including the ethnic composition of their neighbourhoods.

To test the first proposition—that ethnic diversity erodes trust—the survey adopted an innovative measure of interpersonal trust known as the “wallet question.” Respondents were asked: “Say you lost a wallet or purse with $100 in it. How likely is it that the wallet or purse will be returned with the money in it if it was found by a [neighbour/police officer/clerk at the local grocery store/a stranger]?” This measure does reveal a tension between the ethnic diversity of the neighbourhoods in which Canadians live and the level of trust they have in their neighbours. As figure 1 shows, the larger the presence of visible minorities in the neighbourhood, the less trusting is the majority even when one controls for other factors that influence trust levels, such as economic well-being, education, gender and age. Members of racial minorities, in contrast, are much less trusting where the majority is very dominant, but are less affected by changes in the ethnic composition of the neighbourhood. The two lines cross when the racial minority percentage is just above half. Beyond that point, the average racial minority respondent is more interpersonally trusting than his or her “majority counterpart.” So, sustaining trust across racial differences is a challenge even in the most multicultural of countries, a pattern that parallels the United States.

But many analysts simply stop at this point, assuming that diminished trust necessarily weakens support for redistribution. This turns out not to be true, at least in Canada. In addition to measuring trust levels, the survey explored

![Figure 1](image-url)

**Figure 1**

Ethnicity and interpersonal trust in Canada

\[
\text{Trust} = 0.533 - 0.053R_{Eth} - 0.128C_{Eth} + 0.096R_{Eth}C_{Eth}
\]

*Source: Soroka et al. (2004).*
respondents’ support for the welfare state through a battery of questions about specific social programs. Analysis of the data revealed virtually no relationship between ethnicity and the ethnic complexion of neighbourhoods on one hand, and support for social programs on the other. This finding stands up to multivariate analysis; compared to factors such as income, gender, and age, all of which do influence support for social spending, ethnicity and the ethnic composition of the respondents’ neighbourhood virtually disappear. Moreover, to the extent that there are even hints of a relationship, it is the minorities, not the majorities, that are less supportive of redistribution. There is no evidence of majorities turning away from redistribution because some of the beneficiaries are “strangers.”

The politics of Canadian social policy and multicultural policies are consistent with this underlying attitudinal pattern. The Canadian welfare state was certainly under substantial pressure during the 1980s and 1990s, and a long series of incremental policy changes restructured and in some cases weakened social programs introduced in the postwar era. However, the primary pressures for restructuring flowed from globalization, technological change, the ageing of the population, the fiscal weakness of Canadian governments in the 1980s and early 1990s, and a broad drift towards more conservative political ideologies. In all of this, the Canadian story is a variant of the experience of Western nations generally, and it is hard to find signs that ethnic diversity or multiculturalism policies contributed to the politics of retrenchment.

In contrast to the United States, racial diversity does not define the politics of social policy north of the border. Welfare recipients and the poor more generally are not socially distinctive: they do not stand out in linguistic, ethnic, or racial terms. Although newly arrived immigrants receive settlement services and language training, immigrant communities have traditionally integrated economically, achieving average incomes comparable with, if not higher than, the Canadian average in the first or second generation. There is evidence that immigrants coming to Canada in the 1990s did not enjoy the same economic success as previous cohorts; and if this pattern persists, the politics of social policy might well begin to change. So far, however, the dominant public perception of the poor does not have a distinctive racial or ethnic hue, and there have been few attempts to exclude minorities from social programs or to introduce longer residency periods for entitlement to benefits on the pattern of US welfare reform. Nor is there evidence of a sustained backlash against multiculturalism policies. As in all pluralist politics, multiculturalism programs are subject to active debate and contest. However, at the level of public opinion, polls have shown that support for the multiculturalism policy in Canada has remained fairly stable between 55 and 70 per cent. There have been few concerted attempts to roll back the basic multicultural model, and little evidence that multiculturalism policies undermine the political forces committed to the welfare state.

The recent trajectory of the political right is instructive in this context. The closest Canada came to a political movement combining neconervative social policy and resistance to multiculturalism emerged in the early 1990s. At that point, a rather inchoate current of resentment against the
politics of diversity—against Quebec, immigration, aboriginal land claims and financial support for multicultural groups—did emerge in certain parts of the country. This sentiment helped fuel the sudden emergence in the 1993 election of the Reform Party, a populist, neoconservative party based largely in the west of the country. This shift did inject a more radically conservative voice into Canadian politics and social policy discourse. However, the rise of Reform also split the political right into two parties, Reform and the historic Conservative Party, significantly reducing the right’s chances of electoral victory. Moreover, popular disgruntlement eased as the decade progressed, and Reform found itself encumbered with an image of ethnocentrism that proved to be a major handicap during subsequent elections, especially in the populous regions of central Canada. As the party struggled to consolidate itself, it changed its name to the Alliance Party, muted its criticism of multiculturalism and began to court immigrant communities themselves. After the federal election of 1997, the party emerged with significant representation of racial minorities in its parliamentary caucus, and the party was soon supporting the main lines of immigration policy, even to the point of criticizing the government for not admitting as many immigrants as planned. Throughout all of this turmoil, the centrist Liberal Party reigned supreme, without serious electoral threat from a divided right. In the run-up to the 2004 election, the Alliance Party and the remnants of the traditional Conservative Party recombined, recreating a moderate centre-right party. The new Conservative Party formed the official opposition in the new parliament, but populist resistance to immigration and multiculturalism has faded from its agenda.

Finally, it is worth noting that, despite the restructuring of a number of welfare programs, the redistributive role of the Canadian state has not eroded as sharply as in many other OECD countries. Figure 2 speaks to this question. Market inequality was relatively stable in the 1970s and then, as in many countries, rose in the 1980s and 1990s. But the distribution of total income, which includes government transfers, and income after tax, which includes both taxes and transfers and direct taxes, has been much more

![Figure 2](image-url)
stable. Although there was some growth in inequality in post-tax income during the late 1990s, the change over the two decades has been much more muted than in the United States, the United Kingdom and many other OECD countries. Moreover, inequality in final income in 2001 was virtually the same as in the early 1970s, when the multicultural transition began.

In short, the Canadian experience does not support the proposition that growing levels of racial diversity and/or the adoption of formal multiculturalism policies erode the redistributive role of the state. Rather, the evidence suggests that Canadian governments can maintain expansive immigration programs and promote multiculturalism without necessarily eroding support for social welfare programs.

Conclusions

One of the most compelling challenges facing Western democracies is how to maintain and strengthen the bonds of community in increasingly diverse societies. There is no question that there is a potential conflict between ethnic diversity and solidarity. We do not need social scientists to tell us that. There is far too much evidence of ethnic and racial intolerance on our television screens. Moreover, there is undoubtedly potential fallout for the welfare state. But we need to keep our balance. Given the limited research base available to us, we should avoid rushing to premature judgement.

The recent evidence summarized in this essay provides a starting point for a more nuanced interpretation of the relationships between immigration, ethnic diversity, multiculturalism policies and support for the welfare state. Several of the key findings indicate that the relationships are far more complex than much contemporary discourse portrays. First, Western democracies with large foreign-born populations have not had more difficulty in sustaining and developing their welfare states than other countries. However, second, the extent of social change does seem to matter: countries in which immigrant communities grew rapidly experienced lower rates of growth in social spending in the last three decades of the twentieth century. Third, despite the worries of some critics, the adoption of robust multiculturalism policies does not systematically exacerbate relations and erode the welfare state.

Within these broad cross-national patterns lie many distinctive national stories, and theoretically driven comparative case studies are also critical to advancing in this field. The distinctive patterns in the United States and Canada clearly call out for deeper analysis than has been possible in this essay. But the contrasting patterns do carry one important implication for wider debates about the future of the multicultural welfare state. Given the limited nature of our hard information in this area, there is a danger that the experiences of one country will emerge as a sort of master narrative, a story that is seen as capturing the essence of the issues in play. For many Europeans, the United States has become the quintessential multicultural country, and the key test case of the relations between immigration, ethnic diversity and redistribution. In the United Kingdom, for example, analysts such as David Goodhart (2004) depict American experience as clear...
evidence that ethnic diversity erodes redistribution and therefore a warning about the future of their country if the current policy trajectory is maintained.

This is a field in which simple narratives are as likely to mislead as inform. History and traditions matter here, and the United States has a distinctive history in race relations. In no other Western democracy do the descendants of imported slaves form a significant minority. The rest of the world is not simply the United States writ large, or small as the case may be. In such circumstances, it is important to uncover diverse narratives, a variety of stories which point to different possible relationships between diversity and redistribution. Canada clearly provides one such contrasting narrative. The Canadian story is not Pollyannaish. Tensions between ethnic diversity and interpersonal trust reappear there as well. But the evidence about public attitudes in Canada also stands as an antidote to fatalistic assertions that ethnic diversity weakens support for social programs; and the evolution of Canadian politics suggests that immigration, multiculturalism policies and social redistribution can represent a stable political equilibrium.

This is not an argument that the Canadian model is easily transferred elsewhere. As Will Kymlicka has pointed out in a recent paper, Canada’s path to multiculturalism has been easier than in many countries (Kymlicka 2004). Timing matters in politics, and Canada started down this path in a different time and in a different ethnic context. When Canadians first debated these issues between 1963 and 1971, multiculturalism policies represented a response to the concerns of white, Christian ethnic groups, such as Ukrainians, Poles, Finns, Germans, and Dutch, as well as one religious minority, the Jewish community. As a result, the policy model was already in place when changing patterns of immigration brought a wider range of races, cultures and religions—civilizations if you will—into the mix. Second, geography also matters. Canada shares a land border only with the United States, and does not face the same pressures of illegal immigration. These elements of historic context matter.

The distinctive features of the United States and Canada limit them as harbingers of the future for Europe or anywhere else. Nevertheless, the duelling narratives from North America are a hopeful sign, one that points to the possibility of a variety of relationships between immigration, multiculturalism and the welfare state. Different narratives confirm that there is no inevitability at work, that the future is open, and that policy choices count. This alone is an optimistic note in an increasingly turbulent debate about the future of the multicultural welfare state.

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Notes

1. This consideration is reinforced by limitations in data availability. Cross-national data on ethnic diversity are not available over time, and there are limitations in the data that are available for the 1990s. The classification of ethnic groups in the Index of Ethno-linguistic Fractionalization used in the Alesina and Glaeser study is not consistent, but varies significantly across countries. For example, the UK data reflect racial differences: (in per cent) white 93.7; Indian 1.8; Other UK 1.6; Pakistani 1.4; Black 1.4. In Canada, however, the data represent an amalgam of linguistic and national origins: (in per cent) French 22.8; Other Canadian 43.5; British 20.8; German 3.4; Italian 2.8; Chinese 2.2; Amerindian 1.5; Dutch 1.3.

2. More recently, this conclusion has been tested in multivariate analysis, with the same result (Banting, Johnston, Kymlicka and Soroka, forthcoming).

3. For a discussion of the history of this argument, see Seymour Martin Lipset and Gary Marks, *It Didn't Happen Here; Why Socialism Failed in the United States* (New York: W. W. Norton, 2000).


5. The impact of ethnicity and ethnic context is decisively small. In effect, moving from a community populated completely by the majority to a community split evenly between the majority and minorities leads to a decrease in aggregate support for unemployment benefits and health of about 0.0025 per cent.

6. One exception concerns retirement benefits financed through general taxation as opposed to contributions. Eligibility for benefits under the Old Age Security program had always required a minimum of ten years’ residence in the country, but changes in 1999 stipulated that benefits would then also be pro-rated according to the length of residence.

7. The most systematic polling data on support for multiculturalism policies in Canada is in Angus Reid Group (1991). For information about other polls, see Reitz and Breton (1994: ch. 2); Driedger (1996: 261–3). Barry claims that most Canadians oppose the policy. He bases this claim on a single poll result from 1993. According to Barry, “nearly three-quarters of respondents [in this poll] rejected the idea that Canada is a multicultural nation”, and he asserts that this “amounts to a direct repudiation of the Canadian Multiculturalism Act” (Barry 2001: 292).

References


