High Ideals and Noble Intentions –Voluntary Sector-Government Relations in Canada

by Peter R. Elson
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The major question raised by Peter Elson's book is why the relationship between the voluntary sector and the federal government has taken the shape that it has. This is an important question and, in order to provide an answer, Elson delves deeply into the history of voluntary organizations in Canada and what he describes as critical points in the evolution of their relations with the federal government. He also proposes a theory that could explain the amount of progress to date. His premise is that the very limited success in the movement of issues that affect voluntary groups may be due, in part, to a lack of institution building by these organizations. Having individual organizations or loosely formed coalitions make representations before government may meet with less success than having more formal structures.

From the start, Elson talks about the voluntary sector, but he does not define why he views the 160,000-plus organizations as a sector. Where is the commonality? Is it the organizational form, the nonprofit motive, or the service to Canadians? Or is it that these groups intersect with the federal government on certain issues? The definition is important given the theme of the book. If voluntary organizations come together on an *ad hoc* basis to address certain policy questions (tax incentives for charitable giving, remuneration of executives, et cetera.), then they may not need to act as a sector.

The first chapter outlines the political theory underpinning the book. It briefly examines historical institutionalism, institutions as social structures, and the form of the institutional structure. The average voluntary sector reader will find this chapter a bit dense. While the theoretical concepts are clearly presented, it would have been helpful to have concrete examples of the relevance of these ideas to the voluntary sector and its history. For example, Table 1.1 presents institutional structures under three headings: formal, non-formal, and informal. Using examples of voluntary structures from the historical or analytical chapters that follow would have assisted the reader in understanding both the theory and its practical implications. Instead, these connections are made later in the book, which isn't as intellectually satisfying.

It should be said that the book does make an important contribution to people interested in voluntary organizations and their history in Canada. The historical sections outline the contributions of these groups to the formation of charity and basic welfare in Canada's early history. The book also presents a comprehensive view of the importance of tax treatment to charities and the Parliamentary deliberations on the *Income War Tax Act*. Another important analysis comes in tracing the rise of funding to voluntary groups in

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the 1960s and '70s and the idea that support was initially geared toward broader citizen participation. Canadians formed groups in these years to address pressing social issues; for example, friendship centres were created for aboriginal people migrating from reserves and smaller towns to larger cities. The third, fourth, and fifth chapters then show the steps that were taken to change this funding support from, to borrow a phrase from Chairman Mao, letting a thousand flowers bloom to our current model of restricted service delivery. The organization and presentation of this narrative is quite compelling.

The major challenge with the book is that historical events are interpreted in a way that supports the structural institution theory, sometimes at the expense of other possible conclusions. For example, the text is predicated on the assumption that voluntary organizations acted alone in their representations to the federal government, especially for the three major issues of access to charitable status (the definition of charity), advocacy or political activities by charities, and federal funding support to these organizations. This ignores the supportive work of a number of federal departments on these key issues historically and, especially, during the Voluntary Sector Initiative (VSI).

With the various rounds of budget reductions, federal departments were asked to assist the voluntary organizations that they supported to become more financially self-sufficient. Access to charitable status was imperative to success in this area, and Canadian Heritage and other departments raised this issue with the Charities Directorate. Efforts to better define and expand political activities began in the mid-1980s and continued through to the end of the VSI. Several departments, including Health Canada, the Canadian International Development Agency, and Canadian Heritage pushed to encourage a greater range of allowable activities. Similarly, federal departments worked with central agencies, albeit with little success in the face of growing requirements for accountability, to try to streamline federal financial support and reduce reporting requirements. Federal departments did not act in lock step with the Department of Finance on these issues and several of them lobbied strongly to try to get Finance to move forward on these fronts.

In other words, the lack of results in the three major areas may not be due to the structural asymmetry between the voluntary organizations and the federal government as much as to the power of the Department of Finance in controlling policy discussions, including those policies for which the Canada Revenue Agency acts as the administrator.

In support of the institutional structure theory, the chapter entitled *Canada: This Is London Calling* outlines the various ways in which British voluntary organizations set up structures parallel to the British government in order to change the relationship between the two for the better. The lesson to be learned is that the sector organizations had gone beyond the Labour Party's support for the third sector to be part of the British government infrastructure. While still early, it appears that deficit reduction now has a greater claim on the mind of the British Conservative and Liberal parties. The coalition government has recently decided to reduce support to the voluntary sector by three billion pounds over the next four years (www.compactvoice.org.uk/news, August 8, 2011). While there can be agreement that the voluntary sector needs to be better organized in Canada, it is not through lack of will that Canada does not have some of these key structures. As well, the comparison with Britain is a bit of a stretch. It is much easier for a country of 60 million people inhabiting a space of 94,000 square miles (Britain) to create umbrella

institutions to liaise with government than it is for a country of 34 million people inhabiting 3.8 million square miles. The challenges are vastly different as are the histories and the organization of the state.

Another point that needs to be made: the book relies on a number of sources for its material but does not include actual experience from those working with or in the sector. For example, on page 145 the statement is made that "At no time has responsibility for a voluntary sector policy agenda rested in one federal department or minister…." This is taken from a paper that others prepared on sector/government relations. Having served under at least three ministers responsible for voluntary action, I can attest to their existence and to the organization of meetings between ministers and representatives of voluntary organizations on the major issues of the day.

Finally, having been a member of the Joint Regulatory Table, I will not comment on the author's assessment of the Table's success except to say the following. The history of the *Income War Tax Act* outlined the powers given to the Minister of National Revenue to regulate charities. As an administrator, up until the time of the VSI, the Charities Directorate can best be described as having no clothes. Aside from deregistration or annulment, the regulator had no interim sanctions to deal with charities that were offside. The unit was under-staffed and had difficulty in keeping up with the pace of registration applications and policy needs. If nothing else, the Table created the conditions for the Directorate to become a full-fledged modern-day regulator, at least to the limits provided by the policies set by the Department of Finance.

These comments are not presented to downplay the importance of this book. As I stated earlier, the historical sections of the book have much to offer to the reader, and the analysis in the change of support from citizen participation to service delivery is quite astute. Elson has gone beyond the historical account and tried to make sense of the lack of traction that voluntary organizations have had in moving federal government policy. It is unclear, however, if this lack of success is due to limited institutional structures created by voluntary organizations or, as the book also points out, the movement of control of social policy from various government departments to the Department of Finance. The pre-eminence of Finance would certainly explain why other federal departments have had such little success in moving the three major issues forward.

Given the current economic situation, the ongoing spending reviews in government departments, and the wholesale erosion of the federal policy function, the social policy pronouncements by Finance will continue to hold sway for the foreseeable future.