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AN ECONOMIC PERSPECTIVE ON ASYMMETRIC FEDERALISM IN CANADA: THE CASE OF QUÉBEC *

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Abstract

This paper presents the various and unique policy choices made by Québec since WWII and examines their impacts. This can be of interest to scholars of federalism since Québec is arguably one of the most autonomous subnational governments in industrialised countries. The paper is divided in three parts. The first examines the constitutional/legal framework that organizes the division of powers between levels of government in Canada in general and with a focus on constitutional asymmetry. The second part presents key aspects of Québec's asymmetry in various jurisdictional fields including their financial importance. The third part of the paper turns to why asymmetry has emerged in Canadian federalism, then examines the consequences of asymmetry,. The consequences for Québec of this asymmetry are a strengthening of its francophone identity, and, compared to Ontario, a larger provincial public sector and more equal post tax-transfers income distribution. There is no evidence that it does better in terms of economic growth. Federal transfers to Québec, corrected for transferred tax points, are not increased or decreased by asymmetric federalism. The consequences for Canada of this asymmetry is that it may have helped thwart the secessionist project in Québec while allowing the laboratory dimension of federalism.

Key words: Asymmetry, Canada, Federalism, Language Policies, Québec

1 Introduction

The purpose of this paper is to present the various and unique policy choices made by Québec since WWII and to examine their impacts. This can be of interest to scholars of federalism since Québec is arguably one of the most autonomous subnational governments in industrialised countries¹. The paper is divided in three parts. The first examines the constitutional/legal framework that organizes the division of powers between levels of government in Canada. This is done first in general and then with a focus on constitutional asymmetry. The second part presents key manifestations of Québec's asymmetry in various jurisdictional fields. The third part of the paper turns to why asymmetry has emerged in Canadian federalism, then examines the consequences of asymmetry for the status of French, overall economic activity, the size of the public sector, and income distribution.

2 The constitutional/ legal framework and asymmetry

2.1 The constitutional and legal framework

Canada starts as New France in 1608 and becomes a British colony in 1763. Three British laws that matter in pre-confederation (federal) Canada are the Québec Act of 1774, the Constitutional Act of 1791, and the Act of Union of 1841.² The 1774 Act is key since the British rulers were concerned that the French Canadians might side with the American Revolution they saw on the horizon. To avoid this, the British accepted that Quebec could retain the French language, the Catholic religion, and the French legal (civil code) system for matters related to family and property. This made Québec different from other provinces of Canada where the English language, the protestant religion, and the common law prevailed. Federal Canada³ is created in 1867 by both splitting up one colony (Canada) in two (Ontario and Québec) and joining these two new entities with two other British colonies, New Brunswick and Nova Scotia. Various territories will be added between 1867 and 1949, while one last split will occur in 1999, yielding ten provinces and three

¹ As noted in <https://www.forumfed.org/libdocs/IntConfDecent02/20031213-ca-RichardSimeon.pdf> p416 see also Dion, Stéphane. (199 2) "Explaining Quebec Nationalism" in R. Kent Weaver, ed. The Collapse of Canada? (Washington, D.C.: The Brookings Institution) 77. Zanzibar is

² <https://www.thecanadianencyclopedia.ca/en/article/constitutional-history>

³The federal government is sometimes referred to as the Dominion. See <https://thecanadianencyclopedia.ca/en/article/dominion>

(northern) territories⁴. The original Constitution (the British North America Act: BNA)⁵ is amended over time as the result of the inclusion of new provinces, in reaction to judicial decisions, or as a deliberate choice of the federal or a provincial government.

New provinces enter confederation either as colonies merging with Canada or as the result of the division of federal territories into provinces⁶. Rupert's Land, bought from the Hudson Bay Company in 1870⁷, was divided into three provinces: Manitoba in 1870 and Saskatchewan and Alberta in 1905. British Columbia joined Canada in 1871. Prince Edward Island joined Canada in 1873. Newfoundland joined Canada in 1949. Rupert's Land also included the Northwest Territories, from which Yukon (1895) and Nunavut (1999) will be split. Provinces are formally recognized in the Constitution with specific responsibilities. Territories are creatures of the federal government, with their status based on an 1871 addendum to the BNA⁸.

One must also note the existence of "First Nations" that number more than 630⁹. Some have signed treaties with the federal government (formally the Crown), others have not. The land area owned by First Nations is still in flux, but their members represent 5% of the population of Canada¹⁰. They have powers often similar to those of local governments (municipal & school boards), but also with some economic development responsibilities. Recent (2025) court judgments have created some uncertainty as to the overlap of fee simple ownership and First Nations territorial claims¹¹. One should also note that some American tribes claim rights in Canada due to past occupancy of territories¹²; this is often contested by Canadian First Nations.

The intent of the drafters of the BNA Act was to create a strong federal government with the necessary powers to ensure the development of Canada. Thus, the federal government was made

⁴ For a detailed history, see <https://atlas.gc.ca/ette/en/index.html> and https://en.wikipedia.org/wiki/Territorial_evolution_of_Canada

⁵ <https://www.justice.gc.ca/eng/rp-pr/csj-sjc/constitution/lawreg-loireg/pl1t11.html>

⁶ For a general discussion of these mechanisms, see <https://www.gov.nl.ca/publicat/royalcomm/research/May.pdf>

⁷ <https://www.justice.gc.ca/eng/rp-pr/csj-sjc/constitution/lawreg-loireg/p2t11.html> and <https://www.thecanadianencyclopedia.ca/en/article/ruperts-land>

⁸ <https://www.justice.gc.ca/eng/rp-pr/csj-sjc/constitution/lawreg-loireg/pl1t51.html>

⁹ https://en.wikipedia.org/wiki/First_Nations_in_Canada ; <https://www.rcaanc-cirnac.gc.ca/eng/1100100013791/1535470872302>

¹⁰ <https://www.rcaanc-cirnac.gc.ca/eng/1100100013785/1529102490303>

¹¹ <https://www.blakes.com/insights/aboriginal-title-over-private-lands-legal-uncertainty-after-recent-court-decisions/#:~:text=The%20Court%20found%20that%20Aboriginal,orders%20or%20other%20lawful%20means.>

¹² <https://www.cbc.ca/news/canada/british-columbia/colville-tribes-sinixt-lawsuit-bc-1.7624723>

responsible (BNA article 91), amongst other items, for money and banking, transportation, and immigration, while it could finance itself by (BNA, article 91 -4) *The raising of Money by any Mode or System of Taxation*. Provinces were given more limited powers (BNA article 92) including hospitals, education (BNA article 94), municipal affairs (creatures of the provinces) and lastly, in the list of powers (BNA article 92-16) *Generally all Matters of a merely local or private Nature in the Province*. Provinces could finance themselves using (BNA article 92-2) *Direct Taxation within the Province*. The BNA Act did not foresee the creation of the welfare state and thus the creation of workers' insurance schemes, old-age pensions, unemployment insurance, family allowances and so on that appear in the XX Century. In the early part of the twentieth century, judicial decisions reached in London¹³ attributed these various responsibilities to provincial government. In the case of pensions, federal transfers were introduced in 1927 to entice provinces to offer old-age pensions; take-up dates and amounts of pensions varied by province¹⁴. A constitutional amendment in 1951 allowed the creation of a federal uniform old-age pension scheme in 1952 but allowed provinces to remain present in this field. In the case of unemployment insurance, a constitutional amendment in 1940 allowed the federal government to create a national program with no residual provincial presence. Finally, in 1982, a major set of changes was made to the BNA Act, including a Bill of Rights and a Canadian amendment formula replacing a vote in the UK parliament, but with no changes to federal or provincial spending and taxation powers.

2.2 Asymmetry the Canadian way

Constitutional asymmetric provisions in Canada still of relevance in 2025 are presented in table 1¹⁵. None of these provisions impact public revenues while they have a marginal effect on public spending due to the imposition of bilingualism in a few provinces (Vaillancourt et al. ,2012).

¹³ Until 1949, The Judicial Committee of the UK Privy Council was the court of last appeal in Canada.

¹⁴ https://www.warmuseum.ca/cmce/exhibitions/hist/pensions/1915-1927_e.pdf and <https://publications.gc.ca/Pilot/LoPBdP/MR/mr58-e.htm> Take up dates <https://chrsstat.uqam.ca/pensions-et-allocations-dassistance-vieillesse/> and https://www66.statcan.gc.ca/eng/1931/193108210781_p.%20781.pdf and varying amounts

https://www65.statcan.gc.ca/acyb02/1937/acyb02_19370765027a-eng.htm

¹⁵ Some provisions such as those on natural resource ownership in Prairie provinces have lapsed while others are no longer relevant.

Table 1 Constitutional Asymmetry in the Canadian federation in 2025

Asymmetric element	Legal instrument	Observations
Denominational education/ language group protection	BNA 93(2) / 1997 modification	Protects religious minorities. The goal is to protect the protestant (thus English speaking) minority in Québec from a popish majority. In 1997 the protection shifted from religion to language groups.
Language of laws and debate	BNA 133 and Manitoba Act 1870 and Constitutional act 1982 for New Brunswick	In Québec, Manitoba, and New Brunswick, bilingualism is protected.
Civil law	BNA 129	Existing status enshrined in the Constitution.
Senate representation	BNA 22 23	Unequal representation of provinces, different qualifications from other provinces for senators from Quebec again to protect English minority.
Terms of union 1871-1949	Various statutes	Prince Edward Island secured a commitment to a steamship link with the continent; this was replaced by a commitment to a fixed link in 1993 with a bridge opened in 1997. Newfoundland secured a commitment to a steamship line with the mainland.
Québec has different treatment of access to minority language education	Constitution act 1982 ;23	Gives some added protection to French.

Source: adapted from Milne (2005)

Can there be non-constitutional/legal asymmetry? To answer this, we need a definition of asymmetry. The concept of symmetric federalism, and its converse, asymmetric federalism, was first put forward by Tarlton (1965), drawing on societal federalism (Livingston 1952). Tarlton does

not provide a precise definition of asymmetric federalism or indicate what observable metrics should be used to assess the presence or absence of asymmetry. A recent short synthesis notes the possibility of both constitutional (de jure) and political (de facto) asymmetric federalism (Sahadžić, 2023). A set of paper produced in 2005¹⁶ provides the perspectives of a large set of Canadian scholars on asymmetry. Brown (2005) in a paper summarising these various contributions notes that: *federations often treat their constituent units differently (asymmetrically) in terms of legislative powers, rights and obligations, and how they are represented in central institutions. These amount to de jure asymmetrical features, i.e. provisions entrenched in constitutional law. More common, however, are de facto arrangements, not entrenched in constitutional law, but providing the application of fiscal arrangements and administrative devolution or centralization. Canada provides examples of both de jure and de facto asymmetry* (p2).

Smith (2005, p2) phrases this similarly as follows “It is more helpful to define asymmetric practices – or asymmetry, for short – as the differential treatment of the units of the federation under the constitution or in national public policy”. This is not “mundane asymmetry” i.e. *asymmetry that results from the normal functioning of a federal system. This mundane form of asymmetry stands beside the more commonly studied one that I will call “political asymmetry,” in the sense of providing one province, or group of provinces, greater autonomy than the others* (Graefe, 2005, p2)¹⁷.

From an economic perspective what matters is that... *Quebec’s distinctiveness has arisen more because it has freely chosen to go its own way, whereas other provinces, enjoying the very same rights to do so, have usually refrained from so doing and have maintained a national approach. In this way ... the symmetry of formal equality of the provinces at law has been largely preserved, whereas substantial asymmetry in practice has taken place* (Milne, 2005, p5) with this asymmetry manifesting itself through both revenue and spending initiatives.

While Québec is the asymmetric province in Canada since the 1960s, we note the case of two other provinces that experienced significant self-generated asymmetry. The first results from the 1935 Alberta election of the first Social Credit government in the world. It attempted to implement the

¹⁶ The *Asymmetric Federalism Series 2005* comprising 17 papers <https://www.queensu.ca/iigr/publications/working-papers>

¹⁷ But it is perhaps “asymmetry asymmetrically applied” (Gibbins, 2005, p3) in so far as Québec may be extended a distinct status not available to other provinces, particularly Alberta.

movement's manifesto (Flanagan, 1972). This manifesto included a social dividend of 25\$ per month to every adult, an alluring amount during the Great Depression. This was to be financed by taxing banks¹⁸ The provincial laws adopted in 1937 to implement these policies were disallowed by the federal government or declared ultra vires by the Supreme Court of Canada¹⁹ in 1937-1938. Thus this attempted asymmetry barely lasted one year.

The second case is the two health-related policies introduced in Saskatchewan by the Cooperative Commonwealth Federation (ancestor of the New Democratic Party). The first is the Hospital Insurance introduced in 1947²⁰ and the second Medicare²¹ introduced 1962. These pioneer legislations were followed by federal cost-sharing programs introduced respectively in 1957 for hospital insurance and 1965 for Medicare. The last province to adopt Medicare was Québec in 1970. Thus, Saskatchewan was clearly distinct/asymmetric in its health policies for about 20 years.

From an economic perspective, the interest in asymmetric federalism is focused on public revenues, public expenditures, and public debt/deficit spending. In the case of Canada, the constitutional framework creates provinces with identical taxing powers and spending responsibilities. However, no national standards were established in fields such as education, health welfare, and so on. Thus, uniform powers can be deployed differently, creating differences that, if important, can be seen as generating distinctiveness and even asymmetry. These differences, if any, are those we study in the case of Québec. We thus neglect two other types of asymmetries: differences between northern territories and provinces and differences between First Nations and non First nations areas (in part linked to their treaty status).

3 Québec and asymmetry in Canada

As noted above, Québec behaves in a very different manner than other provinces. In the next section we present various dimensions of this asymmetric behaviour. Let us note here that there was a major break in 1960 in the behaviour of Québec. Before that date it was a high-fertility Catholic

¹⁸ <https://www.lawnow.org/supreme-court-reins-social-credit/>

¹⁹ https://en.wikipedia.org/wiki/Disallowance_and_reservation_in_Canada and https://publications.gc.ca/collections/collection_2024/jus/J2-904-1955-eng.pdf

²⁰ https://esask.uregina.ca/entry/hospital_services_plan.html

²¹ <https://esask.uregina.ca/entry/medicare.html>

province with an important role of the church²². The Quiet Revolution (révolution tranquille)²³ in the sixties changed mentalities in many ways that manifested themselves in part through the government actions we discuss next.

We examine in turn general revenue, earmarked revenue, general spending, and other government actions.

3.1 General revenue

The first major difference between Québec and the other nine provinces (Rest of Canada-ROC) appears in the field of taxation. To finance the WWII effort, the federal government ‘‘rented’’ the personal and corporate tax fields from the provinces for the 1942-1947 period, replacing these tax revenues by federal transfers. Following the end of WWII, the issue of provinces reoccupying these tax fields appeared.

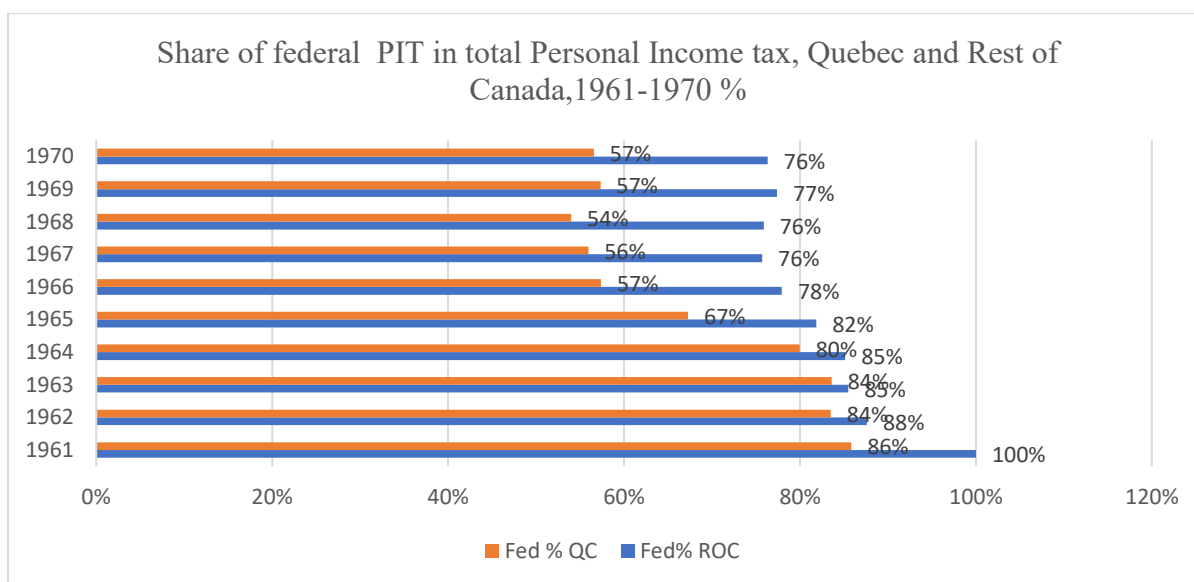
In the case of the corporate income tax, the federal government required provinces to reintroduce a tax at a rate of 5%; Smart and Vaillancourt (2020) discuss the various arrangements over the 1947-1962 period. Since 1962, a single set of inter-provincial apportionment rules has been in place while the collection of the provincial corporate income tax is done mainly by the federal Canada Revenue Agency, thus using its definition of taxable income. Québec and Alberta collect their corporate income tax and thus can use their own definition of income.

In the case of the personal income tax (PIT), Québec reintroduced a provincial PIT in 1954 using its own definition of income and collected it itself (ministère du Revenu du Québec). Other provinces waited until 1962 to introduce their own PIT, doing so under the umbrella of federal-provincial tax collection agreements (TCAs). Revenues were collected at no cost to the province by the federal government. Under the TCAs, a province would set its PIT rate as a surcharge on the federal amount and thus use not only the federal definition of income but also its tax structure (brackets and rates) and thus progressivity.

²² For example, contrary to other provinces, Québec has a Department of Public instruction from 1867 to 1876; it was replaced by two parallel systems, one protestant and one catholic. A Department of Education was created only in 1964. <https://www.erudit.org/fr/revues/haf/1968-v22-n2-haf2067/302780ar.pdf>

²³ <https://thecanadianencyclopedia.ca/en/article/quiet-revolution>

Figure 1 presents information on the share of the federal government in PIT revenues in Québec and outside Québec (Rest of Canada: ROC) for the 1961-1970 period. One finds a 100% federal share in ROC and an 86% share in Québec for 1961, which implies a 14% share of PIT for the Québec government. One then finds similar shares of PIT revenues in the 80-85% range for the federal government in both Québec and ROC for the 1962-1964 period. For the 1966-1970 period, the federal share of PIT is substantially lower in Québec (54-57%) than in ROC (76-78%) reflecting the fact that the federal government that year ceded 16,5% of the PIT tax field to Québec²⁴. This is offset by a reduction in federal cash transfers equal to the lost amount in federal PIT revenue. This was done as part of negotiations of the federal health and social transfers. Such an arrangement was possible for all provinces, but only Québec availed itself of this possibility.



Source: calculations by author using data from Statistics Canada. Table 36-10-0337-01 Direct taxes, persons, provincial economic accounts, annual, 1961 - 1980

The higher Québec share of the PIT field combined with the tax base choices and collection autonomy enjoyed by Québec means that its PIT policy choices (tax brackets, tax rates, deductions, credits) have a greater impact on the post-tax income of Québec residents than the PIT choices of ROC provinces. This was particularly true in the 1965-2000 period when ROC provinces were

²⁴ In practice, Québec residents calculate the federal PIT they would normally pay, then reduce it by 16,5% to establish what they must pay. For more information see <https://www.canada.ca/en/departement-finance/programmes/federal-transfers/quebec-abatement.html>

required to use the tax surcharge approach. Since 2000, they can use a tax on income (TONI), setting their own brackets, rates, and personal credits; thus, ROC provinces can now set the degree of progressivity of their provincial PIT as Québec could since 1954²⁵. This notably allowed Alberta to use a flat (10%) rate from 2001 to 2016.

The administration of its PIT by Québec allowed it to implement tax measures not found elsewhere in Canada. One example is the Québec Stock Savings Plan (QSSP-RÉAQ in French). It was introduced in 1979 to promote the purchase of shares by Québec residents while dampening the impact of increases in 1978 of Québec high-income PIT rates. For a presentation of the differences between the federal and Québec PIT in 2022, see Godbout and Robert-Angers (2023).

Turning to consumption taxes, the federal government introduced in 1991 a VAT called the Goods and Services Tax (GST), replacing an antiquated Manufacturers Tax²⁶. At that time, nine out of ten provinces (Alberta is the exception) had retail sales taxes. Only Québec agreed to reform its sales tax and implement its own VAT-type Québec Sales Tax, along with the federal GST. In exchange, the federal government agreed to have the GST owed by Québec taxpayers administered and collected by Revenu Québec alongside the provincial QST. GST collections are then remitted to the federal government that pays Revenu Québec for the administrative costs incurred.

Since 1991, the four Atlantic provinces and Ontario have decided to harmonize their provincial sales tax with the GST and entered into collection agreements with the federal government similar to those for PIT. The federal government offered financial assistance to these provinces to entice them to participate in the harmonized sales tax (HST).

3.2 Earmarked Revenue Measures

Québec Pension Plan

In the early 1960s, it was felt necessary by the federal government to create a second pillar of retirement income to complement the Old Age Security (OAS) pensions introduced in 1952. The Québec government, making use of the fact that the 1951 constitutional amendment allowed a provincial presence in this field, put forward the Québec Pension Plan (QPP). It, and its ROC counterpart, the federal Canada Pension Plan (CPP), are both fully funded plans using payroll taxes.

²⁵ <https://publications.gc.ca/collections/Collection-R/LoPBdP/PRB-e/PRB0344-e.pdf>

²⁶ <https://publications.gc.ca/Collection-R/LoPBdP/BP/prb0003-e.htm>

Because of its somewhat older population, premiums in Québec are higher than in ROC²⁷. Amounts collected by the QPP are administered by the Caisse (Caisse de Dépôt et Placement du Québec) with two goals: payment of pensions and economic development of Québec (Vaillancourt, 2000). This gives the Québec public sector access to funds not available to other provinces. The access to these funds is one of the pillars of the Québec Inc. model that yields a share (measured by employment) of the private sector controlled by francophones of 71% in 2023; it was 47% in 1961 (Sintes and Vaillancourt, 2024). Overall, Québec has a higher level of domestic control of its economy than ROC.²⁸ The Caisse in 2023 administered assets worth 434 billion \$²⁹, of which 28% were for the QPP.³⁰

Québec Parental Insurance Plan

Until 2006, parental leave was offered as a complement to the federal unemployment insurance scheme in all provinces. Since that year³¹, it is offered in Québec by a provincial plan funded by a payroll tax that is larger than the reduction of the unemployment insurance payroll tax for Quebec residents and businesses³². This is a result of the decision by the federal government not to appeal to the Supreme Court a declaratory judgment from the Québec Court of Appeals in January 2004 that parental leave was not an unemployment insurance program. The federal government chose to negotiate an agreement with the Québec government, in part because 2004 was a federal election year.³³

Québec Prescription Drug Insurance

Provincial Medicare plans in place in all provinces since 1970 do not cover prescription drugs outside a hospital setting. Quebec introduced in 1997 the requirement that all residents be covered by a prescription drug insurance plan, either privately provided, usually by their employer, or, if

²⁷ <https://conseilsretraite.ca/rpc-vs-rrq/>

²⁸ In 2016, the last year for which data are available, 15% of employment is in foreign owned firms in Ontario, 9% in Québec, and 12% in Canada as a whole; %s calculated using data from CSV file found at <https://ouvert.canada.ca/data/fr/dataset/4b1333c5-4707-45e6-9a11-d2fff2723e8d>

²⁹ All \$ figures in this paper are in Canadian \$ CAD

³⁰ https://www.lacaisse.com/sites/default/files/medias/pdf/fr/ra/2024_cdpq_reseignements_add.pdf
P 12 and p5

³¹ <https://www.rqap.gouv.qc.ca/fr/a-propos-du-regime/information-generale/moments-marquants>

³² For example, in 2025 for admissible earnings the employee EI contribution rate is 1,64% in ROC and 1,31% in Québec while the Parental leave plan contribution rate is 0,494% for a total of 1,804% in Québec

³³ https://www.nawl.ca/wp-content/uploads/2019/07/Pub_Brief_MPBenefits04_en.pdf

this is not feasible, by the Quebec prescription drugs public insurance plan³⁴. It is the only province with this compulsory coverage requirement.³⁵ This plan is financed by a combination of premiums collected through the tax system, copayments, deductibles, and general Québec government revenues³⁶. This reduces the role of the private sector and increases the size of the public sector.

3.3 Expenditures

Police services

In Canada, basic police services are the responsibility of provinces; provincial legislation typically requires municipalities to establish a police service when their population exceeds a threshold. Québec and Ontario are the only two provinces with their own provincial police. Other provinces contract more or less intensively the services of the Royal Canadian Mounted Police to function as provincial police. They pay for this service through contractual arrangements that charge them 70% of the policing costs, with the other 30% paid by the federal government; cost-sharing with municipalities uses 70% and 90% cost sharing percentages.³⁷ The operating expenses of the Sûreté du Québec (SQ) for 2023-2024 were 1 412 million \$³⁸. Some of this was for services to municipalities, for which some costs (55%) are recovered. Thus, general policing services cost 433 million. One can then calculate that this autonomy cost Québec about 130 million for general policing and 355 million in subsidies for municipal services.

Daycare

In 1997, Quebec introduced a policy to generalize the supply of low-cost non-profit daycares with a \$5 fee per day³⁹. This required the Québec government subsidizing the operators of these daycares

³⁴ https://cresp.ca/sites/cresp/files/media/document/Presentation_finale_VF2.pdf

³⁵ <https://www.canada.ca/content/dam/hc-sc/images/corporate/about-health-canada/public-engagement/external-advisory-bodies/implementation-national-pharmicare/final-report/final-report.pdf>

³⁶ In 2023 total spending on medication by the public insurance plan was 5 332 million \$. Individuals covered out of pocket at the pharmacy 21% of this cost (roughly half and half between franchise and coinsurance payments). The remainder is covered by annual premiums 32% and general revenue funding 47%.

Our calculations drawing on Table 16 https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/sante-services-sociaux/publications-adm/rapport/RA_23-614-01W_MSSS.pdf

³⁷ <https://www.rcmp-grc.gc.ca/ccaps-spcca/contract-eng.htm>

³⁸ <https://www.sq.gouv.qc.ca/wp-content/uploads/2024/10/rapport-annuel-de-gestion-2023-2024.pdf> p47

³⁹ https://fr.wikipedia.org/wiki/Centre_de_la_petite_enfance

out of general government revenues. In 2021, the federal government introduced a national cost-shared program to provide \$10 a day daycare in all provinces.⁴⁰

3.4 Regulatory measures

These measures have various economic impacts. Some affect the nature of the labour supply, while others impose costs on businesses.

Language policy

While language laws were promulgated in Québec in 1969 and 1974, the key ones are Bill 101 (1977) and Bill 96 (2022). These provincial language laws require the schooling of international migrants in French; impose French language signage on businesses; requirements on the use of French at work and in interactions with consumers, including labels, documents, and so on. They thus generate both administrative and compliance costs. Administrative costs since various government bodies are responsible for evaluating policies and ensuring compliance with the law. Compliance costs since private agents must spend on translation, signage and so on.

Immigration powers

The BNA makes immigration a concurrent power with federal prominence. The Québec immigration department is created in 1968. Between then and 1990, it plays an increasing role through agreements with the federal government in the selection of international migrants. Since 1991, it has had full selection powers for economic migrants.⁴¹ It receives financing from the federal government for this responsibility at a higher level than other provinces⁴². Knowledge of French is a characteristic that increases the odds of being selected for immigrating to Québec. That said, nothing prevents a Québec-selected migrant from relocating to ROC after entering Canada or a migrant initially settled in ROC from moving to Québec.

⁴⁰ <https://www.canada.ca/en/employment-social-development/campaigns/child-care.html> and <https://www.fraserinstitute.org/sites/default/files/is-the-federal-daycare-program-achieving-its-stated-goals.pdf>

⁴¹ <https://www.thecanadianencyclopedia.ca/fr/article/politique-dimmigration-du-quebec>

⁴² <https://www.cicnews.com/2021/10/irccs-immigrant-settlement-funding-by-province-territory-for-2021-2022-1019306.html>

Higher education financing

Québec has lower university student fees than other provinces; it thus finances a larger share of university spending out of general provincial revenues. It also operates a provincial research funding agency that provides both research grants and student fellowships⁴³. In 2022-2023, 29% of the operating budget of Québec universities came from student fees; this percentage was 49% for Canada as a whole and 62% for Ontario. Conversely, the shares of provincial funding were 64%, 42%, and 29%. For the same year, the share of university research funding coming from provincial funds was 25% in Québec and 8% in Ontario⁴⁴.

Medical policy

Abortion outside an hospital setting was a criminal act in Canada until 1988. However, using its administration of justice power, Québec chose not to prosecute doctors conducting abortions outside hospitals as of 1976. This was not the case in ROC⁴⁵.

Following a Supreme Court judgment, the private medical sector is more developed in Québec than in the rest of Canada since 2005⁴⁶. This reduces slightly waiting times in the public sector.

Following a Supreme Court judgment, Québec introduced the first provincial Medically Assisted Death MAID⁴⁷ program. It argued in court that this is not assistance to suicide, a crime under federal criminal law, but a health procedure, and thus under provincial authority. Since 2024, it now permits advanced directives put forward by healthy people to, for example, allow potential sufferers of dementia to receive MAID even if incapable of expressing their consent when dementia is advanced. MAID is more often used in Québec than in ROC.⁴⁸ This reduces slightly public and private spending on end-of-life care.

⁴³ <https://frq.gouv.qc.ca/>

⁴⁴ Calculations using most recent data from Statistics Canada. Table 37-10-0026-01 Revenue of universities by type of revenues and funds (in current Canadian dollars)

⁴⁵ <https://www.thecanadianencyclopedia.ca/en/article/abortion> and <https://educaloi.qc.ca/decryptage/le-droit-a-l'avortement-en-4-dates-cles/#:~:text=1988%20:%20La%20d%C3%A9criminalisation%20de%20l'avortement&text=Leur%20cause%20s'est%20rendue,cours%20au%20Qu%C3%A9bec%20sont%20arr%C3%AAt%C3%A9s.>

⁴⁶ [https://en.wikipedia.org/wiki/Chaoulli_v_Quebec_\(AG\)](https://en.wikipedia.org/wiki/Chaoulli_v_Quebec_(AG))

⁴⁷ <https://www.thecanadianencyclopedia.ca/en/article/assisted-suicide-in-canada>

⁴⁸ <https://www.canada.ca/en/health-canada/services/publications/health-system-services/annual-report-medical-assistance-dying-2023.html#t2.2a>

Promotion/imposition of laicity

Following a debate on “reasonable accommodations” (accommodements raisonnables) with respect to various demands by minority ethnic groups in 2007-2008⁴⁹, the Québec government introduced Bill 21⁵⁰. It is contested because it uses in a pre-emptive way (before a court judgment) the notwithstanding clause⁵¹ of the Canadian constitution to ban the wearing of distinctive religious signs by individuals in authority. This is seen as targeting Muslim female teachers since it bans the hijab. This may reduce the attractiveness of Québec for some migrants.

This list presented above is incomplete. One could also note the unique construction industry regulations that impede interprovincial mobility or that Québec was the first province to create a network of international offices and to argue (doctrine Gérin-Lajoie) that Québec could, in its fields of responsibilities, act on the international scene. Another difference is that, until 1998, the Canadian Red Cross society collected blood across Canada. Following a tainted blood scandal, it withdrew from this activity. The blood collection system in Canada now counts two organisations: Héma Québec and, in ROC, the Canadian Blood Services. Or differences in manpower training arrangements (Gagnon and Garon, 2019).

Finally, since April 1st, 2025, Québec is the only province with a carbon price. The federal government set, as of then, the federal fuel tax rate at zero while removing the requirement for provinces to have a consumer-facing carbon price.

Table 2 present in synthetic form some of the information discussed above.

⁴⁹ <https://www.thecanadianencyclopedia.ca/en/article/bouchard-taylor-commission-on-reasonable-accommodation-in-quebec-2007-2008>

⁵⁰ <https://www.thecanadianencyclopedia.ca/en/article/bill-21>

⁵¹ <https://www.thecanadianencyclopedia.ca/en/article/notwithstanding-clause>

Table 2 Underpinnings of key asymmetric policies

Québec action	Constitutional basis	Means used	Timing
Higher share of PIT base taxed	PIT can be levied by all provinces	Negotiated \$ for \$ reduction in federal transfers	Early sixties
Creation of Québec Pension Plan	Pensions is a co-occupied field with provincial pre-eminence	Own initiative and negotiations with Federal government	Early sixties
Parental leave insurance	Court judgment stating that this is not unemployment insurance	Negotiations with Federal government	Early 2000s Family policy component
Low cost daycare	Can be done by all	Own initiative	Mid-nineties Family policy component
Universal prescription drug insurance coverage with default provincial insurance	Can be done by all	Own initiative	Mid nineties
Language policies	Can be done by all	Own initiative	Early-seventies And 2020s
Immigration	Immigration is a co-occupied field with federal pre-eminence	Negotiations with fed	20 year process

Higher education financing	Can be done by all	Own initiative	Since the 1960s
Abortion and MAID	Can be done by all	Own initiative	Since 2015
Lay society promotion	Can be done by all	Own initiative	Debated since 2005 implemented in 2019 Supreme Court will rule on legality in 2026

Source: author

Table 3 presents information on the monetary importance of nine of the asymmetric policies. These numbers cannot be aggregated in a meaningful total, but they indicate that the policies implemented in the sixties in the PIT and pension fields are the most important financially.

Table 3 Value of nine components of asymmetry, Québec, 2023, 000 000 CAD \$

Measure	Revenue	Spending	Note
Ceded share of PIT field (1)	6 974	--	Equivalent reduction in federal transfers
QPP annual premiums (2)	20 966 -	18 141	Self funding program
Parental leave (3)	2 806	2 594	Self funding program
Prescription drugs insurance (4)	2 841	1192	Spending net of earmarked revenue
Day care program (5)	566	3 765	Revenue is federal transfer
Immigration (6)	775	784	Revenue is federal transfer
Revenu Québec (7)	268	1 438	Revenue is for GST administration
SQ police services (8)	--	485	Computed as compared to RCMP provision
Carbon market (9)	1 549	1 549	Link between revenue and spending on environment

Sources: calculations by author drawing on

- 1) Statistics Canada. Table 10-10-0017-01 Canadian government finance statistics for the provincial and territorial governments: Memorandum items, Quebec abatement 07/09/2025
- 2) Rapport annuel de gestion 2024 <https://www.retraitequebec.gouv.qc.ca/SiteCollectionDocuments/RetraiteQuebec/fr/publications/rq/rapports/2024/5003f-rapport-annuel-gestion-2024-partie3.pdf> p 135 and 136 111 692 assets
- 3) Rapport annuel de gestion 2024 Conseil de gestion de l'assurance parentale https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/emploi-solidarite-sociale/conseil_gestion_assurance_parentale/publications/rapports_annuels/RAPG_2023.pdf p 30
- 4) https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/sante-services-sociaux/publications-adm/rapport/RA_23-614-01W_MSSS.pdf p12 and https://www.ramq.gouv.qc.ca/sites/default/files/documents/non_indexes/rapport-annuel-2023-2024_0.pdf p134 4033-2841= 1192
- 5) https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/secretariat-du-conseil-du-tresor/publications-adm/budgets/2024-2025/3-Credits_depenses_portefeuilles.pdf p43 and <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/quebec-2021.html#h2.4>
- 6) <https://www.canada.ca/fr/immigration-refugies-citoyennete/nouvelles/2024/02/le-gouvernement-du-canada-annonce-un-financement-en-vertu-de-laccord-canada-quebec.html> for federal transfers and ibid p33 for spending
- 7) <https://www.revenuquebec.ca/documents/fr/publications/adm/ADM-500%282024-12%29.pdf> p111
- 8) see discussion in text
- 9) https://www.finances.gouv.qc.ca/Budget_et_mise_a_jour/budget/index.asp#documents Statistiques budgétaires Excel worksheet table 4

We now turn to an explanation of asymmetric federalism in Canada then present some outcomes.

4 Québec's asymmetry: why and what outcomes

4.1 Why asymmetry

As noted above, Canada was a British colony that took over a French colony in 1763. It remained a majority French-speaking Catholic colony for about ninety years. The independence of the United States, when Loyalists moved to Canada, saw an influx of English speakers; by 1850, the province of Canada had a majority English-speaking population⁵². In 1871, 60% of the population of Canada (four provinces) was of British origin and 31% of French origin; in 1951, 48% of the population of Canada (10 provinces) was of British origin and 31% of French origin⁵³. This share of French-Canadians was maintained because of the high birthrate of that group, a trait associated with their Catholic religion. Within Québec, the French-Canadian group accounted for 83% of its population in 1871,⁵⁴ while from 1901 onwards it was 80% or more Francophone⁵⁵. Over that period, most Québec francophones do not speak English⁵⁶ and are less likely to move between provinces than other Canadians⁵⁷; this creates a dual labour market in Canada and facilitates higher labour income taxation in Québec.

From 1951 onwards, one observed a drop in the fertility rate of Quebec francophones and an awareness that their economic status in Canada was poor. This was formally quantified in the late 1960s. This, combined with the imposition of conscription in 1944, led to an increasing Québec nationalism, first of a conservative kind (1944-1960), then of a modernisation kind (1960-1970) that aimed at changing the status of Québec francophones, the Nègres Blanc d'Amérique (White Niggers of America)⁵⁸. This desire to both preserve the Francophone majority in Québec and improve its economic status is an important source of the consistent demand by Québec for asymmetric arrangements over 70 years. But why was asymmetry implemented?

⁵² <https://www.thecanadianencyclopedia.ca/en/article/loyalists> and <https://www150.statcan.gc.ca/n1/pub/98-187-x/4151286-eng.htm>

⁵³ Statistics Canada. [Table 43-10-0003-01 Historical statistics, origins of the population](#)

⁵⁴ Georges Demanche Cinquante années de peuplement Canada Éditions Spes Paris 1928

147p <https://numerique.banq.qc.ca/patrimoine/details/52327/1988580> ratio of numbers p72/p37

⁵⁵ <https://statistique.quebec.ca/fr/fichier/retrospective-du-20e-siecle.pdf>

⁵⁶ https://statistique.quebec.ca/fr/produit/tableau/repartition-population-connaissance-francais-anglais-selon-langue-maternelle#tri_terr=A&tri_periode=2639&tri_mesr=2407 58 % of francophones (mother tongue) are unilingual in 2021

⁵⁷ <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021017/98-200-x2021017-eng.cfm>

⁵⁸ https://fr.wikipedia.org/wiki/N%C3%A8gres_blancs_d%27Am%C3%A9rique

One answer that can be eliminated is that this part of a grand constitutional design in 1867. The original BNA is quite centralising, with powers of provinces expanded through decisions by the Judicial Committee of the Privy Council in the first half of the XX century and not through Canadian political decisions. A second non-answer is that asymmetry aims to correct errors in the original constitutional bargain. Attempts to have Québec recognized as a nation or a distinct society in the Canadian constitution have failed. At best, one can have recognition through footnotes to federal-provincial co-funding agreements.⁵⁹

In our opinion, the most correct answer is that there are two mechanisms that generated the asymmetry observed. One is a combination of both structural and conjunctural factors; the second is the acceptance as indicated by revealed preferences of a larger role of the state in Québec than in ROC. Structural reasons are Québec's share of the Canadian population, and thus of seats in the federal parliament, and the implicit or explicit threat of secession.

The first wave of asymmetric arrangements, where the federal government treated Québec differently from ROC, occurred in the early sixties. At that time, one notes the presence of a strong Liberal Provincial government (Équipe du Tonnerre 1960-1966) and three successive federal minority governments (1962, 1963, 1965). This is a combination of factors that creates a favorable conjuncture for Québec.

Québec's share of seats in the federal parliament has been going down since the 1960s⁶⁰ and the threat of secession following the 1980 and 1995 referendums appears less credible, especially as the share of francophones in Québec's population is also going down since 2010. Thus, since 1995, one observes asymmetric policies that see Québec act differently from other provinces but with no need for interaction with the federal government. The exception is the parental leave scheme where the federal government was facing the electorate and did not wish to antagonize Québec. Note that provincially self-funded asymmetric programs can be both a driver of the creation of national

⁵⁹ A typical footnote is *While the Government of Québec supports the general principles of the Early Learning and Child Care Framework, it does not adhere to the Framework as it intends to preserve its sole responsibility in this area on its territory. The Government of Québec expects to receive its share of the federal funding and will continue to invest significantly toward programs and services for families and children.* <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>

⁶⁰ https://www.ourcommons.ca/procedure/procedure-and-practice-3/ch_04_1-e.html

programs (Hospital insurance, Medicare, low-cost day care) and an obstacle to national programs (Pharmacare in 2026).

Thus, the existing asymmetric arrangements in Canada were not put in place to implement the principles of first generation fiscal federalism. They can be seen as an example of negotiated or bargained federalism, an outcome that the second generation fiscal federalism literature raises as a possibility.

We now examine outcomes that can plausibly be linked to asymmetric policies.

3.2 Outcomes of asymmetry

Status of French in Québec

As noted above, one of the key differences between Québec and ROC is its language make-up and consequently its quest to remain French-speaking in North America rather than suffer the fate of Louisiana. It thus seems relevant to first examine the evolution over the 1970-2020+ period of the status of French in Québec as the improvement of this status is a key goal of Québec politicians and policy makers. We do this using six indicators of language status presented in Table 4. They take the arbitrary value of 1 in 1971 before the introduction of a formal language policy (Bills 22 and 101). An increase in the status of French is signaled by a value higher than one. For some indicators, data are available annually; for others, at five-year intervals (in line with census data); and, for others, on an occasional basis. When necessary, linear interpolations were used to estimate the 1971-2011 values. Indicators are as follows:

- (1) Percentage of Allophones in French primary/secondary schools;
- (2) Percentage of employment in Francophone-owned employers;
- (3) Percentage of time French is used at work mostly or exclusively by the working population;
- (4) Percentage of the population with French as their mother tongue;
- (5) Percentage of the population with knowledge of French;
- (6) Relative labour income of unilingual Francophones and Anglophones.

All French-status indicators presented, except for the share of the population with French mother tongue, show an increase from 1971 to 2021/2023. Turning to specific indicators, we note:

1. The remarkable impact on the schooling of Allophones in French (1) (from about 15% to more than 90% of the target population).
2. The increase in the share of Francophone owners of employers (2) (from 47% in 1961 to 71% in 2023). As noted above, this is explained in part by the Caisse investing in businesses owned by Francophones.
3. The improvement in the earnings of unilingual Francophones relative to those of unilingual Anglophones (6) and the increase in the use of French at work (3) that follow in part from the increase in the ownership of the economy by Francophones. This improvement in earnings is also explained by the departure from Québec of well-paid Anglophones, and by an improvement in the educational achievements of Francophones residing in Québec.
4. The increase in the share of the population who know French (5), which is explained in part by the compulsory French language school attendance of immigrant (allophone) children.
5. The drop in the share of the French mother-tongue populations (4) in the total population, which reflects the low birth rate of the population of Québec⁶¹ (mainly francophones) and the choice of French by allophones⁶². Overall, the indicators in Table 7 show that the status of French in Québec, after improving from 1971 to 1991, has remained roughly unchanged since 1991.

⁶¹ <https://statistique.quebec.ca/fr/produit/publication/naissances-fecondite-bilan-demographique> ; the fecundity rate was 2,09 in 1971 and 1,33 in 2024.

⁶² Allophones adopt French as their home language about 50% of the time in 2021 as calculated using Statistics Canada. Table 98-10-0617-01 *All languages spoken at home by mother tongue, knowledge of official languages and generation status: Canada, provinces and territories, census metropolitan areas, and census agglomerations with parts*

Table 4
Indicators (in index form) of the language situation in Québec at ten-year intervals, 1971-2021/2023

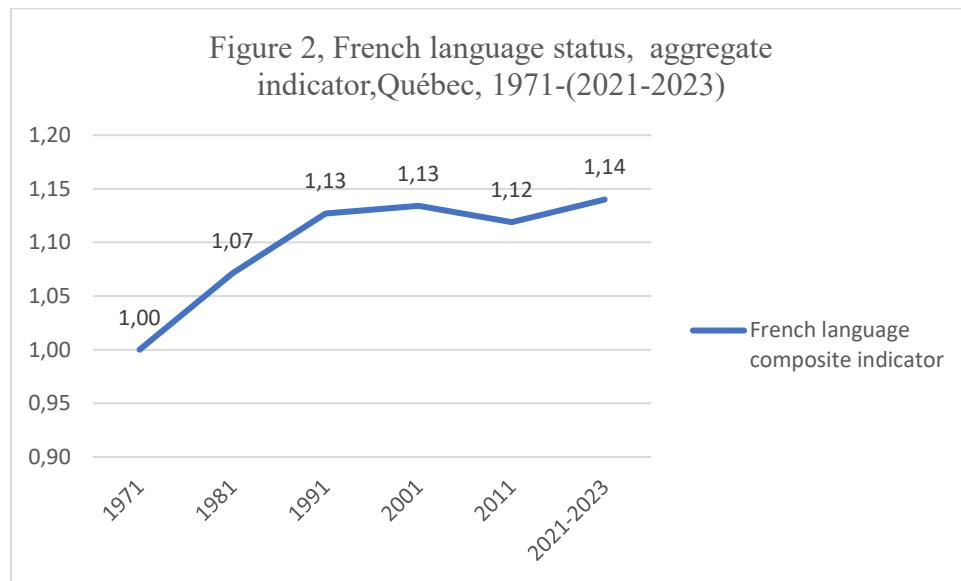
Year	1971	1981	1991	2001	2011	2021-23
(1)% of Allophones in French language primary & secondary schools	1,00	2,97	5,23	5,39	5,91	6,32
(2)% of employment in francophone owned workplaces	1,00	1,03	1,28	1,30	1,31	1,42
(3)% use French at work	1,00	1,11	1,13	1,09	1,04	1,03
(4)% of population with French mother tongue	1,00	1,01	1,02	1,01	0,97	0,94
(5)% of population with knowledge of French	1,00	1,05	1,06	1,07	1,07	1,06
(6)relative earnings of unilingual Francophones and Anglophones	1,00	1,16	1,15	1,20	1,21	1,26

Source: For 1971-2011 Vaillancourt (2019), drawing on Vaillancourt (2018).

For 2021-2023 Line 1 OQLF (2024) Graph 7, p44 for 2021; Line 2 Vaillancourt et Sintes(2024) table 4 ratio of 2023 value /51,5(mid-point between 1961 and 1978 values); Line 3 OQLF (2024) Graph 23 ,p 117 for 2023;Line 4 OQLF (2024) Table A,p114 for 2021;Line 5 OQLF (2024) Table E p118 for 2021; Line 6 Vaillancourt et al (2024) Table1, p 4

Note: The data were interpolated using a linear trend when necessary. Indicator 6 is calculated by summing the ratio of gross earnings differences for men and women, calculating a ratio to the 1971 sum, and finally subtracting this value from 2. Thus, for 2021 we compute for that year $0,98 + 1,11 = 2,09$ then divide this by 2,83 (the 1971 ratio) yielding 0,74 and finally $2 - 0,74 = 1,26$

We can aggregate the five non-education indicators using an unweighted average of indicators 2 to 6. Results are presented in Figure 2. After a sharp increase in the 1971-1991 period, one observes a levelling off. Thus, the first push for greater autonomy in the 1960s may have had an impact on achieving the goal of a French Québec, while the second push seems not to have had an impact, although it may well have countered other factors.

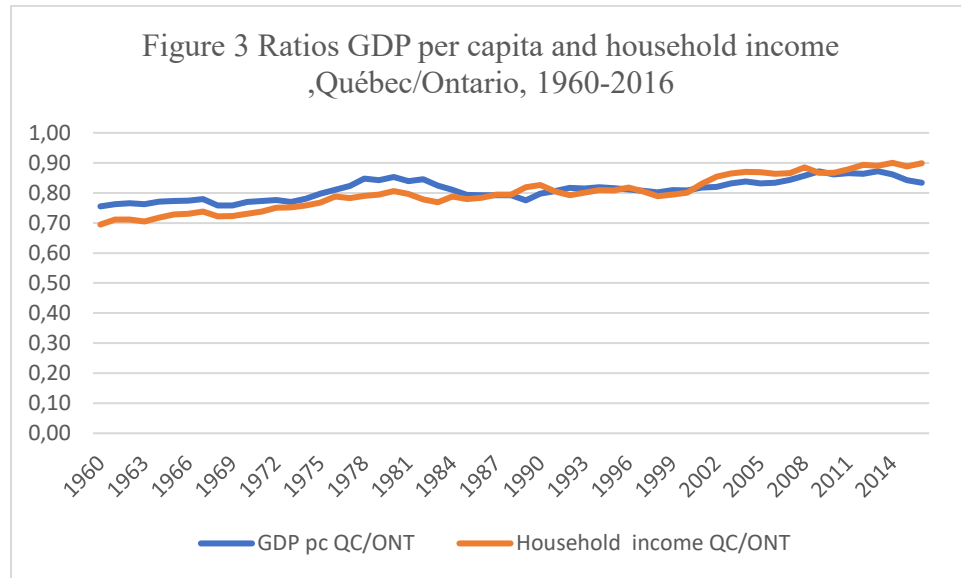


Source: author, averaging indicators 2, 3, 4, 5 and 6 in Table 3

Evolution of economy

One possible outcome of asymmetric policies in Québec could be a better or worse economic performance than other provinces. This is something hard to ascertain, as one should model the determinants of economic activity (GDP, unemployment) with an asymmetry variable, something beyond the purview of this paper. One can, however, compare Québec with Ontario. They are both located in Eastern Canada on the St-Lawrence/Great Lakes waterway, are the two most populated provinces in Canada, and have similar economic structures with no petroleum product extraction. Figure 3 shows an improvement in the economic situation of Québec relative to that of Ontario over the 1960-2016⁶³ period but not a full catch-up.

⁶³ Last year for which Statistics Canada computed these indicators



Source Statistics Canada. Table 36-10-0229-01, our elaboration

Size of public sector

Provincial spending occupies a larger share of GDP in Québec than in Ontario as shown in Table 5, where we present provincial spending in per capita terms (lines 1 and 3) and as a share of GDP (lines 2 and 4); lines 5) and 6) report the ratio of these two provincial indicators. They show a more important presence of the Québec than of the Ontario government in the economy.

**Table 5 Total provincial spending, Québec(QC) and Ontario(ON), five years, per capita
CAD \$, % of GDP and comparative ratios**

	2011	2016	2021	2022	2023
Ex/Pop QC \$ (1)	11 663	12 727	17 560	18 474	18 853
EX/GDP QC (2)	27,0%	26,2%	29,7%	29,0%	28,8%
EX/Pop \$ ON (3)	9 558	9 727	12 141	12 091	13 126
EX/GDP On (4)	19,2%	17,1%	18,6%	17,2%	18,3%
QC/ON Per capita	1,22	1,31	1,45	1,53	1,44
QC/ON % GDP	1,41	1,54	1,60	1,68	1,57

Sources: calculations by author

Expenditures: sum of the nine items Statistics Canada. [Table 10-10-0024-01 Canadian classification of functions of government, by general government component](#)

Population: Statistics Canada. [Table 17-10-0005-01 Population estimates on July 1, by age and gender](#)

GDP: Statistics Canada. [Table 36-10-0221-01 Gross domestic product, income-based, provincial, and territorial, annual](#)

Taxation and income distribution

The first asymmetric measure discussed was the larger share of PIT income taxed provincially in Québec than in ROC and its autonomous administration of PIT. Tables 6 and 7 show relevant differences for 2022 (Table 6) and 2025 (table 7). In table 6, we show that RQ reports a number of PIT taxable filers 6.5% higher than CRA, taxable income 13% higher, and PIT payable 5% higher. In table 7, we show in the first four brackets a higher RQ than CRA marginal tax rate, and a use of this rate at lower levels of income. For the same bracket, Québec PIT rates are at least twice those of Ontario. Thus, Québec uses its autonomy to tax a larger income base at higher rates than the federal government or Ontario. Hence, it is not surprising that Gini coefficients shown in Table 8

indicate that moving from market income to total post-tax income yields a larger change in Gini coefficients in Québec than in Canada as a whole or in Ontario.

Table 6 PIT, taxable returns (#) and income (\$) and PIT owed, Québec, 2022, RQ and CRA results

	Revenu Québec (RQ)	CRA
# taxable return (000 000)	4,9	4,6
Taxable income (000 000) \$	353,6	312,6
PIT payable	41,4	39,4

Source : CRA : https://www.canada.ca/content/dam/cra-arc/prog-policy/stats/t1-final-stats/2022-tax-year/tbl1_ac_fr.pdf RQ : https://www.budget.finances.gouv.qc.ca/Budget/outils/statistiques-fiscales/documents/STAFR_sfp_2022.pdf

Table 7 Tax brackets and rates by brackets Federal, Ontario and Québec, 2025

Bracket	Federal bracket \$	CRA ROC rates	CRA QC rates	Québec brackets \$	QC rates	Ontario brackets \$	Ontario rates
1st	0-57 375	15	12,5	0-53 255	14	0-52 866	5,05
2nd	57 375 - 114 750	20,5	17,12	53-255 - 106 495	19	52-866- 105 775	9,15
3rd	114 750- 177 882	26	21,71	106 495- 129 590	24	105 775- 150 000	11,16
4 th	177 882- 253 414	29	24,22	129 590+	26	150 000- 220 000	12,16
5th	253 414+	33	27,56	--		220 000+	13,16

Source: https://effp.recherche.usherbrooke.ca/wp-content/uploads/2025/02/01a_bareme_imposition_2024_VF.pdf p1 and <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html#toc1> scroll to Ontario

Table 8 Gini coefficients, Canada, Québec, Ontario, 2019-2023, market and total post tax income

Gini coefficients by income type	2019	2020	2021	2022	2023
Canada market income(Y)	0,421	0,439	0,432	0,432	0,429
Canada total Y post tax	0,299	0,281	0,288	0,3	0,3
QC market income	0,424	0,441	0,429	0,428	0,425
QC total Y post tax	0,282	0,261	0,264	0,27	0,272
ON market income	0,425	0,449	0,442	0,441	0,436
ON total Y post tax	0,304	0,29	0,296	0,313	0,311
Change in GINIs in %					
Canada	29%	36%	33%	31%	30%
QC	33%	41%	38%	37%	36%
ON	28%	35%	33%	29%	29%

Source: Statistics Canada. Table 11-10-0134-01 Gini coefficients of adjusted market, total and after-tax income, and calculations by author.

Conclusion

In 1945 the Canadian federal government put forward a set of reforms in federal-provincial arrangements that would have led to a much more centralised Canada than the one we observe 80 years later.⁶⁴ This was not accepted by the provinces with Québec in particular insisting on its autonomy⁶⁵ and setting up in 1953 a *Royal Commission on Constitutional Problems* that reported in 1956⁶⁶. Exercising this autonomy led to an increasing distinctiveness of Québec with respect to other provinces with the emergence of asymmetric federalism “à la canadienne”. Consequently ,

⁶⁴ Dominion-Provincial Conference on Reconstruction Proposal of the Government of Canada 1945 (known as Green Book) <https://babel.hathitrust.org/cgi/pt?id=mdp.39015080352662&seq=50>

⁶⁵ . <https://www.nber.org/system/files/chapters/c5631/c5631.pdf>

⁶⁶ https://www.bibliotheque.assnat.qc.ca/DepotNumerique_v2/AffichageNotice.aspx?idn=52955 and <https://thecanadianencyclopedia.ca/en/article/royal-commission-of-inquiry-on-constitutional-problems>

Allain-Dupré et al (2020) in an OECD report write that(p14) *In Canada, while the Canadian Constitution is based on a unified approach, it still enables asymmetric arrangements for Canadian provinces. More specifically, the asymmetric decentralisation in Canada is mostly based on “menu federalism,” where the “opt in” or “opt out” choices are made available to all provinces. The province of Quebec has used this option more frequently than other provinces (Smith, 2005[22]; Milne, 2005[23]). ...*

In ROC, the only province to explicitly express envy for the asymmetric powers held by Québec is Alberta⁶⁷ but with little action as such until 2025. The Alberta Next Panel report (December 2025) puts forward seven recommendations with some of them to be implemented following a referendum⁶⁸. Thus, one expects in the next few years the existing asymmetry in Canada to remain in place. Québec will continue to ask for more⁶⁹, such as a single income tax report (Vaillancourt, 2023) administered by Revenu Québec while Alberta may become more asymmetric.

The consequences for Québec of this asymmetry are mainly in a strengthening of its francophone identity. There is no evidence that it allows it to do better than ROC provinces in terms of economic growth. It is a somewhat more redistributive province than Ontario or ROC. Federal transfers to Québec, corrected for transferred tax points, are not increased or decreased by the asymmetric treatment. The consequences for Canada of this asymmetry is that it may have helped thwart the secessionist project in Québec while allowing the laboratory dimension of federalism⁷⁰ to flourish in Canada. A fully symmetric federal system such as the one that emerged after WWII in Australia would most likely have exacerbated conflicts between Québec and ROC.

⁶⁷ <https://www.alberta.ca/fair-deal-panel> and https://macdonaldlaurier.ca/wp-content/uploads/2025/09/20250902_How-the-West-Wins-Binnion_FINAL.pdf

⁶⁸ <https://open.alberta.ca/publications/alberta-next-panel-recommendations>

⁶⁹ See <https://www.sqrc.gouv.qc.ca/documents/relations-canadiennes/politique-affirmation.pdf> and https://cdn-contentu.quebec.ca/cdn-contentu/adm/min/justice/publications-adm/comites-consultatifs/cccecqfc/BOM_Rapport_Comite_consultatif_2024_vf.pdf

⁷⁰ <https://www.aei.org/research-products/report/laboratories-of-democracy/>

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