Tectonic changes in Canadian governance*

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Introduction

Governance is about guiding. It connotes the process through which an organization or society steers itself. It is my basic argument that the pattern of governance has shifted dramatically in Canada over the last few decades. The shift has been gradual if relentless, and the new is engraved in traditional institutions, so that old forms often mask the new emergent forces. This transformation is ascribable to three sets of forces. First, major transnational and technological forces which have strained the old order; second, the epiphany of a cultural pluralism and a culture of diversity that has completely undermined the traditional foundations of social cohesion; and third, the interaction between the first and the second sets of forces which has acquired a dynamics of its own.

In section 1, I distinguish governing and governance, and suggest the contours of a social learning dynamic at work. This underlines the different dimensions of the Canadian governance that have been modified in the recent past.

Section 2 examines the broad features of the discontinuity experienced by the Canadian pattern of governance in the last few decades, and argues that there has been a transformation in the underlying assumptions, and in the social rules and mechanisms at work. This corresponds to a tectonic change in the Canadian governance regime.

To support this hypothesis, I examine: (1) evidence of a reframing of the philosophy of governance (from egalitarianism to subsidiarity), (2) evidence of a restructuring of the governance process (a new division of labour among the three sectors – private, public and civic –), a new emphasis on
sub-national forums, and a significant increase in the range of relevant stakeholders), and (3) evidence of a retooling of public management and of the ways in which the public sector is administered.

Section 3 documents some of the resistance and learning blockages that have been experienced in the transition period on the three fronts: cognitive dissonance of leaders and citizens alike, but also ideological, political and bureaucratic resistance to the new governance. This has translated into a weakening of the governing institutions, and has generated a more cacophonous forum than is either necessary or desirable.

1. Governance and social learning

Traditionally, governing refers to an action using certain instruments to steer a system that has some autonomous existence. It presupposes an agent or a purposeful organization in charge. But, as diversity, complexity, interdependencies and turbulence increase in modern societies, there are important governing failures. They stem from unrealistic assumptions about the system to be regulated or governed, bad choice of governing instruments but also from all sorts of unintended consequences of governing action resulting from unpredictable or contra-intuitive reactions to governing activities in complex societies characterized by deep network interdependencies. This has led to greater and greater pessimism about the governability of complex social systems by the state or by any other single agent. Nobody would appear to be in charge any longer.

A. Modes of governance

As Kickert would put it, “governance is the achievement of a balance between governing actors”. This “balance” can be achieved through a variety of means: through some hierarchical control or the use of traditional structures of authority, methods and instruments, but also through a range of alternative arrangements in which public authorities and control forms play an ever diminishing role, the citizen an ever increasing role, with the control forms and the normative bases ranging from rules based on “the will of the people” to self-regulation and self-development. While the traditional hierarchical model represents one pole, the dynamic process of continuous self-reorganization through
social learning representing the other polar case.³

These alternative arrangements can be described in terms of a few dimensions summarized in the following table adapted from Beck Jorgensen:

<table>
<thead>
<tr>
<th>Modes of governance</th>
<th>Role of the governor</th>
<th>Role of citizens</th>
<th>Control forms</th>
<th>Control bases</th>
<th>Normative bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>hierarchical</td>
<td>implementation</td>
<td>subject</td>
<td>rules</td>
<td>will of</td>
<td>the people</td>
</tr>
<tr>
<td>autonomous</td>
<td>safeguarding of rights &amp; values</td>
<td>protected</td>
<td>peer group control</td>
<td>standards</td>
<td></td>
</tr>
<tr>
<td>negotiated</td>
<td>mediator</td>
<td>member of interest group</td>
<td>negotiation</td>
<td>consensus</td>
<td></td>
</tr>
<tr>
<td>responsive</td>
<td>listening</td>
<td>client</td>
<td>dialogue</td>
<td>service</td>
<td></td>
</tr>
<tr>
<td>self-governing</td>
<td>setting framework</td>
<td>co-producer</td>
<td>self-regulation</td>
<td>self-development</td>
<td></td>
</tr>
</tbody>
</table>

To survive, in the new dynamic, complex and diverse environment, generated by globalization, accelerated technical change and greater cultural diversity, concerns from the private, public and civic sectors have been forced to develop a philosophy of continuous improvement and innovation, to become learning organizations. In this world, organizations must become capable of learning both new goals and new means as they proceed, and this can only be done through tapping the knowledge and information that others possess, i.e., through consultative coordination and cooperation with other stakeholders. This has meant a drift in the governance process.

Governance as a mode of social coordination refers to a pattern of relationships that is likely to emerge rather than be crafted and that is providing to a variable extent the stakeholders with an opportunity to share information and to partake collectively in the process of steering and learning of the organization. As one moves away from hierarchical governance, the illusion that a leader is in charge or has a monopoly on the governing of the organization disappears: for the organization to learn
fast, everyone must take part in the conversation and bring forward each bit of knowledge and wisdom that he or she has that has a bearing on the issue. The governance process become progressively more and more a game without a master.

B. Discontinuity

In globalized, dynamic and pluralistic environments, the pattern of governance has to be flexible and adaptive. This does not mesh well with hierarchical structures and bureaucratic procedures. So the pattern of governance must become non-centralized. Managers must exploit all the favorable environmental circumstances strategically in the same way that the surfer uses the wave – to learn faster, to adapt more quickly – and make use of the full complement of imagination and resourcefulness in the heart and mind of each team player in each task force-type project at the local level.

This paradoxical outcome – globalization cum localization – has been analyzed by Naisbitt and christened glocalization by Courchene. As globalization proceeds, the increased economic integration across borders generates increased economic disintegration within borders, as “the component parts of the system become more numerous and smaller and more important.” This reinforces the growing cultural diversity. And the central challenge is how to organize for faster learning. It would appear, according to Naisbitt, that the game of learning generates more innovation if those components confronted with different local realities are empowered to take decisions on the spot. In this way, globalization has led to localization of decision-making, to empowerment, to the dispersion of power, and to a more distributed governance process.

Distributed governance does not mean only a process of dispersion of power toward localized decision-making within each sector: it entails a dispersion of power over a wide variety of actors and groups from the private, public and civic sectors, because the best learning experience in a context of rapid change can be effected through decentralized and flexible teams woven by moral contracts and reciprocal obligations negotiated or emerging in the context of evolving partnerships.
In distributed governance, the social system escapes the requirement of an external authority: in the limiting case, the system self-organizes and self-steers as a result of the interaction among stakeholders from the private, public and civic sectors, but also among stakeholders at different levels in the layers of organizations. The relationships are not hierarchical any longer but they are not necessarily horizontal either; they may be transversal and embrace different layers of private concerns, government structures, civic associations, etc.

C. Effective governance

To be effective, distributed governance through social learning requires not only new structures (more modular and network-like) but also much trust on which to build the integrated informal moral contracts. For learning entails "the mutually consistent interpretation of information that is not fully codified, and hence not fully capable of being transmitted, understood, and utilized independently of the actual agents who are developing and using it". This calls for conventions and relational transactions to define mutually coherent expectations and common guideposts, and these conventions differ from sector to sector. They provide the requisite coherence for a common context of interpretation.

Such coherence is a major source of its nimbleness in the network society. Yet a good learning network must not be too coherent: the nodes should not be too similar, nor the ties too strong or too routinized. This is the sense in which one may speak of "the strength of weak ties"; a certain degree of heterogeneity, and therefore social distance, might foster a higher potentiality of innovation because the different parties bring to the "conversation" a more complementary body of knowledge. More fruitful synergies ensue.

Recently, the dual set of pressures emerging from the turbulence of the international environment and from the increased heterogeneity of national populations has led public, private and civic organizations to adopt strategies calling for lighter, more horizontal and modular structures, for the creation of networks and informal clan-like rapport, moving away from a fixation on goals and
controls, and relying more fundamentally on intelligence and innovation. In the private sector, the "virtual corporation" and the "modular corporation" are now the new models of governance. And they are most effective. The same can be said about the public and civic sectors: the hierarchical model has been abandoned, but the governance regime has not necessarily evolved completely to the other pole, to self-governing regimes.

2. A change of kind in Canadian governance

In a somewhat overstated ideal-typical way, the difference between the prior and latter governance regimes in Canada is that of an anti-democratic, centralizing, homogeneizing and hierarchical prior regime ruled by elites versus a more communitarian, non-centralizing and distributed governance regime in the latter period. There is no clean break between these two regimes: in many ways, the two institutional arrangements overlap and are intermingled. The prior regime is still present in our values, ideologies, institutions, and policies, and indeed it has been reinforced by the Charter of Rights of April 1982; but the latter regime is making inroads and the illiberal and federal-encroachment-prone nature of the prior regime is being challenged on a variety of fronts, even though it is often done sotto voce.

If one had to put a label on the prior governance regime, one might use Stephen Carter’s label – “the liberal constitutional project” – and define it as built (1) on the priority “to get the answers right, not to worry too much about the process through which the answers are obtained” and (2) on a model that holds that “the central government (where decisions on matters of right or wrong are made) is more likely than anybody else to find the answers that are right”. As for the latter emerging governance regime, one might label it “the distributed governance scenario”, built on a reduced and transformed role of the state, a greater reliance on governance mechanisms from the private and civic sectors, and on a scattered and multi-layered distribution of power. The word “scenario” is used to emphasize the fact that it is still in the process of unfolding, and that it is in no way certain that it will unfold exactly as we suggest.

A. The prior governance regime under stress
The prior governance regime is approximated rather well by the hierarchical mode of governance with its top-down enforcement of rules by a governor who claims to represent the will of the people and treat the citizen in an imperial way. The main weaknesses of this brand of centralized governance in good currency in Canada, and in many other advanced socio-economies, have been well documented. They may be subsumed under a few headings:\footnote{15}

(1) overgovernment and government overload: seven million Canadians were born between 1951 and 1966, and they have created a phenomenal demand for public goods at a time, at the very time when the governance regime was raising the citizens’ expectations by promising to honour the right to health, to education, to income sharing, etc.; this Big Generation also put some pressure on markets and led to an immense regulatory effort in response to market failures; finally, this demographic boom tested the limits of the civic sector in areas like education and health, and led to many responsibilities of the third sector being transferred to the state; as a matter of consequences the state sector grew exponentially and became “a kind of arthritic octopus, an inept leviathan” unable, despite massive growth, to do much to meet the demands of the citizenry; it has resulted in disgruntlement, weakened citizen compliance, growing civic indifference, and much disillusionment; in most of the OECD countries, this led to growing pressures for a reduction of the public sector and a redeployment of state activities toward the private and civic sector; while the name of Margaret Thatcher is attached to the leading edge of this movement, it was echoed in all the industrialized countries;

(2) a legitimation deficit: Environics has tracked public confidence in political leaders, government and public institutions since the mid-1970s and has revealed that there have been continued low level of confidence (and even declining levels of trust); globalization has made traditional macroeconomic policies increasingly less effective, and government’s inability to respond effectively to persistent problems like unemployment, public scandals like the Somalia affair or the tainted blood system have increased the perception that “governments cannot do anything right”\footnote{16}; despite what some might regard as considerable ambivalence, it would appear to many that the depoliticized public has by now ceased to believe that the state has any moral authority or technical ability to deal with the major
issues at hand; this would explain the disaffection and the withdrawal of support by the citizenry;

(3) *a fiscal crisis*: this crisis that emerged in the 1970s but was denied in a sustained way until the 1980s has apparently been resolved by massive cutbacks in program spending; it has revealed the incapacity of the state to reconcile its dual obligations to attenuate social difficulties, and to foster the process of capital accumulation without generating fiscal deficits that are in the long run unbearable; as it stands now, there is both a decline in living standards (especially of the most destitute) and a stagnation of productivity growth that can only mean that the fiscal crisis has been resolved only at a superficial level\(^1^7\);

(4) *social limits to growth*: it has become evident over the last decade that the three crucial dimensions of our social organization (liberal capitalism, mass democracy, and a very unequal distribution of both material and symbolic resources) cannot coexist easily -- democratic egalitarianism (in society) generates compulsive centralism (in the polity) to redistribute more and more resources with little success in reducing inequality, but growing shackles on the productive capacity of the economic system\(^1^8\).

...states face...a crisis, because they appear incapable of carrying out established and expected tasks, tasks which they have over the years accepted, because of the absence of necessary resources, *both financial and civic*, or because they cannot meet claims and expectations fostered by the economic and social systems themselves \(^1^9\).

This overall crisis of governance since the late 1960s has been analyzed historically as a two-stage process: (1) it evolved first as a crisis in the *economic realm*: coordination failures became more and more important in advanced market type economies, thereby creating a demand for intervention and regulation by the state, and the economic crisis was therefore shifted to the state; (2) the *state crisis* developed as the legitimation deficit grew: the state was failing to mobilize the requisite commitment of citizens to be able to do the job; in desperation the state attempted to obtain a “blank cheque” from the citizenry. The argument was that, since the management problems were so technically complex, the citizenry should pay its taxes and let the professional managerial experts do their job. This
stratagem has not succeeded in suppressing the autonomous power of the community to grant or withhold legitimacy. The polls have recorded this story line.

Why has such a situation developed? In Canada and elsewhere, the central reason would appear to be found in the world of values. The public institutional framework built in the post Second World War era was presented to the citizenry as designed for *instrumental purposes*: to combat a depression, raise standards of living, provide public goods not otherwise produced, assist the needy, etc. As a result, citizens came to define the state in terms of *claims* they could make on it: “claimant politics began to overshadow civic politics”21. By comparison, “the activities of the private sphere were seen as ends pursued for their own sake”. It is hardly surprising that the instrumental goods of the public sphere were regarded as subordinate to the intrinsic goods of private life22.

Even though governments were major funders, underwriters and regulators of the postwar prosperity in Canada, and therefore the fundamental bedrock on which the economy and society prospered from the 40s to the 70s, Canadians have continued to occlude the importance of the state: “the dominant strains in our culture … (remained) a vigorous individualism, a suspicion of interest groups as self-serving and subversive of democracy, and a skepticism about pervasive social and economic planning by the state” 23. This ideology of individualism has continued to prevail, despite the fact that government activities had grown so much by 1980 that very little remained absolutely private in a meaningful sense.

In a more and more globalized context, the Canadian private sector made also ever greater demands on public institutions for protection and regulation, at a time when the capacity to supply services from the public sphere could not expand further. This limitation on the capability of the public sphere was due to the fact that participation, trust, and creative interaction (on which politics and the public sphere are built) had all but disappeared, as had the sense of community that underpinned civil society and the collective/ private ways of meeting the needs of strangers24.

In this world of rugged individualism where most citizens were strangely unaware that the government has been the prime mover in the postwar period of prosperity, *private enterprise at public expense*
became the rule. The lack of commitment of emotional, intellectual, and financial resources to refurbish the public infrastructure could only lead to demand overload, and the frustration generated by the policy failures of the 1970s set the stage for citizens to suggest that the best way to strengthen both democracy and the economy was to weaken government.

Yet, with ever-growing complexity and interdependence on a world scale, the need for collective decision making is growing. The solution therefore is not less government, but a different sort of government. There is a need for a new framework, for a transformation in our governance, but this new framework, capable of guiding us in the years ahead, has not yet been articulated fully in Canada. One may point to efforts by Bill Clinton in the United States and by Tony Blair in the United Kingdom to rebuild the state on lines appropriate to the late 20th century. But even in those cases, the sort of inclusiveness that has been defended and the types of coalition that have been struck have not cristallized into a new governance regime yet. We know what these new regimes are not; but we don’t yet know what they are.25

B. The emerging scenario

At the core of the strains on the prior governance regime is a moral vacuum. The notion of public purpose is alien to us. So at the vore of the new regime what is needed first and foremost is a philosophy of public intervention, a rationale for the new sort of governance that is required, a philosophy of the public realm26. However, this new philosophy cannot materialize mechanically. It is emerging as a two-stage process: first, a growing recognition that there is a moral vacuum to be filled with an “ethic” that will underpin the new governance regime; it would be wrong to presume that we already know for what purposes the new collective institutions are to be constructed; second, the development of the sort of design principles that are likely to underpin the social architecture of this new strategic and learning governance regime.

(1) Despite the dogmatic statements to the contrary by social scientists, and the fact that it is not fashionable to say so, the state is a moral agent and not a morally-neutral administrative instrument. This strikes quite a blow at the core belief of the gospel of functional politics. Both on the
left and on the right, there is a longing for civil society and its component communities to organically provide the well-defined codes of moral obligations that underpin the realization of the good society\textsuperscript{27}. However, the “built-in restraint derived from morals, religion, custom, and education” that were considered by Adam Smith as a prerequisite before one could safely trust men to “their own self-interest without undue harm to the community” are no longer there.

The disappearance of this socio-cultural foundation has been noted and deplored, and much has been written about the need to rebuild it, but it has also become clear that it is futile to hope for some replacement for these values to come about by ‘immaculate conception’ in civil society. So many have called on the state and on political leaders to accept their responsibility as second-best moral agents\textsuperscript{28} This does not mean that political leaders are called upon to impose values on a community; they are called upon to provide a framework, to help a sense of direction, a commitment to ideals, together with the public philosophy to realize them, to emerge.

This calls not for the least constraining public philosophy, but for one that would be the choice of citizens if they had “the fullest attainable understanding of the experience resulting from that choice and its most relevant alternatives” \textsuperscript{à la} Dahl\textsuperscript{29}. The challenge is to bring about that sort of “fullest understanding” in the population. It means that government can no longer operate in a top-down mode, but has a duty to institute a continuing dialogue with the citizenry. This requires a language of common citizenship, deeply rooted in civil society: the citizens have goals, commitment and values that the state must take into account, and they want an active role in the making of policies supposedly generated to respond to their presumed needs\textsuperscript{30}. Only through a rich forum and institutions that enhance citizens’ communication competence is an enlightened understanding likely to prevail - both as a result of, and as the basis for, a reasonable armistice between the state and the citizenry.

The state, in the past, has played housekeeping roles and offsetting functions. These functions required minimal input from the citizenry. The state in complex advanced capitalist socio-economies must now play new central roles that go much beyond these mechanical interventions. It must become involved as a broker, as an animateur and as a partner in participatory planning, if the requisite amount of organizational learning, co-evolution and cooperation with economy and society is to materialize.
This paves the way to a participation-society (where freedom and efficacy come from the fact that the individual has a recognized voice in the forum on matters of substance and procedures in the public realm, and more importantly an obligation to participate in the definition of such matters). The citizen refuses to be confined to living in a rights-society where the dignity of individuals resides exclusively in the fact that they have claims. The citizen becomes a co-producer of governance.

But one cannot develop such a philosophy of the public realm unless social cohesion is refurbished, unless one can build on shared values and communities of interpretation. And both in social commentaries and public documents, it has been argued that social cohesion has been declining and that much depends on the capacity of public institutions to build a consensus around a new definition of common purpose, to build the requisite social capital.

(2) The design principles for a social architecture in keeping with the guiding values mentioned above are clear. First is the principle of subsidiarity, according to which “power should devolve on the lowest, most local level at which decisions can reasonably be made, with the function of the larger unit being to support and assist the local body in carrying out its tasks.”

The rationale for this principle is that the institutions closer to the citizen are those likely to be the closest approximation to organic institutions, i.e., to institutions that are likely to emerge “undesigned”, to emerge from the sheer pressure of well-articulated needs, and likely to require minimal yearly redesigning. Subsidiarity reduces the vertical hierarchical power and increases in a meaningful way the potential for participation.

This is not the death of central government, but the demise of big government. When the ground is in motion, the bulkier and the more centralized the government, the more it will flounder. The lean new central strategic state must deal with norms, standards, general directions, and values. The process of ministering to the public and of delivering a service well-adapted to its needs must be devolved to the local level. Such a government would provide services within a framework agreed to nationally, and support self-development.
The second design principle is that of an effective citizen-based evaluation feedback to ensure that the services produced, financed, or regulated by the public realm meet with the required standards of efficiency, economy, and effectiveness, and are consonant with the spirit of the agreed standards or norms. This is a central cybernetic loop feature in the refurbished governance. It is essential if organizational learning is to proceed as quickly as possible.

This entails a transformation of the audit and evaluation functions in the decision-making process. Instead of being limited to untimely ex post efforts at identifying abuses, these functions are becoming part of the ex ante strategic decision-making in a citizen-centered governance regime. Perfunctory consultation will not do: it requires the creation of “chaordic organizations”.

This sort of evaluation ensures that the process of participation is significantly strengthened. It partially provides some content to the implicit contract between the state and the citizenry. This sort of feedback cannot be presumed to materialize organically, but, once in place, its objective is to ensure that the state activities, standards and rules have legitimacy in the beneficiaries’ eyes, and that they are compatible with everyday morality, rather than incentives for the citizens to lie or misrepresent their situations. It would allow the ordinary citizen, in a way, to be heard better, for “politics is not only the art of representing the needs of strangers; it is also the perilous business of speaking on behalf of needs which strangers have had no chance to articulate on their own”.

C. Shift at three levels

Donald Schon has suggested that any system (and the Canadian governance system is one) is composed of a structure, a technology, and a theory. The structure consists of the set of roles and relations among members of the organization. The technology refers to the tools used by members of the organization. The theory is the view held by members about the system – its purposes, environment, future. These dimensions hang together, and any change in one affects the others.

The drift in the Canadian governance regime has materialized along these three dimensions. And while
we may not have yet a clear picture of what will be the new institutional order embodying the new structure, the new technology and the new theory, there are sufficient evidence to determine roughly in what direction the theory, the structure and the technology of the Canadian governance regime are evolving, and the likelihood that these will mesh well in the new regime.
I will argue that the Canadian governance is espousing more and more a philosophy of subsidiarity, that its structure is being transformed more and more into a web of partnerships among the private, public and civic sectors, that its technology echoes more and more the doctrine of managerialism and the realities of the new world of work, and that these three sets of trends mesh rather well to define the contours of the new Canadian governance regime.
(1) At the theory level, one may identify a dramatic drift in Canadian governance37.

One might stylize the drift in the underpinning philosophy of Canadian governance as a movement along a spectrum of institutional orders with one ideal-type at each end: the former institutional order rooted in the philosophy of egalitarianism and the new institutional order rooted in the philosophy of subsidiarity.

Over the last 125 years, circumstances have often endangered Canadian prosperity. Canada has had to learn ways and means to cope with these challenges in a manner that reconciled the geo-technical and socio-political constraints it operated under with the values, plans and idiosyncrasies its diverse population had chosen to prioritize at the time. The economic culture that has evolved in this fashion has underpinned the governance of the Canadian economy from the 1870s to the 1970s and has been based, as Herschel Hardin would put it, on two fundamental elements: the extensive use of public enterprise and of interregional redistribution of the economic surplus38. These two root-stratagems have been used repeatedly from the very early days of the federation, and one could chronicle their use at most stages in the evolution of the country during its first century.

Over the recent past, both these tenets of the Canadian economic culture have come under attack. First, not only has there been a nominal disengagement by governments in Canada from their public enterprises (Canadair, de Havilland, Air Canada, Teleglobe, etc.) but there has also been a 180-degree change in the perception of public enterprise. This has culminated in the “alternative service
delivery” initiative which is built on the presumption that most of what the public sector does can be
done more efficiently by the private sector. Second, the massive inter-regional redistribution of
resources has been under attack. After an orgy of regional development programs and generous
equalization programs that proved much less effective than had been anticipated, in the 1980s, there
has been a shift away from place prosperity toward people prosperity in the design of public policy.
Mobility became more important. Indeed, with the deficit and debt ominous threat, transfers from the
federal to the provincial governments were frozen during the Mulroney years and dramatically reduced
with the creation of the Canada Health and Social Transfer in 1996.

This dual shift has come about for many inter-related reasons. Disenchantment with the guidance from
the public center during the statist era of the post Second World War has led to privatization and
decentralization. As a result, many public enterprises have been privatized, or have ceased to play
a central policy role, and the role of the state has diminished for all the reasons mentioned above. The
reduction of the role of the central government and the weakening of its financial capabilities as a
result of the accumulating debt load has eroded its capacity for massive inter-regional transfers. At
the conceptual level, this was seen as a shift away from the welfare state toward the strategic state.

The philosophical North Star of the welfare state associate with the old order is egalitarianism. This
philosophy argues that equalization of outcomes is a desirable objective and ambitions to provide
each citizen, whatever their personal access to resources, all the required resources necessary to
ensure equality.

Even though in practice this could never be achieved, and policy makers may never have intended to
achieve this result, this rights-based philosophy of governance acquired an extraordinary symbolic
importance in the definition of the rationale for the federal-provincial equalization payments scheme
which matured in the 1960s and was meant to equalize the fiscal potential of the different provinces.
This rationale had been advanced at various times over the previous decades as for example by the
Rowell Sirois Commission. This is hardly surprising. As Tocqueville suggests, even though the
egalitarianism that drives democracy is not an observed fact, but an ideal, an "imaginary equality"
(II:189), "democratic peoples ... have an ardent, insatiable, eternal, invincible passion for equality;
they want equality in freedom, and if they cannot obtain it in freedom, they want it in slavery." This strong taste for equality of outcome is still echoed these days in the many discourses opposing two-tiers in the health care system as a matter of principle: if one cannot have it, others should be allowed to have it.

The coexistence of the decreed egalitarian rights and the considerable and even increasing inequalities in the real circumstances of citizens can only lead to resentment. Thus the welfare state found itself caught in an vicious circle: it became ever more expensive in fiscal, centralization and productive capacity terms to effect a redistribution that, instead of reducing frustration, exacerbated it. As a result, the social security compact came under attack. At first, these attacks on the legitimacy of the social security compact were countered by technological adjustments of the existing mechanisms. Only in the 1990s was Canada forced by its fiscal crisis to question the old philosophy of governance.

Although elements of a new philosophy of governance, of a new compass, are visible in the fabric of Program Review – a process of critical examination of federal departments and agencies activities through a series of six tests (does the activity serve a public interest? is government role necessary? is the current role of the federal government appropriate or is there a case for realignment with the provinces? can it be transferred in whole or in part to the private or voluntary sector? could its efficiency be improved? can we afford it?) that was announced in the February 1994 budget – but also in various other documents and initiatives of the federal government, both before and after 1994, there has not yet been a public debate of consequence around this new compass.

Much of the national debates around the Meech and Charlottetown accords had to do with ways in which there could be orderly devolution in Canada. But these debates occurred at a time when the population remained somewhat schizophrenic: while trust in government was declining, the high degree of dependency that forty years of welfare state had fostered meant that Canadians had not been weaned from the samaritan state. Therefore any massive devolution could only be regarded with suspicion since it would of necessity entail a weakening of the inter-regional redistributive role of the state.
Consequently, a philosophy of subsidiarity, built on the centrality of active citizens who must take primary responsibility for their own welfare and that of their families, was not generating enthusiastic support. For, in this new world of subsidiarity, the authority of governments to intervene is not based on any rights or entitlements ordained from above, but stems from the citizens' need for help. Thus governments act in a subsidiary way, in the same way a reserve army intervenes in case of need. This new governance system calls also for decisions to be made at the lowest, most local level where they can be made with reasonable efficiency and effectiveness. The task of the higher order of government (regional, federal, etc.) is to assist the individual and the local authorities in carrying out their tasks.

The Mulroney government may have had sympathy for such a philosophy but it had to express it *sotto voce*\(^46\) The six questions addressed by the Program Review process to each federal program are built on a philosophy of subsidiarity although the word was never used at the time of Program Review in 1994.

This new philosophy provides a rationale for a new institutional order where governance is based on needs rather than rights – bottom up rather than top down. It also underpins a more distributed and more decentralized governance system, and a new social contract that is both pluralistic and quite varied from region to region depending on resources, values, and preferences.

The full extent to which this new philosophy of governance has impregnated *de facto* the work of the federal bureaucracy can be gauged by the fact that by 1996, in the definition of the basic scenarios shared by the Deputy Minister Task Forces, the preferred *Renaissance scenario* (as opposed to the business-as-usual and market scenarios) was characterized by a “wide distribution of responsibility for governance amongst civil society, private and public sectors; distribution is essentially along the lines of the subsidiarity principle – Federal government focuses on those matters that cannot be handled by civil society, the private sector, local and Provincial governments”\(^47\). But, it remained a principle that would not be shared widely with the citizenry because it is abhorred by a significant portion of the federal Cabinet, including the Prime Minister.
(2) At the structural level, a transformation of Canadian governance in under way.

This new philosophy calls for a redefinition of roles and responsibilities by the stakeholders. One cannot examine here all the structural changes generated by the reframing of the basic philosophy of governance, but since this process of restructuring has worked by fits and starts, it is possible to underline the broad phases in the redeployment of activities into networks linking the different sectors.

(a) The strains that the Canadian governance system experienced from the 1970s on did not lead to a full fledged effort at restructuring until the Mulroney years. An early effort at restructuring took off with the creation of the Nielsen Task Force on Program Review by the Mulroney government in 1984, to explore how government might despatch its work more economically, efficiently, and effectively.

Several multi-stakeholder task forces (including an equal number of private and public sector representatives) reviewed the full range of government programs and made recommendations for change. Reporting delays meant that the Nielsen Task Force failed to inform the early actions of the new government, and so its total impact proved negligible. Many of the critiques and recommendations put forward by the "amateurish outsiders" asked to examine the federal programs were often easy prey for "well-informed professionals on the inside".

During the late 1980s, the Mulroney government wrestled with many overwhelming urgent issues: the Meech Lake accord and the challenge of bringing Quebec fully back into Confederation, negotiating the Canada-U.S. Free Trade Agreement with the United States, and designing a tax reform package (reducing income tax rates and introducing the Goods and Services Tax). The restructuring of the governance system was relegated to the second mandate.

(b) A new bout of restructuring efforts was initiated early in the second mandate under the
banner of two initiatives: the Public Service 2000 process and the creation of Special Operating Agencies. PS 2000 was announced by Prime Minister Mulroney in December 1989, and was intended to (1) clarify the accountability relationships in human resources management; (2) improve service to the public; and (3) design and implement human resource policies to enable institutions and employees to better meet the challenges of a changing world. Ten working groups, composed mainly of senior public servants, were established to examine issues like classification, remuneration, the executive group, service to the public, staff relations, staffing, human resource development, etc.

At the same time, Robert de Cotret, then President of the Treasury Board, announced the creation of five Special Operating Agencies (SOAs). The SOAs were new administrative units developed for entities delivering well-defined services within departments, in order to provide additional flexibility in terms of managing financial and human resources within the federal public service. The SOA experiment may not have been nearly so important in Canada as in the United Kingdom, but it echoed a significant change in attitudes.

In December 1990, a White Paper -- informed by the work of the task forces -- was released by the Prime Minister's Office. Perhaps its most striking feature was the extent to which managerialism infused the analysis and the recommendations of the government and senior public servants alike. At the most general level, managerialism rests on the assumption that management is a separate activity, that there is no fundamental difference between private and public sectors and that both need better management, and that it is progressive to redefine the citizens who interact with public sector organizations as customers. This new philosophy of management impacted the consciousness of the Mulroney government but rather slowly. The rhetoric was strident at time but the actions on this front were relatively temperate. Change was guided by a cosmology of reform: senior public servants would design and implement reform in an evolutionary way and emphasize adoption of new values while relying on selective statutory and institutional change. This approach stood in stark contrast to the radical reforms launched by the governments of New Zealand and United Kingdom during the 1980s, for example, which involved significant, rapid structural change.

(c) It was only with the change in government in 1993 that the process of
structural change

in keeping with the new philosophy of governance moved into high gear. Program Review (which by all accounts was just an improved version of the Neilsen exercise) triggered some profound rethinking of the governance process. The fact that it did not accomplish all that was intended (and in the end was much more focused on expenditures reduction than on an overhauling of the governance process) does not mean that it did not significantly transformed the governance structure.

Program Review was action-oriented. Each department and agency had to set specific plans that were reviewed, criticized and revisited. These plans led to serious structural transformations in many departments and locked them into further plans of action in subsequent years. More importantly maybe, the Program Review exercise was followed by a wide-ranging series of activities included under different rubrics and masterminded by the Treasury Board Secretariat (the Quality Initiative, the “alternative service delivery initiative”) that were explicitly presented by the federal Treasury Board Secretariat as a framework meant to "support the implementation of Program Review decisions"!

Indeed, a generous interpretation of the rhetoric that accompanied these initiatives in the mid-1990s might even lead one to conclude that they were meant to be mechanisms of implementation of the philosophy of subsidiarity that underpins the federal program review.

These diverse and diffuse structural initiatives were never presented under a single rubric. The rationale and rhetoric of efficiency and managerialism were given much prominence in public discourse and deflected attention from the governance implication of all these initiatives. It is only ex post that these structural reforms have appeared as effective means to translate into new
organizational forms and new rules the new philosophy of governance. These organizational changes have transformed slowly but surely the traditional cosmology of the Canadian public service.

(3) At the technology level, the public service has been transformed

The changes in the philosophy and structure of the governance regime challenged directly the management practices and the traditional cosmology of career public service. Both the new philosophy of subsidiarity and the new structures building on new networks of collaboration with the private and the civic sectors did much to legitimize the new managerialism and to challenge the old ways in good currency in the public sector.

Ken Kernaghan\textsuperscript{52}, in exploring how the ideas central to the Public Service 2000 exercise would impact on existing precepts, suggested that a career public service connotes the following elements: (1) appointments to the public service are made with a view to preserving its political impartiality; (2) appointments to, and within, the public service are based on merit, in the sense that the person appointed is the one who is best qualified; (3) as far as possible, appointments are made from within the public service; (4) public servants are assured of assistance in selecting their career goals and the path to those goals.

While political impartiality and merit might be not be regarded as impediments to economy, efficiency and effectiveness, the priority to internal candidates and the relative autonomy of the civil servant in selecting his/her career path and the commitment by the employer to help the employee realize these goals in a context of total job security would not appear compatible with the requirement for nimbleness and flexibility for the new organizations and the real possibility that the set of skills and competencies required by the new organizations may not be either available or nurturable within.

In the December 1990 White Paper released by the Prime Minister's Office\textsuperscript{53}, several proposals -- such as single operating budgets, carry-overs, new classification systems at the managerial and staff
levels, and more optionality in common services -- were clearly designed to increase flexibility for managers. Other proposals -- such as service standards, a focus on results, acknowledging the need for risk management, shifting resources from management to front-line workers, and more consultation with clients and citizens -- reflected greater concern about the effectiveness of programs.

It would appear logical to think that, along with espousing managerialist values and recognizing the changes in the world of work in the private sector in response to the new requirements for flexibility and nimbleness, there would have been a sharp questioning of the traditional cosmology of a career public service. Yet, the White Paper and the First Annual Report of the Clerk (Tellier) to the Prime Minister on the Public Service of Canada contained strong restatements of the commitment to a "career public service" and to efforts to attract the best talent for those careers. Despite evincing earlier reservations and caveats about the meaning of a career public service, the PS 2000 Task Force on Staffing re-affirmed that employment in the public service was "largely predicated on the concept of a career public service" which was "essential to Canada's national well-being."

The sharp questioning would emerge after a certain lag. A cursory examination of the Second and Third annual reports to the Prime Minister on the Public Service of Canada reveals a clear discontinuity in the operational cosmology of a career public service. In the Second Annual Report (Shortliffe) dated March 1994, while the term career public service is not used, there is clear reference to "commitment" by the Prime Minister to a "real partnership with the Public Service" and mention of "a loyal and professional body of public servants" (p.4). The Third Annual Report of 1995 is revisionist. Its general tone suggests that a fundamental change has occurred between the Fall of 1993 and the Fall of 1994: a 180-degree turnaround vis-à-vis the traditional perspectives on the public service has been effected.

Ian Clark, then Secretary to the Treasury Board, had expressed concern, in the summer of 1994, that the traditional basic bargain -- whereby public servants accepted less than private sector pay in return for greater security of tenure -- was at risk. He suggested that if the federal government could no longer provide full employment security, it had to be seen to be striving to maximize employment security -- which implied redeploying public servants to new jobs in the public service, along with
an increased commitment to training -- and treating redundant employees fairly.

But in the Fall 1994, the message had become sharper. The Personnel Renewal Council (consisting of departmental representatives appointed by the Heads of Personnel) released a discussion paper entitled *The Way Ahead for the Public Service*, which concluded that a career public service is no longer "necessary or affordable", and that, in any case, "it is an unhealthy expectation" (p.5). Indeed, the paper recommended moving away from the concept of a career public service (p.17).

The ultimate message was delivered in the 1994-95 Annual Report of the Public Service Commission which stated as a fact "that the implicit employment contract which guaranteed relative job security to employees has been abrogated" (p.13).

The compounding of the new philosophy of subsidiarity *en émergence*, of the significant transformation of the division of labour between the private, public and civic sectors and the new web of partnerships among the three sectors it triggered, and of the new technology of governance effected by the slow penetration of managerialist thinking and the new definition of the world of work would appear to mesh perfectly well to bring forth the new regime of governance. The new philosophy, the new structures and the new technology are re-inforcing one another. One might therefore have expected that the transition from the prior regime to the new governance system would be effected rather quickly.

But this would fail to recognize that any governance regime embodies a set of rules and arrangements that benefit some actors and groups to the detriment of others. Consequently, any modification of the governance regime is bound to be resisted by the coalition of shared interests benefiting most from the prior governance regime. This rearguard action may be more or less effective depending on the relative power of these forces of dynamic conservatism.

3. Resistance on many fronts
Schon has exposed in vivid detail the power of dynamic conservatism. He has shown that social systems (whether a naval ship, an industrial firm, a community, or a policy compact) have a tendency to fight to remain the same, and that it is ascribable not to the stupidity or venality of individuals, but is a function of the system itself. It takes the form of selective inattention, containment, co-option, minimal compliance, etc. Donald Michael has also explored the psycho-dynamics underpinning these sources of obstruction – alternative rationalities, reference to dominant values and non-rational reasons, denial, etc.

(1) Ideological resistance

The erosion of the old economic culture in no way diminished Canada’s characteristic propensity to centralize in a major segment of the federal political and bureaucratic elites. This is not just a Canadian trait. It is a widely shared bias that Mitchel Resnick has analyzed in detail. He explains how, in an era of decentralization in every domain, centralized thinking remains prevalent in our analysis of problems, and in our search for policy responses. "Politicians, managers and scientists are working with blinders on, focusing on centralized solutions even when decentralized approaches might be more appropriate, robust, or reliable." This centralized mindset would appear to be stronger in Canada than elsewhere, and the strategies to immunize the traditional centralized mindset from challenges and erosion have been very sophisticated. These have gone through many phases.

First, there was the denial posture. Using public spending patterns as benchmarks, many have argued that Canada is one of the most decentralized countries in the world. They base their argument on the relative importance of provincial/local government revenues and expenditures as a percentage of the total government revenues and expenditures in Canada. This is hardly a measure of true relative importance of the different levels of government. The federal government has many liens and controls it imposes on provincial/local spending (national standards or other conditions) that truly entail that the federal government has much more effective control than these percentages would appear to indicate.
A second line of defense suggests that there cannot be more devolution because it might well disastrously balkanize the country, a line of argument defended by John McCallum. Migué has shown rather persuasively that this argument does not hold water. Balkanization is a very precise word: it refers to the artificial differential generated between regional costs and regional prices that blocks or slows down the normal inter-regional adjustment flows of human and financial resources. The action of the federal government to impose standardized levels of services in the different regions (whether they can afford it or not) and the equalization of fiscal resources among regions to allow them to finance this normalized standard of services act to prevent the normal inter-regional adjustments. It is centralization and not decentralization that is the source of balkanization in Canada. Migué has suggested that 60% of federal spending had this “balkanizing effect” in 1960 and that it had increased to 75% in 1990.

A third argument is that decentralization is necessary but that it must be postponed until we have uncovered the "Canadian core values" that might be used in determining the nature, extent and character of the "acceptable" decentralization. Judith Maxwell does not argue against decentralization but expresses a fundamental if somewhat elusive unease about jumping into a devolution process because of a profound sentiment that something nasty might ensue. This almost arational feeling is easily understood when one realizes the extent to which the welfare state has conditionned Canadians to believe that there are important benefits to the centralized and redistributive management of the federation. Canada’s social cohesion is seen as potentially threatened by devolution.

A fourth defense mechanism is along related lines. It suggests that the glue that binds this country together is the egalitarian economic culture of redistribution: federal standards (presented as national standards) are the "fabric" of this country, so central control cannot be reduced without threatening the very existence of the Canadian social glue; the central government must also retain the role of enforcer, so the argument goes, because of Canada’s commitment to international agreements.

This fourth argument is subtly built in three stages. First, it is suggested that income and wealth redistribution is necessary and sufficient for a community to be constituted. Second, social programs
are then presented as the basic tool to feed and re-inforce this sense of community. Third, it is suggested that national norms enforced by the federal government on provinces are the only safeguard against Canada degenerating into a “community of communities” where inequalities would increase because of the fact that there is no federal equalizer.

This argument is false for many reasons. First, there is more to a community than egalitarianism. Second, there is no reason to believe that “an inter-regional laundering of money” (Banting’s apt phase) is necessary for maintaining the community. Third, the use of federal coercion is neither necessary nor sufficient for a strong social and cultural Canada to survive.

A soft egalitarian philosophy remains omnipresent in the Canadian psyche and it has been used as a most effective lever by many federal ministers, senior federal bureaucrats and members of the elites who have been strongly opposed to devolution. This has been used in particular to rationalize and defend unilateral moves to assert the prerogatives of the federal center (as in the case of the Millenium Fund). This sophistry builds on a very profound public sentiment (that is only very slowly being eroded) that one cannot be "equal and different". It has been a powerful force in recent interprovincial deliberations or constitutional forums generated around the country: it represents a fundamental mental block to discussing the possibility of any viable asymmetric governance regime in Canada, it provides a ready-made rationale for any unilateral move by the federal government to enforce so-called “national” standards, and it fuels a certain paranoia that makes any rational debate on devolution rather difficult.

(2) Bureaucratic and political resistance

Even though the administrative state (politicians and bureaucrats in their daily activities) is overshadowed if not occluded by the bells and whistles of constitutional conferencing, it constitutes a more pedestrian ways of addressing difficult issues. A most divisive and explosive issue like universality could never have been handled in constitutional fora or in an electoral campaign, but it could be adroitly managed by the administrative state: new arrangements that all but eliminated
universality have come to take its place without a major national confrontation. Many of the real, as opposed to the symbolic, concerns being agonized over by the different parties could be handled in this manner. Indeed, it has been said that about 70% of what Charlottetown and Meech were trying to achieve could be accomplished through administrative re-arrangements.

The Efficiency of the Federation initiative introduced late in 1993, and Program Review in 1994, were promising instrumentalities for this sort of work. The minimal success of these initiatives up to now should not be interpreted as an indication of a lack of potency of these instruments, but as evidence that they can also be used, when the government in power and a contingent of senior federal bureaucrats have a centralized mindset, to delay, contain, and obstruct change.

Those in the political and bureaucratic elites most opposed to a transformation of the Canadian governance system have embraced alternative program delivery and the drive to a quality-service and citizen-centered federalism as a most attractive maneuver designed to give an appearance of transformation of the federal governance apparatus without any substantial reduction of the federal hegemony.

In the original model, the ASD initiative was meant to look at (1) the rationale for the program under scrutiny, (2) the appropriateness of the roles and relationships among the different stakeholders in the program and (3) the machinery of service delivery. The evaluative framework for the programs in search of alternative delivery schemes had to trade-off mandate, accountability and efficiency. In fact, the ASD initiative has focused much less, if at all, on the first two dimensions and has emphasized much the machinery of delivery (stricto sensu).

Such a focus (rather surprising for what was meant to be the implementation arm of Program Review) results from the implicit assumption that the structures and theory of governance are given or may even be regarded as optimal in some sense, and that therefore they do not call for direct redress. Moreover, the alternative service delivery initiative, by “inventing” (so to speak) a notion of public interest built on the requirement that the federal government continue “fulfilling federal obligations and interests”, can only bolster the existing centralized institutional order. In this dark scenario, which, it must be
said, is valid only for a portion of the federal scene, obfuscation is increased: Ottawa's central agencies might even be able to increase their power base.

The assumptions of those who view the ASD initiative in this way have tended to immunize many fundamental issues concerning the policy process from critical scrutiny: there has been no serious examination of (a) the reasonableness of separating policy formation, program design, and delivery mechanism; (b) the sacred nature of the Westminster model of government and the consequent dogma that public servants are accountable through the Minister to Parliament must remain untouched as the process is amended; and (c) the presumption that explicit detailed contracts are sufficient to ensure that the policy intended by the senior executives (political and bureaucratic) will be carried out.

If one adds the over-riding clause that the notion of public interest has been redefined in such a way as to permit any initiative to be disallowed if, in the opinion of the federal government, it prevents the same federal government from fulfilling its obligations (which are open to various interpretations) or if it does not serve the interests of the federal government (which are, by definition, a matter on which the federal government cannot be second-guessed), it become clear that there is ample room for political and bureaucratic obstruction.

(3) Resistance to the new covenant in the public service

There is also much scope for resistance through delay and containment in developing new rules of operation for the Canadian public service that would fit the requirements of the new philosophy of governance. On this front, the failure to develop new clear and legitimate rules can only mean that the old rules remain in force. And this entails of necessity that even the new initiatives may be corrupted or derailed in the implementation phase by the lack of a new overall framework to redefine what we mean by “public service”.

The Public Service Commission – the agency charged with the overall role to preserve on behalf of Parliament the merit principle in government personnel recruitment, hiring and promotions – has tried to strike a new balance: abandoning the old “career public service” concept while re-affirming
traditional public service principles (i.e., political impartiality, merit-based appointments and promotions, hiring from within the public service, and support for career development). However, there is much cynicism about the application of these principles. And this cynicism could only grow as the powers of the Public Service Commission would appear to become eroded to such an extent (in particular in connection with *La Relève* – the initiative to refurbish the public service by a variety of measures like fast-tracking and training – for it was an initiative that was orchestrated explicitly to fall outside the authority of the Public Service Commission) that there have been rumours that it might even be abolished altogether.

The slowness in designing a refurbished concept of accountability in keeping with the new circumstances has also generated a real crisis. While there has been some talk about the importance of the new moral contracts of public servants with the citizen, with partners, etc. (as networking, new alliances and joint ventures develop to provide the requisite flexibility and nimbleness), there is no sign that the notion of accountability has escaped from its Westminster linear, top-down straightjacket.

Consequently, there is some lip service paid to the notion of multiple loyalties of the public servant (to Parliament through the Minister, to partners, to his/her community of practice, to citizens, etc.), but the very existence of multiple accountabilities is neither recognized nor even acknowledged in these new partnerships and alliances: the rigid linear top-down Westminster model of governance is still regarded by a large majority of the public servants as the only model that has any legitimacy in Ottawa. This means not only that there is no effort to define the new moral contracts required, but the very protocol used to select the new cohort of pre-approved assistant-deputy-ministers in the process of leadership renewal of *La Relève* has made it very unlikely that the emerging bureaucratic elite might see the world differently from the old one. The determining importance in the selection process of the new-guard of the views of the old-guard deputy-ministers (a final interview of the postulants with three deputy ministers was the most important element in the process) and the relative absence of any meaningful inputs by the other stakeholders can only suggest that the top-down accountability framework is the only one in good currency.
Yet 360-degree accountability (with all its paradoxes and its elusiveness) is a central feature of the new government bureaucracies in a citizen-centered governance built on partnerships with concerns from the private and civic sector. Moreover, this very elusiveness explains why such accountabilities cannot be defined in strict and rigid terms. They must of necessity be based on “moral contracts” leaving much to be determined according to circumstances and therefore depending much on trust. But even if these relationships are regarded as central features of the new model of distributed governance, there are still no guidelines in the process of arriving at new trust mechanisms or workable conventions for the new governance regime, and even no interest in giving any priority to the clarification of the concept of 360-degree accountability.

The traditional shackles are still imposed on new organizational arrangements and the all-important compensation strategy in vogue is in no way designed to reward those employees whose policy skills and political savvy are not geared entirely to serving the whims of their superiors irrespective of their service to the stakeholders and partners.

To require any employee to work differently without a transformation of the hiring practices, of the system of promotion, of the compensation package, etc. can only be regarded as dysfunctional and counter-productive. It is bound to choke any true change and to generate immense morale problems for the most dynamic elements in the public service. Yet, the very slowness of these adjustments and the systematic weakening of the central agencies from which a transformation might emanate (the Public Service Commission, but also in some way the Treasury Board Secretariat as de facto departments and agencies become freer to manage in their own way) can only lead one to the conclusion that such developments may well constitute a reasonable strategy of containment for those intent on delaying and weakening a devolution process that can only dwarf federal public sector employment.

Conclusion

How far have we travelled down the road from the centralizing, homogeneizing and hierarchical prior governance regime and are we moving toward a more non-centralizing, distributed and
associative governance regime? It is difficult to be very precise in answering this question because of a certain confusion on the national scene.

If one were to assess the state of affairs strictly by reference to the statements of the Prime Minister, one would have reason to believe that the process of change has been derailed, and that we are slipping back to the old ceasarism of the Trudeau years. In the debates preceding the recent Social Union Agreement and the new transfers to the province for health care purposes, the Prime Minister sounded like Louis XIV when he mused in public about the fact that sometime Monday he felt like giving the provinces more money, and then Tuesday not. It is not excessive to say that in the recent past, even though it has often pertained to minor events, dissent has been quashed, liberties have been limited when convenient. The uncanny continuity from Trudeau to Chrétien is most striking when one considers the extent to which circumstances have evolved. We would still appear to be in the throes of a rule by self-righteous elites claiming to know better.

Yet if one observes the daily administration of the Canadian federal system, and interviews federal public servants, one sees an evolving administrative apparatus that slowly drifts toward a more distributed governance. Citizen engagement, consultation, inter-sectoral partnering, federal-provincial negotiated arrangements are blossoming everywhere. De facto, the Canadian governance regime being devolved. In so doing, it is putting more and more power in the hands of people, and even the population is beginning to understand that devolution is the only radical way to “truly place power in the hands of people”.

Change occurs by fits and starts, and there are signs that, after decades of denial and procrastination, some reframing of the Canadian governance regime may emerge from a seemingly marginal set of events. Our emergent renewed arrangements with the First Nations are likely, in my opinion, to act as an important catalyst in the transformation of our Weltanschauung and of our philosophy of governance. The process of accommodation with the First Nations may indeed be the only route that is likely to lead to a rediscovery and a formal recognition of cultural diversity and toward a more balanced polyarchy, where differences and dissent will be less systematically suppressed. James Tully has showed how these debates are likely to create an intercultural common ground, a new
lexicon capable of dealing with diversity. This may hold the key to a broader capacity to deal with interculturalism74.

Members of the federal Liberal caucus freely admit that even if a significant portion of the Chrétien cabinet stands firmly with him in his defence of the prior governance regime (Copps, Dion, etc.), there is also a solid plurality of restive cabinet members (Martin, Pettigrew, etc.) who would gladly move forward to a new distributed governance regime. The balance of power is still with the defenders of the prior regime. Yet, forces are at work that are slowly tilting the balance the other way. De facto, the silent activism of the administrative state is bringing forth much change in the governance regime. And the spasmodic recrimination of Canadian citizens to defend the right to dissent, the rights of communities to follow their own ways, though still quite mute and tamed, can now be heard. These forces are the premiers balbutiements of a new philosophy of governance based on freedom and communities.75

Perestroika is in the air. So, as Donald Michael would say, “there are reasons to hope – no to be optimistic, but to hope”.

GP/

Notes

* I am grateful to Leslie Pal for his most extensive and valuable comments on an earlier draft of the chapter, to my colleagues at the Centre on Governance, and in particular Jeffrey Roy, for their help, and to Anne Burgess for her editorial assistance.

1. A short segment of this section has been excerpted from the introductory chapter in G. Paquet, Governance through Social Learning (Ottawa: University of Ottawa Press, 1999).

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5. Naisbitt, *Global Paradox*,..., 16


11. The use of the word “anti-democratic” may generate some unease. So some clarification is in order. Our governance regimes are complex and unstable mixtures of four broths: the democratic tradition anchored in ancient Athens, the republican tradition rooted in imperial Rome and certain medieval Italian cities, the liberal tradition traceable to mediaeval Europe but more clearly to Locke and Montesquieu, and the tradition of the rule of law, together with “the existence of state agencies that are legally empowered – and factually willing and able – to take actions ranging from routine oversight to criminal sanctions or impeachment in relation to possibly unlawful actions or omissions by other agents or agencies of the state”. Any undue weight given to one or another of these components may corrupt the mixture. “Democracy without liberalism and republicanism would become majority tyranny; liberalism without democracy and republicanism would become plutocracy; and republicanism without liberalism and democracy would degenerate into the paternalistic rule of a self-righteous elite”. And without the possibility of redress when there is encroachment by one state agency upon the lawful authority of another, caesarism is near (See G. O’Donnell (1998) “Horizontal Accountabilities in New Democracies” *Journal of Democracy*, 9, 3 (1998)112-126 –especially pp. 115-117.)

All these forms of corruption have been experienced, and they may, in each case, the result of a
lack or an excess. For instance, observers have denounced the deleterious effects of the emergence of hyperdemocracy in North America: indeed, democratization and distrust are presented as the twin hallmarks of America’s hyperdemocracy. The insistence on greater exposure and participatory openness in the political environment, and the incessant polling “of-the-top-of-the-head” opinions have led to some destructive uses of the tyranny of the majority: a series of disconnected adversarial contests, a general atmosphere of contentiousness, political debate without deliberation, a public that is courted by “sound bites” but not engaged in a meaningful conversation, a world of deepening distrust. A democratic deficit may also be a source of concern. (See H. Heclo “Hyperdemocracy” *The Wilson Quarterly*, XXIII, 1 (1999) 62-71.)

When we use the expression “anti-democratic”, we suggest that there has been a tendency in the prior regime, during the Trudeau years for instance but also in the recent past, for top-down unilateralism to be regarded as legitimate. And the lack of authoritative agencies willing and able to stop the encroachment of one state agency upon the lawful authority of another has also been deplored. This situation – fuelled by the centralized mindset of many governments over the last decades, but also by the immensely greater bureaucratic power at the disposal of modern Caesars – has been denounced in the United States and Canada. (See S.L. Carter *The Dissent of the Governed* (Cambridge: Harvard University Press, 1998), and G. Paquet, “Governance and Social Cohesion: Survivability in the 21st Century” in *Transactions of the Royal Society of Canada*, Sixth Series, Vol. IX (1998) - in press).


24. On the economic costs of the erosion of social capital at a time when trustability is becoming an ever more important asset, Quebec is a particularly interesting case in point. See G. Paquet, *Et si la Révolution Tranquille n’avait pas eu lieu* ...(Montréal: Liber, 1999).

25. For a look at the different frameworks that are discussed in the recent literature, see L.A. Pal “Policy Analysis as Soulcraft” *Canadian Public Administration*, 39, 1 (1996) 85-95.


29. Dahl, *Democracy ...*


31. At least a significant and growing segment of the population makes this choice, while a non-insignificant if declining segment insists on living explicitly by the ethics of claimant politics. C. Taylor, “Alternative Futures” in A. Cairns and C. Williams (eds) *Constitutionalism, Citizenship, and Society in Canada*, (Toronto: University of Toronto Press, 1985), 183-229.


34. D.W. Hock, “The Chaordic Organization” *World Business Academy Perspectives*, 9, 1 (1995) 5-18. Hock uses the word “chaord” (from chaos and order) to refer to “an self-organizing, adaptive, non-linear, complex system, whether physical, biological or social, the behavior of which exhibits characteristics of both order and chaos or, loosely translated to business terminology, cooperation and competition” (p.6); as founder of VISA, he has created a company that is an inside-out holding company in which the 23,000 financial institutions that create its products are “at one and the same time, its owners, its members, its customers, its subordinates and its superiors” (p.14); this sort of organization not only embodies subsidiarity as a founding principle (“no function should be performed by any part of the whole that could reasonably be done by any more peripheral part, and no power vested in any part that might reasonably be exercised by a lesser part” (p.13) ) but also the principle that the chaordic organization is owned by its members, that it must embrace diversity and change, but that no individual or institution, and no combination of either or both should be able to dominate the deliberations; in order to ensure that this is the case, VISA has had to ensure continuous learning through continued feedback loops.


38. H. Hardin, *A Nation Unaware*, (Vancouver: J. J. Douglas, 1974). Canadian public enterprise began with the building of the Lachine Canal in 1821 and continued through the canal and railway-building eras to public utilities, the CBC, Air Canada and the other crown corporations as we know them today. Interregional redistribution began with the federal per capita subsidies to bolster the provinces’ municipal tax base in the BNA Act, continued with the National Policy that brought subsidized railroad development eastward and westward but brought manufacturing development to Central Canada at the expense of captive markets in western Canada and the Maritimes and culminated with the tax equalization payments instituted in 1957.


45. One finds numerous references to subsidiarity in Canadian debates in the 1980s but mostly referring to the European experience. The philosophy of governance echoed by the concept was in line with the ideological stand of the Mulroney government (a government intent on re-inventing government and on redeploying activities away from government to the private and civic sectors) but very much like in the case of the deficit and debt, the Canadian citizens suffered from major learning disabilities. It took a long number of years of didactic efforts by the Mulroney government before the realities of the deficit and debt challenges took hold. Even in the 1993 election, the Liberal party threaded very carefully with regard to this issue because of the fact that a major segment of the citizenry still felt that the country could spend its way out of the recession of the early 1990s. In the case of the dependency on the state for universal programs, the learning was even longer and more difficult for Canadians. So, the reality of subsidiarity casts a big shadow on the debates of the late 1980s and early 1990s but in a manner that is extremely diffuse. Even with Program Review, we have a subsidiarity agenda that does not dare to say its name. It is only in 1996, in the work of the Policy Research Committee (Growth, Human Development, Social Cohesion) and in the Deputy Ministers Task Force Reports on diverse subjects (policy capacity, ethics, horizontality, etc.) and orchestrated by the Privy Council Office that the word subsidiarity is used formally for the first time. It will be found in speeches of Stéphane Dion afterward. But one would be ill-advised to assume that this means that the new philosophy in now in good currency. Indeed, it is not clear that the Canada’s federal cabinet is less schizophrenic than the Canadian citizenry on this front: while subsidiarity and devolution would appear to be the way of the future for some, others fear it like the plague and would like to preserve the present top-down arrangements in the name of a so-called social efficiency of this form of centralization. See K. Banting, “Notes for Comments to the Deputy Ministers’ Luncheon” January 5, 1996, 14p.; for a critical assessment of this point of view, see G. Paquet, “Gouvernance distribuée et habitus centralisateur” Transactions of the Royal Society of Canada, Série VI, Tome VI/1995, 93-107.


47. Deputy Minister Task Force on the Future of the Public Service – The Governance Scenarios (draft February 26, 1996)

48. J. Jabes et G. Paquet, "Réforme administrative dans la fonction publique fédérale au Canada: préliminaires à une évaluation" in M. Charih et M. Paquin (eds) Les administrations


54. Mulroney Public Service ...63; P. Tellier, First Annual Report to the Prime Minister on The Public Service of Canada. (Ottawa: Supply & Services, 1992), 51.


57. D.A. Schon, Beyond..., 32, 48-50.

58. The first root is easy enough to fathom. Any reframing is bound to dispossess a number of stakeholders. Alternative rationalities give a higher priority to protecting organizational turf over the rational decision. As a matter of consequence, allowing the debate to proceed on issues that might unmask this alternative priority becomes a taboo topic. The second root of obstruction is the nexus of nonrational reasons that may be invoked, like different values, cultural norms, and beliefs about what is "acceptable". These values, norms and beliefs claim to supersede any efficiency or rational considerations. The third root of the obstruction has to do with the psychodynamic processes that operate unconsciously and express themselves as anger, denial, face-saving, etc., when leaders in particular are forced to attend to the necessary agenda. In such cases, leaders are led to use all their powers to ensure that some topics are not dealt with because of the danger that, if such topic were ever addressed head on, the leaders’ ignorance would be exposed, they would lose face, and might be disowned. D.N.Michael, “Reasons’s Shadow: Notes on the Psychodynamics of Obstruction” Technological Forecasting and Social Change, 26 (1984), 149-153.


63. J. Maxwell "Build on Core Values" The Ottawa Citizen [Ottawa], 15 November 1995, A17. This is not an unreasonable position, but when nothing is proposed as a suggestion for what these core values might be, it can only provide moral support for delay tactics. It is also a common line of defense used as a last resort by those who consider that top-down enforcement of federal norms is the very “fabric” of the community.

64. K. Banting "Notes for comments to the Deputy Ministers' Luncheon" 5 January, 1996, mimeo 14p.


68. G. Paquet “Alternative Program Delivery...” This ominous “federal obligations and interests” clause is even more explicit in the French version where it reads “remplir les obligations du gouvernement fédéral et en protéger les intérêts”.


70. L.W. Slivinsky and P. Faulkner, Merit in the Public Service ( mimeo, 1995)

72. G. Paquet, “Betting on Moral Contracts” *Optimum*, 22, 3 (1991-92), 45-53. These “moral contracts” between the different stakeholders correspond to the different loyalties: for instance in the case of a public servant, the loyalty to his superior and through him/her to the Minister, the loyalty to his/her community of practice (professional engineer, etc.) and its own codes of ethics, the loyalty to partners, the loyalty to the citizen, etc. The Social Union Agreement might be regarded as a sort of moral contract between the federal and provincial governments.

73. S.L. Carter, *The Dissent*...144
