LOCAL GOVERNANCE OF SOCIAL WELFARE:
LOCAL REFORM IN ONTARIO IN THE NINETIES[1]

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INTRODUCTION

This paper examines options for the delivery of social services both in the wake of the history of social service provision in Ontario and in light of the current pressures on local governments, historically responsible for the "production" of these services. It is argued that discussion of options for service delivery has become crucial. This is as a consequence of attempts on the part of successive provincial governments to assume more central control over the distribution of resources, and over the design and purposes of programs, all the while charging local actors with increased responsibilities for implementation and delivery.

This paper was first presented at the Conference "Canadian Social Policy at the Start of an Era: The Social Union and the Global Shift in Policy". Therefore it begins with an effort to situate its subject within current developments in Canadian federal-provincial relations in the area of social policy and in relation to global trends in social policy. The paper then goes on to examine the historical roots of the delivery of social welfare in the province of Ontario and then to detail the extensive reforms this system underwent from the late 1980's to the present time.

After situating and describing the changes in social welfare delivery in Ontario, the paper goes on to propose a conceptual model for understanding local governance systems. This model, drawing from recent literature on the notion of "governance", examines three sets of local relations and argues for their creative use in the interest of efficient and flexible response to local conditions and the different demands posed by different social policy requirements. Its aim is to avoid the all-to-familiar reliance upon "grand scheme" public administration, which fails at the level of implementation. Instead there should be greater emphasis on the creation of contexts within which

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various actors, each pursuing their own ends, can work toward achieving public purpose. This paper hopes to offer a more nuanced and cautiously optimistic view of the potential of the shift to local in social policy than some social comment has heretofore offered.

THE *"SOCIAL UNION"* AND THE SHIFT TO "LOCAL" IN SOCIAL POLICY: TO GIDDY MINDS WITH LOCAL QUARRELS?

The recently concluded "*Social Union*"[i] between Canada's federal government and those of all provinces and territories save for Québec spells out a new *modem vivendi* for relations between federal and provincial/territorial governments in the social policy field, promising to bring new peace to what has become an increasingly troubled policy domain. Yet, notwithstanding that few outside of Québec or from among national media commentators will regret any subsiding of tensions in federal-provincial relations in social policy, it would be unrealistic to see the Social Union agreement as involving anything more than what have become essentially fiscal relations devoid of substantive policy intent. In many ways, the *Social Union* was only made possible by the displacement over the years of policy contest away from the terrain of federal-provincial fiscal relations altogether and onto the more traditional and yet renewed terrain of provincial-local relations and local governance of service delivery. The substantive tensions, which have of late come to mark the social welfare field, are not lessened, but continue to grow at other levels: between provincial and local actors and among local actors in the social welfare/services field. .

Like many protracted disputes, the protagonists' willingness for a moment to set aside differences is often more a function of the call of other fronts than any of any fundamental resolution of the issues at stake. The terrain upon which future of social welfare in Canada is to be fought has long ago moved away from the bilateral constitutional wrangling and fiscal tug-of-wars of the federal government and the provinces and to the local level where it is now posed in terms of "local governance" of increasingly complex relations within multi-actor service delivery systems. No longer a purely political struggle over jurisdiction (whether framed in constitutional, legislative or administrative terms), once placed on the policy ground zero of local implementation and service delivery the governance of social welfare/services gathers other actors and

other types of relationships. Henry Kissinger, after having retired from active participation in international politics to the "cloistered" life of academe, has since commented that the politics of the university now make him long for "the simplicity of the Middle East". When the dust has finally cleared from the realignment of powers underway between central and local actors in social policy, we may yet come to the same conclusion about our two decades of federal-provincial disputes.

SOCIAL POLICY IN THE NINETIES: FEDERAL WITHDRAWAL AND THE RENEWAL OF PROVINCIAL POLICY ACTIVISM

In many ways, the displacement of the politics of social welfare from the centre to the local was consolidated and sealed with the appearance of broad cost-sharing as the dominant fiscal framework in the social welfare field. Once it had consolidated and expanded upon previous program-specific cost-sharing frameworks for social welfare, the 1966 Canada Assistance Plan (CAP) made "silent partners" of senior levels of the cost-sharing pyramid. Services were certainly shaped and guided by the definitions of the federal legislation enabling cost sharing. Yet, they were nonetheless produced and delivered locally, depending upon the province either directly by municipalities, provincial agencies and ministries or by scheduled agencies delivering services and programs on purchase-of-service or other less permanent contracting arrangements with the relevant fiscal authority. Federal fiscal transfers under CAP were proportional to provincial spending on social welfare and social services, creating a longstanding fiscal advantage for Québec with its relatively larger social welfare system following its reform of the early 70's. Generous "opting-out" provisions with full fiscal compensation further limited the scope for federal activism in social policy[ii]. The roles of respectively more senior levels of government, notwithstanding the occasional outbreak of other ambitions, became principally those of policy-passive managers of fiscal arrangements, assembling eligible expenditures, establishing respective shares of costs and passing the remaining costs up the ladder. This "passivity" was encouraged by the structure of eligible expenditures, massively dominated by entitlement-based income maintenance costs over which neither local administrative authorities nor central fiscal authorities had much discretion[iii]. Recourse to the opting-out provision was essentially limited to Québec, determined to maintain a policy grip on its social welfare system and its expenditures.

It was this voluntary surrender of fiscal authority over growing expenditures which motivated the first effort at rolling back the cost-sharing principle with the Established Programs Financing Act[iv] for health and education in 1976. The federal policy review[v] conducted under Conservative Minister Erik Neilson in 1988 explored extending the ending of cost-sharing arrangements to CAP, but it wasn't until the 1990 Wilson budget that the first assault on cost-sharing of social welfare spending was made, the "cap on CAP"[vi]. The suspension of the one-year notice requirement in the legislation was appealed in British Columbia, but the court was understandably reluctant to involve itself in relations between governments and, correctly I believe, declined to see these relations as contractual in nature and so enforceable through the courts. The way was so paved for a full ending of cost sharing of social welfare expenditures accomplished with the introduction of block funding under the CHST in 1995[vii]. A built-in de-indexation of the CHST ensured that, in the absence of federal decisions to the contrary, block grants would erode to eventually disappear altogether, so ending all federal cash contributions to social welfare spending by the provinces[viii].

The 1990 ending of full cost-sharing, the 1995 conversion of federal fiscal commitments in to block grants and now by 2003 to per capita grants, along with the expressed intention of an eventual shift to full provincial fiscal responsibility for existing programs altered in a fundamental manner the roles of the provinces in social policy and most especially that of the government of Ontario. Long resigned to a relatively passive policy role in social assistance and social services, progressively charged with increasing fiscal control Ontario found new incentive for their containment. However, these costs were still generated and incurred largely at a distance sheltered from the exercise of central authority. Legislated entitlements, legislated fiscal agreements with municipalities and scheduled agencies, collective agreements, decentralized production and delivery of services and the presence of organised forces for the defense of entitlements and expenditures all made such exercise of provincial fiscal control problematic. The Social Contract Act of the Ontario NDP was, for example, motivated as much by simmering provincial frustration at the lack of fiscal instruments to enact decisions as it was a panic response to a fiscal downturn.

"DEPENDENCY": THE GLOBAL SHIFT IN SOCIAL POLICY

At the same time, a shift was occurring in the rhetoric of social welfare that was to add an additional impulse to the shift in the locus of fiscal and policy control. A larger debate over the optimal policy mix of "passive" and "active" expenditures in social welfare had already gained considerable international currency in the literature on social security[ix] long before the recession and abolition of the cost-sharing principle in federal-provincial fiscal relations. These concepts challenged and replaced the earlier "economic opportunities" formulations of poverty and its prevention which Canadian legislation had carried over from the U.S. War on Poverty in the 1960's[x]. Much of this discourse found its roots in the concept of "iatrogenesis" popularized by Ivan Illich[xi] from the early 70's initially as a radical critique of the professional and institutional "colonization" of social relations in the name of service. By this view, professional acts of service were seen not only to have perverse effects in and of themselves but further to foster an atrophication of what were argued to be more natural self-reliant processes for the satisfaction of needs, to weaken communities through making them dependent on professions and institutions and also to extend social control.

Quickly taken up and applied to social services[xii], these ideas soon grew beyond their origin as a radical critique of both private and public professional and institutional practices and merged into a larger and growing societal discourse hostile to all government. Service or resource provision by public authorities became seen to foster ever elastic and supply-led demand for public resources, to substitute for and weaken social and community relations and to extend state power over private lives. This highly abstract and ideological set of notions coalesced into a powerful tool for a rearticulation of public fiscal engagements. Like bush firefighters starting a controlled burn to fight a forest fire, bureaucrats seized upon the opportunities of the "welfare dependency" discourse to reform yet defend public service and spending. However, a colorful Québec expression describes one who is "assez fou pour mettre le feu, trop fou pour l'éteindre" (enough of a fool to start a fire, too much of one to put it out).

First lodging itself in Canada in the reform of Unemployment Insurance, this new discourse proved a useful formulation of the issue of direct control of expenditures, and became a justifying discourse for reduction of entitlements, seen as "passive", and leading to "dependency"[xiii]. "Active" program spending was seen as fostering

"autonomy" rather than "dependency". The outcome, at least in rhetoric, was a shift to "active" program spending at the expense of "passive" entitlements. Based on the reasonable argument that federal spending powers were ill-suited to supporting "active" program spending, in the course of time, unemployment insurance expenditures which had been shifted into "active" (i.e. training, work placement and wage subsidy) initiatives were eroded, eventually transferred to provincial jurisdiction under agreements with each of the provinces and are in some jurisdictions now being further eroded and even abandoned as employers now withdraw from the various tripartite bodies (as these become paper tigers) for joint planning of public labour-market expenditures in favour of private competition-driven, enterprise-based training initiatives. The growing (now renamed) Employment Insurance surplus is a testament to the efficacy of this passive-active re-conceptualization for reducing federal (and public) fiscal commitments.

These "active vs. passive" and "autonomy vs. dependency" formulations have had equal success in supporting federal withdrawal from social welfare spending and in justifying renewed provincial policy activism. Cost-shared financing, with its large entitlement-driven "passive" income maintenance component was identified as the major obstacle to progress in the social welfare field. Progress, seen as the expansion of "active" supply-side labour market-driven initiatives to encourage beneficiaries' transition to employment was to be accomplished by containing and reducing transfers to individuals. Initiatives such as various work placement and job-readiness programs were introduced in most jurisdictions, often accompanied by much braggadocio, but at levels so inadequate to meet potential demand that they can be described at best as symbolic or token. Furthermore, with no aggregate change in the level of employment itself, such measures cannot be expected to accomplish anything more than substitution or "re-queuing" among the ranks of the unemployed whose numbers remain all the while unchanged. Following upon the negotiated agreements for the transfer to the provinces of labour-market programs, now broadened to include longer-term welfare unemployed, and the move to policy-neutral block grants under the CHST, this shift in the language and rhetoric of social welfare policy further supported a decline in the federal role and further reduced conflicts between Canada and the provinces over social policy into mere fiscal disputes divorced from debates over policy direction. Elsewhere than in Québec, the Social Union is no more than an agreement on price, not on principle.

In the light of these events, the Social Union agreement is much like a declaration of truce made long after the war has ended. Federal-provincial disputes in the social welfare policy field have long ceased to be of policy but are rather of money. The move to straight per capita block grants for health, education and social welfare spending now permits the federal government both to contain its fiscal exposure and to more effectively control its desired degree of policy activism or passivity (through new initiatives under its own jurisdiction), leaving to provincial default the spending powers and control it declines to exercise. We wait to see whether federal powers under the Social Union for the initiation of national programs or for direct federal expenditures will be exercised. What we do now know is that, when and if this occurs, the initiative will be federal and on terms established by the federal government to serve its purposes and for a time period decided entirely by the federal government. At the present time, the Social Union agreement has ended conflict by simply removing the prize to be won by its provincial contestants.

PROVINCIAL-LOCAL REALIGNMENT IN SOCIAL WELFARE AND FISCAL POLICY

The shift from cost-sharing to per capita grants, accompanied by the shift in rhetoric of program vs. entitlement spending and growing provincial debt loads by the early 1990's, further increased both the incentive and the opportunity of the provinces to seek increased policy authority within the social welfare field[xiv]. As provincial authorities flex their fiscal and policy muscle, they are increasingly faced with wresting control over policy and program directions from the numerous actors and institutions of social welfare responsible for their production and delivery. Provincial control, in Ontario traditionally focussed primarily on fiscal accountability[xv], now extends as well to fiscal containment and to specific policy and program direction. As in federal-provincial fiscal arrangements, the imputation of costs is the tangible outcome of the distribution of powers and responsibilities. This course puts provincial authorities on a direct collision path with the actors and institutions of local service production and delivery for whom the Social Union agreement between Canada and the provinces is seen much as hens might view a "social union" between foxes and coyotes. These are the new sources for "social disunion". Their reduced visibility and complex, multilateral nature will make them poor events for public recounting, but their impact on the manners and the means of public services are felt nonetheless.

Of the provinces, Québec seems to stand alone in the weakness of, or perhaps simply a deafness to, these other struggles demanding its attention, perhaps a result of the historic dedication of its social forces to the single cause of nationhood. Consistent with the context of so highly centralized a state bureaucracy as Québec, the various top-down "régionalisation" initiatives of the current government[xvi] seem aimed more at concerting and channeling favored local forces so as to rally them to provincial purpose than at controlling or negotiating competing local dynamics. Even in Québec, however, with its now thirty year old state-centralized system under pressure, tensions between the provincial government and its own network of institutions in the social service field, along with a renewed presence of an increasingly organised and active secular civil society questioning the "Québec Model", risk distracting provincial politicians from their unifying cause of state-building for nationhood[xvii].

At the other extreme and with a renewed electoral mandate eager for the breathing room the agreement will accord on one front, is the province of Ontario, traversed by both traditional and emerging fault lines over the direction and delivery of social welfare services among its key actors; provincial ministries, municipalities, public and private institutions, voluntary organizations and social movements among them. "Reformed" and bruised Ontario with its highly activist conservative government determined to move decisively, even heedlessly, forward on all manner of policy initiatives in which previous governments trod only lightly if at all, is perhaps the exemplar for a trend which has marked all Canadian jurisdictions.

Nor are these trends in the shifting governance of social welfare limited to Canada alone. If anything, the constitutional "episode" which dominated Canadian politics for the past two decades has kept politicians, pundits and scholars otherwise occupied while other industrialized nations experimented with a much broader range of means of reconfiguring the functions of public services and distributing roles among various levels of government and often including non-governmental actors. Diversely, if not always entirely accurately[xviii], termed as "decentralization" initiatives, these have been a prominent issue for debate since the 1980's in England[xix], in France[xx] and in the Netherlands[xxi] to mention but a few jurisdictions. It may now be time for a closer look at some lessons of these experiences to see if there are additions to Canadian tool kits for local governance which can now be made .

THE ORIGINS OF LOCAL GOVERNANCE OF SOCIAL WELFARE IN ONTARIO

Although public authorities routinely engage with each other and with other parties in many types of relations in the governance of public services, *political* relations of jurisdiction and fiscal responsibility have dominated public discourse on social policy in Canada. This is understandable given the structure of Canadian fiscal federalism, with independently elected governments at multiple levels occupying horizontal segments of varying breadth in a vertical process of financing, regulating and managing public services. Broad federal powers of taxation fund public interventions in contestably provincial jurisdiction for spending to be implemented and delivered by diverse local authorities and agencies through a host of arrangements. These vertical processes often align themselves into parallel, vertical institutional pillars or "silos" (health, unemployment relief, social assistance, etc.) with little commonality or communication between them until they hit the ground of service delivery. Social welfare services to individuals, groups and communities in Ontario illustrate more than in most provinces the complexity of relations in local public services governance, extending well beyond the political and into both markets and the organizations of civil society. We can even speak in terms of a traditional, though perhaps soon to be extinct, "Ontario Model". This model with its unique multilateral distribution of roles also has a historical context.

Other than in Québec, the historical basis for the early development of social welfare services in most Canadian jurisdictions was that of the English Poor Law tradition, either directly by legislation or, as in Ontario, indirectly by ad hoc adoption of its models and principles[xxii]. The management of the poor, the ailing or the indigent fell first to local governments and to property tax for their financing. In the course of the XIXth century a system of provincial institutions grew to assume direct responsibility for custodial "indoor relief" of specific populations, whereas local responsibility continued for "outdoor relief", principally of the able-bodied unemployed.

Alongside public "indoor" relief, there grew a network of private initiatives sponsored by charitable foundations and philanthropies, faith groups, ethnic associations, professional associations and other social organizations responding to specific situations and issues or to specific populations. Despite their primarily local scale of organization, these grew up mainly at the interfaces between organised civil society and the growing network of custodial provincial institutions and in response to growing

judicial powers over the family and children. These associations were either supplicative, seeking to foster or expand institutional or judicial interventions, or substitutive, organizing and claiming preventive and alternative measures to the judicial control and institutional placement of specific constituencies.

From the late nineteenth century on, often under the impulse of the more mobilized of these private groups, public measures successively removed specific populations or segments of populations from the presumption of custodial care. In turn, the indigent elderly, disabled workers, orphaned and abandoned children, widowed and, later, other classes of sole mothers were successively added to categories of the poor eligible for some form or other of pecuniary support "in lieu" of and preventive of custodial care and/or judicial intervention, and thus experienced reduced risks of institutionalization[xxiii]. These measures were accompanied by forms of payments "in lieu" of institutionalization as well as by "social services" of varying purposes[xxiv], mostly to enforce compliance.

As had the financial support of the custodial institutions which had preceded them, these alternate measures of financial support in lieu of institutionalization incumbed to senior levels of government. Mothers' pensions, pensions to injured workers, and the placement of orphaned and abandoned children were provincial responsibilities as had been the hospices, hospitals, asylums and orphanages which preceded them. However, federal taxation powers soon provided an incentive for federal interventions. Pensions for the indigent elderly and the somewhat less elderly disabled, considered to be beyond the sole fiscal means of either local authorities or the provinces, were federally supported. In the latter case, it was municipalities and religious orders, where these had assumed all or a portion of responsibility for institutional care of the elderly, which benefited from federal fiscal incursions after 1927. Similarly, federal assumption of a portion of assistance to the unemployed, first proposed in 1935 and finally agreed to by the provinces in 1940, benefited municipalities to that time solely responsible for, albeit overwhelmed by, the fiscal impact of local relief[xxv].

Alongside the expansion of fiscal and legal powers, primarily those of senior levels of government, there was a parallel expansion of administrative powers and of "social services" for the management of populations receiving entitlements. The determination

of eligibility for entitlements, the exercise of *in loco parens* powers over children, the seeking of assurances against "immoral conduct" of beneficiaries and the support and "rehabilitation" of individuals receiving support or subject to judicial control all created administrative duties which incumbed upon the respective financially responsible level of government. Faced with a lack of local infrastructures to carry out these new administrative and "service" duties, senior governments sought out relations with local authorities and local organizations prepared to carry out the tasks prescribed by these duties on their behalf. Under these arrangements, many of which were later brought into the Canada Assistance Plan, local agents such as municipalities, special purpose bodies, para-public or private "scheduled" agencies were supported through a variety of mechanisms, more or less permanent in nature, to perform both statutorily mandated and non-statutory duties of senior levels of government at the local level. In addition to these duties, often carried out under mandate from several governments and levels of government, private agencies also continued to conduct activities privately funded through member or charitable donations and, in some cases, to also provide services for fee. The typical local social agency is a complex organization with many paymasters.

By the early 1970's as the Canadian welfare state achieved its apex, the complex Ontario social services governance system was already marked by most of its current defining features:

- primary provincial responsibility for institutional and custodial care, for the enforcement of judicial orders, for child welfare / protection and directly related services;
- provincial financial responsibility for income support to poor families, disabled individuals and, in principle at least, the unemployed elderly;
- local responsibility for long-term unemployment relief and for associated programs;
- a system of contracting for payment whereby local municipalities may carry out administrative and service tasks in areas of provincial responsibilities;
- a hierarchical system of financial arrangements including short-term, one-time grants, time-limited grants, permanent subsidies, purchase-of-service contracts, and statutory fiscal transfers whereby private, usually non-profit agencies carry out both statutory tasks and duties on behalf of the provincial or municipal governments and also non-statutory activities with public or private support;

- a diverse voluntary sector comprised of organizations ranging from non-profit corporations with thousands of employees province-wide to small unincorporated volunteer groups with no full-time employees;
- a smaller but growing sector of private and commercial service provision serving higher income and professionally affiliated or insured clients.

The process of the production of social services in this system is much as that described by Howard Becker of "moral entrepreneurship"[xxvi]. The contractual relationships of the local governance of service delivery between public authorities and private organizations, whether at the provincial or the local level in Ontario, do not begin as essentially relationships of service delivery. They begin rather as contests of political legitimacy undertaken in the process of the production of social services. After having ridden a wave of public concern or "moral crusade" or "moral panic" far enough to capture public funding or to empower the legitimate exercise of state coercion on behalf of a population or a cause, the moral entrepreneur becomes the "moral enforcer" of the new rules and the "gatekeeper" to the new resources. Social movements, campaigners and other entrepreneurs thus are called upon to transform themselves into enforcement or service provision agencies to ensure their survival and to provide platforms for further crusades. But these are often not their first purposes.

For example, Children's Aid Societies across Ontario owe their existence to the moral crusade in the 1880's for the protection and reform of neglected and abandoned children waged by a former journalist and a philanthropist[xxvii]. Once legislative authority to place children into state custody had been achieved, crusaders become the key figures in the establishment of the institutions and services to execute these new duties and to allocate these new resources. Closer to us today, Victims of Violence, an organization which emerged out of the public anger directed against a serial killer of children subsequently has become a prominent service provider to victims of all crime funded by attorneys-general across the country. In an effort to renew itself, it has now added the cause of parents of missing children to its arsenal of causes to capture the public eye and heart. Such organizations are contracted to provide services as a result of their effective exercise of political power, not as a result of an inherent suitability to the task. They are the first on the ground and usually the most convincing "authorities" on the issue. In time, they may transform into service providers in a process they themselves often see with considerable frustration as one of "co-optation" and

"institutionalization". Or, they may resist this process and rewind their moral crusades to capture yet more resources and power for their constituency and cause. Most wind up torn between these two options.

THE PROVINCIAL-MUNICIPAL REFORMS OF THE 1990'S

Local planning and coordination of this highly decentralized and dispersed system for funding and provision of social and related health services has been the Holy Grail of the Ontario system since its inception[xxviii]. Traditionally this "social planning" focussed on the process of social services production: the identification and parsing of competing demands for resources through participatory democratic processes[xxix]. But, by the late 1980's the focus had begun to shift beyond this primarily allocative function.

The June 1987 corporate plan for the Ontario Ministry of Community and Social Services (ComSoc)[xxx] highlighted the renewed Ministry mandate for "strengthening the ability of communities to cope". An April 1988 discussion paper[xxxi] from the Ministry further identified the provinces intent to "strengthen (its) management relationships" with local community-based service providers by "increasing involvement by government in the funding, policy direction and priorities of the social services system". Through greater accountability, local "partners" were now seen as "instruments of public policy". The 1990 final report of the Provincial-Municipal Social Services Review Committee set up in 1987 sought to further clarify provincial and municipal roles and responsibilities for the production, fiscal support and delivery of social services. Throughout these years, a number of sectoral reports further examined relationships between various actors in the production and delivery of social services in areas such as child and family services, mental health, long-term care, health care and social assistance. At the same time, various non-governmental organizations such as local social planning councils, United Ways, voluntary associations and professional bodies, eager to keep abreast of the wave and to exercise whatever influence they could over the growing consensus for realignment of powers joined in the exercise with their own contributions[xxxii].

Looking across this mass of documents in retrospect one is firstly struck by the *zeitgeist* that underlies all of them. They clearly reflect a shift in thinking about public policy that crossed all sectors and jurisdictions. On the other hand, however, one is equally struck by their lack of articulation at an implementation level, a lack that achieves its apotheosis in the various and, across sectors, contradictory prescriptions for local solutions. Grand ideas are often ill suited to local problems, and equally so for large and complex masses of local problems. It is as if, once having chosen as their vehicle a 747, the pilots are then astonished to discover that they are unable to land their craft at local airports. The misfit between proposed policy instruments and local implementation opportunities is a classic illustration of Wildawky's thesis of the interactive policy failure cycle[xxxiii]. Inevitably solutions assume the scale of the institutional level at which policy is formulated not that at which they are to be implemented. When they subsequently fail, it is then the implementing authority that is seen as deficient and consequently further weakened. While contributing little of concrete value to the local governance of social services, these various planning reports nonetheless heightened the sense that the absence or deficiencies of public policy instruments to influence and direct local actors were the principal problem to be resolved.

One is equally struck by how much is missing from the thousands of pages produced over scarcely more than five years covering most of the social services and closely related health services system[xxxiv]. Little horizontal or cross-sector communication was in evidence. Each committee and each working group limited its conceptualization to the internal workings of the specific vertical institutional policy pillar which defined their engagement: health, child welfare, social assistance, policing[xxxv] etc. Every proposed solution seemed to call for building more articulations, relays and layers within the narrow confines of each respective institutional pillar, yet all simultaneously indicate Ontario's vertical, pillared policy and delivery structure and growing bureaucratic complexity of each system pillar as weaknesses.

Most of the reports call for increased exercise of public authority over public fiscal engagements, yet none directly address the ultimate aim of these claims for (central) authority i.e. to limit or reduce those engagements. Authors prefer euphemisms such as "allocative efficiency", "selective demand reduction", call for better systems for establishing priorities, better fits between demands and resources and issue vague

mutterings about ensuring that the will of the people is rendered through representative and participatory democratic processes for resource allocation. All the while, the readily apparent global shift to "dependency" as the foremost challenge to social welfare services and the already clear and marked Canadian shift by the end of the 80's to capitation of fiscal transfers between governments for social services now makes such pudency appear as dupery if not duplicitous in retrospect. But, from 1984 to 1990, Ontario had experienced seven uninterrupted years of revenue growth ending only in the third fiscal quarter of 1990 as a provincial election was called. Also, one should not underestimate either the considerable influence of the "dependency" discourse among policy actors of all stripes and colors, or the foundedness of some of its assertions. For many (of us), the demands of the ever-growing bureaucracies of service provision seemed like calls to feed horses so as to feed sparrows.

When the provincial conservative party under Mike Harris in June 1995 replaced the battered and beleaguered NDP government elected in September of 1990, the Province had not yet climbed out of five years of deepening recession, decelerating inflation (which sees revenues fall faster than costs) and growing provincial debt. The NDP government had not only reduced direct program spending, but had further reduced wages of almost one million Ontario workers. Expenditure restraints and the 1993 Social Contract had imposed job losses and permanent wage cuts not only on direct employees of the province but also on employees of tens of thousands of agencies[xxxvi] receiving provincial grants and transfers, called the MUSH sector for its largest institutions **M**unicipalities, **U**niversities, **S**chool boards and **H**ospitals. The designation expressed eloquently the affections of the Province for this source of more than thirty percent of its total expenditures over which it (felt it) had little or no control. Transfer organizations of varying shape and size employed a workforce that outnumbered the direct employees of the Province and its agencies by nearly two to one. Municipalities alone counted almost as many employees as the entire provincial workforce and a wage bill 8% higher per employee than that of the province.

The NDP government quickly learned how little control it could exercise over this sector. No one in the Ontario government knew how many employees there actually were in what was also more kindly termed the Broad Public Sector (BPS), how much they earned, or what it was precisely that they did. They were not employees of the Province, the Province did not set their wage levels nor terms and conditions of

employment. It was guessed that there were more than eight thousand collective agreements negotiated locally by employers and employees in different public and private institutions across the province which set the wage bills for this sector. The government simply cut the cheques. Of course the Province set the amount of the cheques and could lead by example in negotiating with their own direct employees, but these were not tools for policy intervention.

But the decisive, if not intemperate, actions of the government to begin to rein in the MUSH sector were more than fiscally motivated. Rae himself once likened the Ontario government to the massive Spanish Armada, unable to weather the storms at sea and outmaneuvered in battle by the smaller, faster English fleet[xxxvii]. So the massive and unresponsive MUSH sector was seen as part of a fundamental problem in the governance of Ontario. This would be the one lesson retained by the NDP from the massive sheaf of reports commissioned by the former liberal government which arrived on the new Premier's desk. It would also be a lesson well learned by the incoming conservative government after its election in 1995. A sea change had occurred in Ontario's traditionally highly decentralised model of government. The unique blend of provincial fiscal responsibility and local production and delivery responsibility for public services was no longer seen to be a tolerable feature of the system from the perspective of provincial politicians of any party.

When the Social Contract Act expired in March 1996, the new government, fearful of a pent-up wage "ballooning" effect, opted for a more traditional and less directly intrusive approach to spending reductions. It simply cut its transfers and left the transfer organisations to manage the consequences. Many smaller grant programs of specific ministries were eliminated altogether. The Province's hard-line negotiation of a new collective agreement with its own workers, prompting a lengthy strike, was intended to show leadership by example to transfer sector employers. At the same time, it became more and more clear that, like the NDP government they replaced, the conservative government's intentions for the transfer sector were far more than fiscal. Three sectors were singled out for the first wave of restructuring activities: municipalities, school boards and hospitals. For Universities and Colleges, the Province was content to cut transfers, to continue to increase reliance on user fees (tuition) and let the consequently intensified "market" sort out winners and losers. In the hospital sector, a

provincial commission with vast powers was established to oversee a province-wide process leading to mergers and closures of local institutions.

Almost one year exactly after their election, the Minister of Municipal Affairs announced the appointment of the "Who Does What" panel chaired by former Toronto mayor and federal conservative cabinet minister David Crombie. The aim of the panel was to usher in a massive restructuring of provincial-municipal relations in the government of the province. A press release issued the same day set out the three major targets for reform[xxxviii]: municipalities, school boards and police. Neither municipal reform or police reform was unexpected. A number of previous committees had made recommendations to "disentangle" provincial and municipal authority and proposed transfers of authority and specific fiscal responsibilities between the two levels of government[xxxix] including the sizeable envelope of provincial-municipal spending for social welfare and social services. The Province had also been moving towards full transfer of local policing cost from the Ontario Provincial Police to municipalities for some time. But press release also made clear that it was the intention of the Province to address what it defined as the problem of inequities in school board assessment and spending. The addition of the fiscal authority of school boards into the deliberations on provincial-municipal relations increased the financial stakes considerably and created a whole new playing field. The issue of school board taxation and spending was to be the ringer in the new direction set by the Province.

A sub-committee of the "Who Does What" panel was to look at social services, including welfare, employment programs, child care, child welfare, domiciliary hostels, shelters for women, social housing, public health and homes for the aged. A short number of years earlier some degree of consensus had been arrived at whereby the province would assume a larger share of welfare costs while municipalities would assume greater direct control over social services and over the administration of welfare. The recommendations of the sub-committee repeated the terms of this consensus calling for full provincial funding of locally administered programs and services. However, consequent to the Province's parallel decision to wrest fiscal authority for education from local school boards, that earlier consensus was no longer on the table. The increased provincial contribution to education would be made possible through the ending of a number of provincial subsidies for municipal programs and services. Instead, municipalities would now be required to assume a larger than

envisaged share of social welfare expenditures both for social assistance and social services, if need be by moving into the local fiscal room to be progressively evacuated by school boards.

In January 1997, a charged week of announcements by various ministers laid out the intentions of the government. These included:

- full removal of education costs from the local property tax base, to be replaced by provincial per pupil grants, and a reduction by half in the number of school boards;
- full provincial funding of child welfare and protection and also of shelters for abused women;
- full provincial funding of entitlements to disabled persons;
- an increase in the municipal share of welfare entitlement expenditures from 20% to 50% (including benefits previously paid fully by the Province to be brought under the combined "Ontario Works" program);
- fifty-fifty cost-sharing of child care previously shared 80% by the Province and previously discretionary for municipalities;
- fifty-fifty cost-sharing of long-term care previously shared 80% by the Province;
- full municipal funding of all social housing programs;
- full municipal funding for public health programs and land ambulance services;
- full municipal funding of urban transit, libraries, water and sewer works, and policing.

A new Municipal Act would grant increased and new powers to municipalities and an ongoing process of municipal restructuring would continue to amalgamate municipal governments and increase the scale of local government across the province. In the space of several years, the number of Ontario municipalities was reduced by almost one-third from 815 (including 37 tier two municipalities) to 590. The Province further established three provincial funds to facilitate transition and to cover contingencies. One, a permanent fund, can be expected to be a venue for considerable future policy-making activity in provincial-municipal fiscal relations. A "Social and Community Health Services Transition Team" was appointed to oversee the implementation of all

measures by January 1, 1998. The scope and speed with which these changes were to be set on the ground were astounding in public policy terms.

Intense lobbying in the months that followed did result in several changes to the original intentions of the government. Municipal assumption of half of welfare benefit costs was a sticking point with municipalities mindful that these costs were not only unpredictable but also counter-cyclical with municipal revenues. It had been widespread fear of local government collapse which had prompted senior level governments to propose to cost share local unemployment relief in the 1930's so as to bail out municipalities in distress. The provincial share of welfare benefits was increased back to 80%, though what comprised these expenditures was altered by the replacement of both Family Benefits and General Welfare by the single "Ontario Works". As an offset to this change, the education share of local property tax, which was to serve as tax room for municipalities, was cut by 50% rather than totally eliminated. However, the Province rather than local school board was to set the mill rate for the retained local education tax. In addition, the Province agreed to $200 million in capital upgrades of social housing to be transferred to municipalities.

Along with municipal consolidation, the Province acted to merge and consolidate specific functions both within and across municipal jurisdictions. One hundred and ninety-one municipal social services departments along with local municipal public health units were merged across jurisdiction to form 47 new consolidated administrative units known as "Consolidated Municipal Service Managers" (CMSM) delivering social assistance, public health and allied services under authority of the Ontario Ministry of Community and Social Services.

Today, municipalities and local organizations are faced with a vastly expanded governance role in social and community health services. It is a role that requires a critical reassessment of the governance systems that have grown up over time. These are the often *ad hoc* results of processes of social service production, delivery and change taking shape as they move from political alignments of forces to administrative arrangements and ultimately to diverse institutional forms. As such, the effort to conceptualize them in any systematic manner is fraught with difficulty. It would certainly be a mistake to search for guidance either in the processes by which senior levels of government have placed new responsibilities on the shoulders of localities

and their organizations. These processes were fiscally motivated rather than policy driven and the various discourses that accompanied them chosen and shaped for their utility rather than for their insight. What is now required is a model of local governance that takes as its departure the relations which characterize the various actors in place.

A MODEL FOR LOCAL GOVERNANCE OF SOCIAL WELFARE

Although considerable ink has flowed over the years looking at how local social services may be governed, most of this accumulation of paper discusses the single governance issue of how the consent of the governed may be assured in democratic decision-making on the allocation of resources, of *representation*: priority setting, public consultation, the negotiation of group interests, etc. This is not unexpected when public authority behaves in an essentially responsive mode to the various buffeting forces competing for resources and for influence over the setting of rules. Less is written on the more "mundane" matters of how various actors relate in the processes by which services are delivered and results are achieved, notwithstanding that these are in many ways more central to the notion of governance of services. As Elkins concludes, "When one keeps separate the issues of what is delivered and how it is delivered, there is more scope for a refined analysis of both dimensions"[xl]. Now the redistribution of responsibilities in Ontario has increased the incentive of local municipalities to rethink their roles and relationships from a public administration perspective of local delivery of social services as governance systems.

A word first on this very fashionable notion of "governance"[xli]: local public services are complex systems comprising a diversity of often self-governing actors and institutions responding to on a wide variety of constraints, influences, opportunities and events. Few of these driving factors are purposeful public policies, though laws, regulations and orientations in public spending are certainly influential if not always coherent[xlii]. Other, often competing, factors may derive from perceptions, social traditions, from institutionally sedimented practices and from the play of forces in civil society, including intra- and inter-group politics of identity. I intend the term "governance" to describe the full working of all these factors, rather than the actions of any one and perhaps less than any of these the actions of public and elected authorities in pursuit of political and policy aims. Rather than describing the rudder of the vessel, perhaps the term

"governance" better describes the maelstrom. It is more often a lack of fundamental knowledge of the physics of the latter that confounds a prospective helmsman.

This distinction is important to grasp because the first instinct of any public service administrator seems always be to seek out, reproduce and extend downwards to the production and delivery level (the "shop floor" of social services to use an industrial analogy) the models and mechanisms of senior level bureaucracies. Yet these are developed in the rarefied air of central bureaucracies where policy intent is often more significant than successful implementation and where political or fiscal motives often outweigh social impacts. Local services governance must also reflect the forces which drive "the shop floor", not just the engineering office and even less the corporate boardroom. When the "top down" direction takes hold, local issues become framed in terms of "compliance", local relations become "rule-bound" and local management "compliance-driven" rather than "outcomes-driven".

We can look at three sets of relations interacting in regimes distributing powers and tasks among actors in governance systems: *political*, *contractual* and *proprietary*. *Political relations* with and among governments distribute the fiscal powers of taxation and spending, powers of legal constraint and also include public accountability. *Contractual relations* entail the creation and negotiation of mutually contingent rights and responsibilities among parties, including administrative (but not political) arrangements among public authorities at equal levels and between public and private authorities involving delegations of powers and tasks. *Proprietary relations* involve market exchanges of property and labour in which public powers are not delegated but rather simply left unassumed or are abandoned and subsequently may be assumed (or not) by private parties. I do not include in this latter regime the routine purchase of services (nor "contracting out") by public authorities.

The Social Union, Ontario's "Mega-Week" of provincial-local realignments are both events situated in the sphere of the political relations of governance. They define, through legislative power or through regulations derived from the discretionary powers granted by legislation, the reaches of public responsibility and accountability for the production and delivery of social welfare. Political relations are expressed at the service delivery level as the third pole in the traditional tripartite service relationship[xliii], that of the not always so silent partner or "commanditaire" (mandating legislative

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authority). However, these relations may also be seen to extend some to the more internal relations between governments and their agencies where these flow from the exercise of powers under legislation (including from the interpretation of constitutional provisions, charters and codes). Relations between levels of government would certainly be qualified as political. The issue of where these relations lose an essentially political character and assume a more administrative or contractual character is one marked by constant ebb and flow. The growing use of the term "administrative decentralisation" to describe these intra-governmental (and inter-agency) shifts in delivery mechanisms affecting local governance, is presented in the Canadian context as a "third way" in the alternance "privatisation" or "political decentralisation". Its accompanying inter-governmental jurisdictional disputes and constitutional wrangling, illustrate a political character of some of these apparently internal relationships. Perhaps the threshold between political and administrative powers is best considered as it is traditionally situated between the creation of and accountability for powers of taxation, of obligations subject to legal constraint and of delegation, which are all political in character, and those, administrative or contractual, which flow from the legislatively prescribed execution of these powers.

It is the contractual relationship that most marks the ground zero of social policy - the production and delivery of service. In the contracting relations of governance, public accountability and even public liability remains fully intact. The legal principal applies here that a delegation of power is not a delegation of responsibility[xliv]. Paul Leduc Browne gives a good summary of the "contracting regime" in social services[xlv], though his treatment fails to distinguish carefully between market and contractual regimes. Delegated powers may not be delegated. Thus they have none of the characteristics that would permit them to be considered as proprietary or market and must rather be considered as administrative or contractual arrangements which flow from the political distribution of public powers. This is far more than a casual distinction in law, yet one which appears to be seldom made in examinations of the issues. The contractual relationship is the traditional means by which relationships between non-subsidiary public authorities and public or private "partners" in the production and delivery of public services are organised at the local level[xlvi].

Proprietary relations as we define them here must involve direct transactions with client or target populations of social services or to end user collectives. (I do not include

private purchases of services by public administrations any more than I would include purchase of office supplies[xlvii].) Social welfare is not an area of public policy where there yet appears to be considerable competition for either significant transfers of assets from public to private proprietorship or for creation or transfers of private revenue-generating opportunities in the distribution of direct services to individuals. There is, beyond this pragmatic obstacle, also at least a perception problem, if not squarely an ethical one, in the idea of creating private wealth from poverty. Nonetheless, a growing reliance on privately owned, commercial and even industrial (e.g. workplace, private insurance, Employee Assistance Plans) instruments for social welfare service production and delivery demonstrates the expansion of proprietary relations in the field. These are basically private relationships between consumers and producers of services or sellers of goods on private markets, often mediated by collectives of consumers or producers. Particularly in the relationships of governance of local social welfare systems, there are strong links between public policy and private markets.

Means tested eligibility requirements contain or expand public intervention and create and shift boundaries between public and private welfare. Expansion or contraction of relative notions such as prevention, support and supplementation may extend or recede public assumption of expenditures beyond the scope of, yet associated with, publicly mandated entitlements and responsibilities. Subsidies and direct "third payer" assumption of private expenditures of individuals or organisations by public authorities cause public funds to flow into, and perhaps even create, private markets for goods and services. It is not clear to my mind that user fees, often symbolic payments intended to moderate demand for public services, in and of themselves, create the necessary conditions for a proprietary relationship to be said to exist, notwithstanding that one may postulate an upper threshold to such fees at which public contributions to the service relationship may be qualified as market supplements rather than a user fees in the public policy sense.

An important distinction to be made about proprietary relationships is that they are not subject to public accountability other than through traditional consumer protection and regulation of competition measures such as licensing, health and safety inspection, etc. Proprietary relationships are fundamentally different in this way from contractual relationships of governance. Though the boundaries of markets for social welfare

goods and services may shift in response to public policy, the rights of buyers and sellers are otherwise relatively unfettered by the exercise of political power. There is similarly no obligation entailed either in their creation or in their destruction by the ebb and flow of public action so long as no contractual entitlement has been engaged: *caveat emptor.* Herein lies one of the attractions of recourse to such relationships in local social welfare governance. Public authorities have no or, at least considerably reduced, liabilities as a result of the actions of private agents, be they producers, seller or consumers of goods and services. Such agents limit their own liabilities either through private means or through licensing by self-regulating professional bodies. Recent legal recognition of a number of new self-regulating social service professions in a number of jurisdictions can be seen as spadework for increased reliance on private relationships in the production and delivery of social welfare.

On the other hand, proprietary relations also give rise to no public capacity for shaping or direction of goods or services. There is no guarantee either that there will be demand for services or for infrastructures which meet public policy aims, nor that, should such demand even exist, they will be provided in a manner which accomplishes those aims or even be provided at all. Potential providers may find that conditions do not provide sufficient grounds for investment, or they may find that the most profitable investments are not those that deliver service in a manner consistent with the welfare of the public. It is not a certainty, for example, that sufficient demand for inoculations against infectious diseases will exist to protect against epidemics. And so, where such a risk might be incurred, it would be ill advised for public health authorities to rely upon market mechanisms. Similarly, the most profitable services, though invariably the most consumptive of collective wealth, are rarely the most productive of collective good. There are no "natural" markets for services which help avoid, prevent or reduce public expenditures, or which enable individuals in receipt of public entitlements to reduce their reliance on public support, or which contain public costs by enabling beneficiaries to organize their lives more efficiently. Attempts to lead markets into subsidiary roles for public policy often suffer the same fate as attempts to push ropes or to herd cats.

One might also wish to consider a fourth set of relations which play an increasing role in the way the production of demand for social welfare is seen, that of intra-familial and interpersonal relations[xlviii]. However, exhortations to greater reliance upon familial and inter-personal relations in governance of social welfare often seem more rhetorical in

nature than prescriptive. Certainly, one may admit the general principle that such relations do indeed define the waters in which supply casts its net for demand and, just as policy governing public provision may create or restrict markets for private provision, so both these latter may also create, restrict or shape the opportunities for public expressions of private pains[xlix]. The notion of governance must certainly consider the processes by which problems become or cease to be public, as well as the impacts of governance on the familial and interpersonal spheres, but I remain unconvinced that the internal relations of these spheres may be appropriately considered part of the relations of governance. I prefer to think that it is not until these achieve some degree of collective political, economic or social expression and a public "voice" that they come into play in the relations of governance.

OPPORTUNITIES AND LIMITS TO LOCAL GOVERNANCE OF SOCIAL SERVICES

My intent in this final section of this paper is to look at some opportunities for and perhaps also some limits to re-conceptualising the local delivery of public services in the social welfare field that the consideration of the three sets of relations of governance might help to identify. In so doing, I will use a few illustrative materials from the Netherlands, which have been assembled as part of a study in progress of local governance in the context of a unitary, decentralised state. As such, the Netherlands has little of the inter-governmental jurisdictional baggage of a centralised federal state and, furthermore, is a society with a uniquely pragmatic and almost pre-lockian notion of property. Both of these conditions permit a wider conceptualisation of the notion of governance and of the roles of diverse actors in urban regimes.

Let us look at how well Ontario's local governance of social services fits our model with its three distinct sets of relations. While any model is necessarily ideal and often makes distinctions that seem laborious to carry into practice, models also have a value in that, even when they fail to offer satisfactory explanations, they may yet render clear what is otherwise not visible. Certainly what is most needed at a time like the present is anything which will open up deliberations so as to reduce the likelihood of our simply stumbling into the future with only the notions of the past to guide us. I will argue that the relations of governance in Ontario's local social service systems are first of all needlessly constrained in their scope and limited in their full exploitation of the potential

which local communities present. As well they are greatly, though understandably, blurred, leading to considerable confusion as to respective roles and their expectations and producing a high potential of conflict resulting from what are essentially misunderstandings among the various actors which comprise the system.

The contractual relationships of the local governance of service delivery between public authorities and private organisations, whether at the provincial or the local level in Ontario, do not begin as essentially relationships of service delivery but rather as contests of political legitimacy undertaken in the process of the production of social services. This first misunderstanding is the source of much unproductive conflict within the system and serves to unnecessarily limit options for alternative models of service delivery. Though they must engage in these activities in order to ensure continued existence, service provision is often a burden for the agencies that carry out the bulk of contractually engaged services at both the local and the provincial level. Above all successful moral entrepreneurs, they become participants in service delivery to continue their crusades.

The point to be made is not so much that these arrangements are somehow perverse, though this seems to be an argument which has won favour with prominent provincial conservatives in the case of the recent "renewal" of the Trillium Foundation, the Ontario agency allocating lottery and gambling proceeds to social and cultural groups. Rather, such moral crusades are an effective, though perhaps not the only, means of recognising and responding to social needs and to maintaining the accountability and legitimacy of social welfare services. One need only look to Québec after the virtual eradication of community movements thirty or more years ago with the "Quiet Revolution" and their substitution by hypertrophied and stultifying bureaucratic processes of resource allocation and service delivery[i] to understand the dangers of such views. Social services is an area where a close and personal engagement on behalf of a client population or a cause is often a necessary condition for effective professional intervention and service provision. Similarly, close contact with the aspirations, including political, of client groups is necessary for purposes of ensuring accountability of service providers. Yet, the Québec Model, even as it loses legitimacy on its home ground, is looked at with longing sighs by Ontario policy-makers for its technical rationality.

The point is rather that it may not always be appropriate to confound political and contractual relations so as to substitute freely their respective expectations and requirements. It may also be that not all crusaders make the best service providers. Equally true, when service providers engage in crusades, it is inevitably difficult to distinguish the interests of constituencies and causes from those of professionals and organisations delivering specific programs under contract or other financial arrangements. The result can be, as we have seen in the case of Trillium, an erosion of public and political confidence in the governance system as a whole. Rather than a retreat from the political relations of governance I would suggest that the political capacitation of a community and its constituencies should be an essential component of any governance system. I would suggest, however, in place of dealing with that issue indirectly through the diversion of service relations of a contractual nature, that it be dealt with directly through the support of appropriate representative structures. My many years spent on the governing board of a social planning council, a United Way board and allocations committee and several social agency boards leave me with no illusions about the often painful and always chaotic nature of such relations. Yet, to allow these to fetter instead the effective governance of service delivery is a poorer and ultimately more painful decision.

Secondly, yet in relation to the first point, there needs to be a concerted effort to expand both the range of organisations with which local governments enter into service agreements and the types of agreements entered into. Public service delivery is increasingly ensured through networks, rather than through territorial or functional organisations. Affiliative networks are certainly a prominent feature of social services delivery in the Netherlands where a unique history has never favoured formation of territorial political entities. Rather, traditional organisation of social services as well as a host of other public services occurred within parallel societal pillars ("zuilen") representing religious, political and most recently ethnic affiliative networks. This is rapidly changing in the Netherlands as old affiliations break down. Yet efforts to replace these ancient structures with modern secular and functional or territorial ones have thus far all failed.

Ontario has seen similar affiliative, multi-service organisations, such as parallel catholic, Jewish and non-confessional family service organisations. New structures formed around native communities, ethnic affiliations and, in some parts of the

province, around language affiliations also exist. Unexploited affiliative networks may include membership organisations of varying sorts, including professional associations, clubs or member-service co-operatives. These are typically greeted with considerable scepticism by a generation of social planners for whom such diversity runs counter to the expression of the notion of universal citizenship with its rights and entitlements and for whom such structures are the guarantors of social disintegration and inequality. Yet, as universal public services lose support and legitimacy, and as traditional agencies struggle with their own contradictions, it is clear that some social re-centring of the system is necessary. At the very least, this is a debate that can no longer be avoided.

Thirdly, we must re-examine the place of proprietary relations in governance models. We seem to have only one model of market provision of goods and services, one which ill-serves public purpose, that of state abandonment in favour of full privatisation. Yet there are many counter examples to this simplistic model even in Canadian public administration. Wholesale withdrawals of public intervention so as to leave gaps in needs to be met (or not) by private providers or the wholesale disposal of public assets rarely achieve public ends. Yet, we have examples where rather than an abandonment of public trust, specific tasks and functions are "put out" and conducted under contracts which permit, even encourage, profits all the while more effectively and efficiently fulfilling public purposes.

An example may be illustrative. Urban public transit authorities are notorious for their under-maintenance of street furnishings: bus shelters, benches, signs, lighting, etc.; even though many supplement their revenues through their use as supports for advertising. Under-maintenance can thus lead to declines in advertising revenues and so on in a descending spiral. One transit authority at least has tried another solution: narrowly limited privatisation of that particular function responsible for the installation and maintenance of street furniture in exchange for the commercial revenues from the sale of advertising. The contract establishes minimum service and maintenance requirements and includes a procedure for site approval of new installations. But, it is thus ensured that it is in the interest of the contractor to maintain and even improve installations so as to maximise revenues.

The contract creates a market opportunity, where none existed naturally, resulting from the performance of a public service. Neither impinges on the other, but rather both require the other. Similarly, the Canadian Copyright Act has been seen as an alternative, or at least partly substitutive, measure to the public support of the arts, traditionally seen as necessary due to market externalities for which the mechanisms of supply and demand could not fix a price. Through the organisation of creator collectives and a legal structure for enforcing compensation for public use of creative works[li], many areas of the arts are now able to sustain themselves either without direct state support or with only "equity investment" support. The state created market conditions where none existed and which permitted a substitution of private for public spending. Of course, many questions remain unresolved such as whether the same artists as benefited from one regime are those which thrive under the other.

Labor laws, as well as collective agreements, have long served to impose "welfare" duties upon employers and employees and their representatives. Tax laws create incentives or "tax expenditures" for specific forms of compensation including health and welfare benefits. Governments thus decline to exercise taxation powers if public purposes are being met though private arrangements. Local by-laws and even contractual agreements can equally create or encourage particular arrangements whereby specific tasks or obligations are matched with outcomes judged desirable by those undertaking them or which permit avoidance of less desirable outcomes. Public policing has long ago abandoned responsibility for securing parking garages to the owners of these facilities. It is in the interest of owners of these facilities to ensure the safety of their clients. Owners of collective residential properties have an equal interest in ensuring tenant safety and welfare. Owners of collective commercial properties also have an interest in providing for the safety and welfare of clients and tenants. Putting aside ideologically driven support or opposition to inclusion of for-profit actors within service delivery systems may enable a more pragmatic and more precise formulation of potential roles and relationships.

In each of the three sets of relations of local governance, there are avenues which are left unexplored, under-utilised or forms of engagements which confound respective roles and purposes in local governance systems. This is often the consequence of our endless search for "the grand scheme" on public service delivery and for the "great unifying principle" of public administration. Such compulsions cause one to fail to

carefully observe, to assign little value to the details, the little things that work and to neglect the value which can be brought from the careful construction of arrangements, interchanges, exchanges and contracts which may create contexts within which public purpose can be achieved by diverse actors each pursuing interests which may be helped to come together for the achievement of public welfare. This is the challenge of local governance.

[i] "A Framework to Improve the Social Union for Canadians", reproduced in The Globe and Mail, Friday, February 5, 1999, p. A9.

[ii] Yves VAILLANCOURT, "Les origines du Régime de l'assistance publique du Canada: une lecture québecoise (1960-1966)" en quatre installations dans la Revue canadienne de politique sociale, nos 27 (mai 1991), 29-30 (mai-décembre 1992), 36 (décembre 1995) et 37 (mai 1996). Voir aussi les textes du même auteur sur ce sujet dans Nouvelles Pratiques Sociales, volume 4, nos 1 et 2 (printemps et automne 1992) ainsi que dans Service sociale volume 41, no 2 (mai 1992).

[iii] MELCHERS, Ron "The cap on CAP: Ottawa plans to put a lid on its money for social assistance and social services", Perception, vol. 14, no 4, automne 1990, Ottawa, Canadian Council on Social Development, pp.19-29.

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[v] Service to the Public: Canada Assistance Plan, A Study Team Report to the Task Force on Program Review, Supply and Service Canada, June 10, 1985.

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xxxi Ontario, <u>Managing Ontario's Social Services: Agency Relations and Accountability -A Discussion Paper</u>, Ministry of Community and Social Services, April 1988.

xxxii Notably Social Planning Council of Metropolitan Toronto, <u>Creating a Responsive Human Service System in Ontario</u>, May 1990.
ALLEN, Beth <u>Report of the Social Services Planning Project of Ottawa-Carleton</u>, Ottawa, Social Planning Council of Ottawa-Carleton, September 1991.

xxxiii PRESSMAN and WILDAWSKY, <u>Implementation</u>, Beverly Hills, Sage Books, 1981 (revised edition), pp. 177-194.

xxxiv A useful synopsis of coordinating structures in health is provided by John Church and Paul Barker "Regionalisation of Health Services in Canada: A critical perspective" <u>International Journal of Health Services, Vol. 28 (3), 1998, 467-486.</u>

xxxv I should confess that I myself authored much of one among these reports as a member of a working group examining policing.

xxxvi Again, I feel ethically obliged to point out that I was one of those impacted upon by these measures and that my impartiality might indeed be suspect in describing them: *caveat emptor.*

xxxvii Quoted by Patrick Monahan in <u>Storming the Pink Palace: The NDP in Power: A Cautionary Tale</u>, Toronto 1995, p. 162.

xxxviii Ontario, "Background Information: Inspectors inspecting inspectors …", Ministry of Municipal Affairs and Housing, May 30, 1996: http://www.mmah.gov.on.ca/inthenews/background/960530ce.htm

xxxix see for example Ontario, <u>Report of the Advisory Committee to the Minister of Municipal Affairs on the Provincial-Municipal Financial Relationship</u>, 1991.

[xl] David ELKINS, <u>Beyond Sovereignty: Territory and Political Economy in the Twenty-First Century</u>, University of Toronto Press, 1995; p.122.

[xli] This issue of "local governance" is examined in a recent special issue of the <u>International Political Science Review</u> edited by Andrew and Goldsmith: vol. 19 (2) April 1998. "Governance" and "regime" are useful notions exercising growing influence in the study of urban politics describing respectively a shift from the examination of "powers over…" to "powers to…" and particular public-private configurations through which the exercise of power is manifest. Key sources are the works of Stephen Elkin, <u>City and Regime in the American Republic</u>, Chicago, University of Chicago Press, 1987. And Clarence Stone *inter alia* "Urban regimes and the capacity to govern: a political economy approach" <u>Journal of Urban Affairs</u>, 15, 1-28. A recent work by Michael Brown "Reconceptualising Public and Private in Urban Regime Theory: Governance in AIDS Politics", <u>International Journal of Urban and Regional Research</u>, vol. 23 (1), 1999, 70-87, is the first I've encountered which attempts to extend these notions beyond more traditional "commercial" regimes into an examination of local corporatism in health and social services. It further usefully extends regime theory to encompass a much wider range of actors and systems of relations.

[xlii] I wish to thank one of the reviewers of this paper for his/her thoughtful comments on the limits and potential dangers of the idea of "governance". Although I am not able to do justice to these comments in this paper, I wish to note them briefly for the reader. The criticism of the reviewer centers on the weakening of the notions of democratic participation and citizenship and the "de-politicisation" which seems inherent in the literature on governance. The reviewer points out that in many ways the idea of "governance" excludes the very idea of "social policy" by its purposeful reduction of the roles of the State and of ideology to an interplay of social forces. As such "governance" should be clearly seen as a particular ideology and as a particular idea of the role of the State.

xliii René BARBIER, "Analyse institutionnelle du travail social", <u>Sociologie du travail</u>, vol. 1, no 1, 1970.

GOFFMAN, E. "La Relation d'Aide" <u>Asyles</u>, éd. du minuit, 1981.

xliv "Potestas delegata non est delegari": "Delegated power can not be delegated"

xlv LEDUC-BROWNE, Paul <u>Love in a Cold World? The Voluntary Sector in an Age of Cuts</u>, Ottawa, Canadian Center for Policy Alternatives, 1996.

xlvi Ontario, <u>Managing Ontario's Social Services: Agency Relationships and Accountability - A Discussion Paper</u>, Ministry of Community and Social Services, April 1988.

xlvii Services to governments in the administration of social welfare, as a recent experience in Ontario demonstrates, can be lucrative indeed.

xlviii GODBOUT, Jacques T. <u>L'Esprit du Don</u>, Montréal, Boréal Compact, 1995 (2è éd.); pp. 7-114.

xlix MELCHERS, R., *"Private Pains in Public Places: The Uses of Criminal Justice"* in G. Drover and P. Kerans, <u>New Approaches to Welfare Theory</u>, Cambridge, Edward Elgar, 1993, pp. 143-157.

l Quebec, <u>Rapport de la Commission d'enqu□te sur les services de sant□ et les services sociaux (Commission Rochon)</u>. Montr□al, 1988.

li *"Criminal Information Law"* paper presented to the Conference <u>Copyright in Transition</u> Canadian Intellectual Property Institute, Ottawa, 14 and 15 October, 1994.