

**Policy Windows and Policy Failures:
Using Kingdon to Explain the Later Life Cycle of the
Voluntary Sector Initiative**

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Introduction¹

In June 2000, the federal government announced the Voluntary Sector Initiative (VSI), an ambitious joint endeavour undertaken with representatives from the voluntary sector that was intended to investigate and strengthen their relationship. With the experience of the United Kingdom as a backdrop,² representatives from the Canadian government and voluntary sector were optimistic that together they could develop a new framework for the inclusion of voluntary sector organizations in government policy and revamp the regulatory framework to enable voluntary organizations to function more effectively. Ultimately, the goal was to serve Canadians better at a time when these organizations were increasingly assuming functions that had been performed by government departments and agencies.

This paper argues that in order to understand the success and the limitations of the VSI in effecting a relationship shift between the two sectors, the forces that drove the initiative onto the policy agenda must be understood. By reflecting back on why the policy window opened for the VSI and the subsequent policy choices that were made, the current fate of the VSI and the future direction of the relationship between the state and voluntary sector can be better understood. Effecting a comprehensive policy shift is a difficult task; however to effect the policy shift in the particular way envisaged by the policy participants at the outset of such an endeavour, is even more difficult. Too often the result is not what is expected or even desired by at least one side. In the case of the VSI, if only the framework agreement is analysed then the initiative appears to be a qualified success even at its signing, with its implementation perhaps even more disappointing (Phillips, 2003, 2005). In such an analysis, the reasons for the limited success of both the agreement and the broader VSI remain only partially illuminated and wholly unsatisfying. However, if the VSI and resulting framework agreement are understood in terms of the broader discussions surrounding the whole initiative including the regulatory concerns, then the limited nature of the outcomes and the direction of the current relationship become more comprehensible.

In brief, the very limitations of the VSI and its components may be found in the opportunism of the ambitious and earnest policy entrepreneurs engaged in the initiative. Instead of understanding the policy problem as it was being defined by events and political winds, they redefined the problem to fit their solutions and in doing so condemned the initiative to a life of incremental change. But as Alan Cairns has astutely observed: when the ship of state begins to alter its course, gradual change is inexorable.

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² See <http://www.thecomcompact.org.uk/>

Reform of the relationship is now embedded in state-sector relations but the results may just take longer than anticipated and not be quite what the original policy participants expected or desired.

The Framework

Both the arrival of the VSI onto the federal government policy agenda and the limitations built into the resulting policy relationship between the two sectors may be understood using the framework of analysis developed by John Kingdon in *Agendas, Alternatives and Public Policy* in 1984 and later modified in 1995. Kingdon identifies three critical streams (problems, policies and politics) that operate in the policy-making process determining which issues arrive on a government's agenda (agenda setting phase), which policy solutions are chosen (alternative selection phase), and how the issue is resolved or evolves (aftermath).

During the agenda setting phase, the problem and politics streams are primarily at operation. Issues are defined as problems requiring the serious attention of government officials when the magnitude of an existing condition becomes sufficiently significant according to recognized indicators, a focusing event such as a crisis or disaster occurs, or feedback on existing programs warrants action (2003, 197-8). The political stream flows independently of the problem stream but may determine whether an issue receives high or low agenda prominence. Changing administrations, partisan and ideological considerations, electoral imperatives, swings in the national temper, and the shifting influence of interest groups may all affect how an issue or policy problem is perceived (2003, 198-9). Critical in this mix of politics and problems are the policy participants. Kingdon argues that the visible participants (politicians, media, opinion setters, parties) will be more influential in the agenda setting phase than the hidden actors (bureaucrats, political staff, academics and specialists). However, the hidden actors and policy entrepreneurs may invest considerable resources to ensure that government officials define policy problems consistent with their conceptions and accord them sufficient recognition (2003, 198). Policy entrepreneurs are not located in any one stream but may be from political or government circles, the voluntary or private sectors, or academic and think tank communities. Their defining characteristic is that they are willing to invest considerable resources (time, reputation, money or energy) in ensuring a certain policy or personal return.

Once an issue arrives on the government agenda, the policy stream becomes primary in the alternative selection phase. According to Kingdon, policy communities involve a wide array of specialists ranging from academics, researchers and think tanks to voluntary sector and private sector leaders to government committee staffers and budget analysts to program and policy officers. At any given time the specialists will be generating their own conceptions of policy problems, ideas, instruments and solutions. Just as molecules floated around in the "primeval soup" before life, so too the policy ideas and instruments being generated by these specialists float around, bumping into each other, forming and being reformed as they do so (2003, 116-8, 200). While policy problems are usually arrived at by consensus built on bargaining, policy decisions result from persuasion. Political factors and public pressure may make some proposals less feasible or unpopular, but logical and analytical criteria will be important in the final selection of an alternative. As a result, hidden actors and policy entrepreneurs will not

leave consideration of their favoured proposals to accident but will actively promote them in many forums and ways, modifying them when necessary to ensure their attractiveness (Kingdon, 2003, 200-1, 121-130). Like Machiavelli's prince, the policy entrepreneurs and specialists will be prepared (*virtú*) to take advantage of the opportunity to champion their instrument, idea or solution when a policy window opens (*fortuna*).

Policy windows open when the three streams merge. As the three streams flow along, two may combine at various times to result in partial solutions or limited attention. "But," Kingdon states, "the complete joining of all three streams dramatically enhances the odds that a subject will become firmly fixed on a decision agenda" (2003, 202). If a problem, policy proposal or alternative and political receptivity are all present, then an issue is more likely to receive prominence on a government agenda and come to decision. Windows may open when problems arise creating opportunities for decisions, or when changes in government occur, or, more predictably, when legislation requires renewal, or, more unpredictably, when a disaster occurs. Since windows do not stay open long, policy analysts and entrepreneurs must be quick to take advantage of them. Often, this involves attaching favoured policy alternatives and solutions to whatever policy problem arises in the expectation that the favoured alternative will then gain life beyond the problem (2003, 203-4). As Kingdon notes, often advocacy of policy solutions precedes the problem definition (2003, 205).

Just as policy problems rise on a government agenda, they also fade or fall off entirely. Although he pays scant attention to this phase, Kingdon offers five reasons to account for their fading or disappearance:

First, governments may address the problem, or fail to address it. In both cases, attention turns to something else, either because something has been done or because people are frustrated by failure and refuse to invest more of their time in a losing cause. Second, conditions that highlighted a problem may change—indicators drop instead of rise, or crises go away. Third, people may become accustomed to a condition or relabel a problem. Fourth, other items emerge and push the highly placed items aside. Finally, there may simply be inevitable cycles in attention: high growth rates level off, and fads come and go (2003, 198).

And there may be a sixth, powerful reason embedded in his analysis and supported by the experience of the VSI in Canada. Problems may fade or be eclipsed when the wrong policy solution or alternative is selected. When entrepreneurs attach a favoured solution to a particular problem and define that problem in a way that is amenable to their solution they may inadvertently suppress the original problem. As Kingdon argues, a critical component in bringing a problem to the decision stage is finding the right fit of values among the political, policy and problem streams (2003, 132-7). Taking his analysis one step further, if one set of values predominates to the exclusion of the other actors, then actors may become frustrated or relegate the problem to a backburner. As in the case of biological natural selection, the combinations must be mutually attractive to be sustaining. If a solution is forced onto a problem, the issue may wither without resolution. In the case of the VSI, the wrong set of predominate values resulted in the selection of a policy alternative that relegated the policy solution to a fading existence. However, as Kingdon's analysis allows, issues don't necessarily die but may recombine or resurface in new forms in future (cf. John, 2003).

Kingdon's analysis has been used by Susan Phillips to explain how the Canadian government and voluntary sector leaders entered the VSI negotiations and managed to negotiate and sign an accord to chart a new direction for their relationship. Phillips bases much of her analysis on her experience as research director for the voluntary sector task force (the Panel on Accountability and Governance in the Voluntary Sector 1999), a consultant to the voluntary sector and federal government, and later an advisor to the VSI working table on the development of the Accord.³ While she provides an excellent account of the development of the Accord signed between the federal government and voluntary sector from these insider vantage points, her focus on the Accord to the exclusion of the broader context of the VSI and its other elements misdirects her application of the Kingdon framework to the experience of the VSI.

Phillip makes three critical assumptions in her analysis. First, she notes that the core policy problem was identified by actors in the policy and political streams as the relationship between the federal government and the voluntary sector. Second, she argues that it was the political and to a certain extent the policy but not the problem stream that opened the window to the Accord (Phillips 2003, 31). She maintains that the federal government needed an early and relatively low cost deliverable to move forward and demonstrate its commitment on the voluntary sector file and so selected the Accord as a key instrument (Phillips, 2003, 30-1). Third, Phillips concludes that while the Accord that was achieved is an important benchmark in the improvement in the relationship between the two sectors, it is weak in substance and signals a more incremental approach to change than its British counterpart does by way of contrast. This has meant that the Accord and VSI have lost political attention in favour of other issues and the window closed (Phillips, 2003, 50-1; 47; cf. Phillips, 2005).

Each of these assumptions is problematic. While the flaws will be evident in the later analysis, they are highlighted here. First, Phillips underestimates the extent to which policy entrepreneurs defining the problem as one of a relationship instead of accountability undermined the initiative and its success and created a division in the subsequent negotiations and implementation of the work of the VSI. Second, she underestimates the impact that the faulty choice of the Accord as the centerpiece of the VSI had on the outcome and subsequent direction of the relationship. Third, she centres out the Finance department as the main obstruction in the process but doesn't recognize that Finance could impede the results because the climate was conducive to obstruction. Fourth, she laments the end of the voluntary sector's window in effecting changes rather than identifying the ways that the issue has morphed and recombined to set a new direction for federal government and voluntary sector relations that is more consistent with the way that the problem of the voluntary sector was originally developing—before the policy entrepreneurs took hold of the issue and persuaded the government officials to accept their view and definition of the problem. Ironically, her focus on the Accord mirrors the error of the VSI and ultimately lacks explanatory value as a result. The rest of

³ Again, it should be reiterated here that the author was the official "Documentalist and Occasional Advisor" to the Joint Coordinating Committee of the VSI, the central coordinating body of the initiative. She has also been a consultant and analyst on the federal government-voluntary sector relationship subsequent to occupying this position. Just as Phillips proximity to the Accord discussions may have influenced her interpretation of the VSI, the author's role at the centre may have provided her with a tinted lens to view the VSI and aftermath.

this article uses the Kingdon framework to explore an alternative lesson from the experience of the VSI in developing a comprehensive policy framework for the voluntary sector.

Actors and Events: The Policy Problem Surfaces and is Redefined

Three sets of actors are important when considering the VSI in Canada. First, the visible actors are the Liberal government in office at the federal level of government, the opposition parties, and the voluntary sector leaders of major national organizations who had formed a consortium to renegotiate the relationship between the federal government and voluntary sector. During the negotiations phase of the VSI, the visible actors included the representatives from the two sectors who sat at the working tables and represented the work of the VSI in the public consultations. Second, the hidden participants include the officials working within the Privy Council Office of the federal government including the Voluntary Sector Task Force officials, as well as the Deputy Ministers and senior officials in the federal government departments most heavily involved in the negotiations, the steering group from the voluntary sector overseeing the initiative, policy advisors to both the federal government and voluntary sector, and academics drawn into the VSI. A set of remote hidden actors includes the provincial governments. Third, the media and attentive public were critical to the initiative, particularly in the problem formulation stage, the public consultations and the aftermath of the VSI. The roles of each of these actors become apparent in the examination of the forces leading to the arrival the VSI on the government agenda, the negotiations and the aftermath.

Two overlapping trends caused the attention of these policy actors to focus on the voluntary sector as an emerging problem in the Canadian “policy primeval soup.” First, the voluntary sector began to emerge as a more significant actor in the policy process. Citizen activism and disillusionment with government led to an explosion in the 1980s of citizen organizations with functions ranging from expressive to service delivery. Citizens used these vehicles to express preferences, exert pressure on governments and provide services previously provided by the public sector or communities (Brock 2002; Cairns, 1995; Clark 1995; MacDonald, 2003). Also, the crisis of the welfare state in western nations (Gidron, Kramer and Salamon, 1992, 14; Hudson, 1999; Elshain 1997; Putnam 1996) drove the Canadian federal and provincial governments to restructure their public services as they attempted to bring their fiscal houses in order (Graves, 1997; Ekos, 1998; Caldwell and Reed, 1999). As citizen demands rose and government capacity dwindled, governments turned to citizen organizations for advice, information, expertise, and program and service delivery. Organizations struggled to keep pace with these increased expectations while faced with reduced transfers and subsidies from government, rising social costs, public sector retrenchment, declining donations relative to costs, and limited human resources (Barlow and Campbell, 1995; Hall and Reed 1999; Rekart 1993).

Second, the more prominent public role of the voluntary sector and its dependence on public funds, meant more public scrutiny in the 1990s (Pross and Webb, 2003, 65-6). US concerns with real and perceived acts of malfeasance and calls for accountability in the voluntary sector (Chisholm, 1995), crept across the border. Authors like Walter Stewart and the media, especially Canada’s popular news magazine Maclean’s, heightened public suspicion of the voluntary sector in the mid-1990s by

profiling costly mistakes, funding abuses, serious misconduct and inadequate government regulation, even in highly trusted organizations like the Canadian Red Cross. The prestigious Ontario Law Reform Commission added weight to criticisms of the sector in its 1996 report calling for increased monitoring (Juneau 1997, 29:1; OLRC 1996). In a highly damaging and damning study, an Ontario member of the House of Commons, John Bryden, published his *MP's Report: Canada's Charities—A Need for Reform*, alleging that the voluntary organizations were largely unrepresentative, self-serving special interests lacking accountability and legitimate purpose. In response to these concerns echoed by the Auditor General and Public Accounts Committee of the House of Commons, the Department of Finance commissioned a review of grants to “interest groups,” cutting their funding by \$300 million and reformed the Income Tax Act to ensure greater accountability and transparency within the sector.

In sum, by the mid-1990s, a policy problem had emerged from the primeval soup. The core problem that had emerged was how to ensure good governance and improved accountability in a sector that was more prominent in the policy process and more reliant on public funds. But this is not how the problem would be defined subsequently by the policy entrepreneurs who swung into action in the mid-1990s in response to the verbal and financial attacks on the sector and inspired the VSI.

A Policy Problem Transformed

The two reports that gave birth to the VSI reveal the transformation of the policy problem. In response to public criticism and government actions, a core group of national voluntary organizations formed the Voluntary Sector Roundtable (VSR). In 1997, the VSR announced that the highly respected former leader of the New Democratic Party of Canada, Ed Broadbent, would chair a six member panel whose mandate was captured in its name: *The Panel on Accountability and Governance in the Voluntary Sector* (PAGVS, 1999, see ii). As the title indicates, the impetus for the report was to respond to the publicly perceived problems of accountability and governance in the sector. While the panel's report was consistent with this mandate in its primary recommendations on governance and stewardship, program outcomes and fundraising, it also noted that capacity building was critical to this exercise and that entailed strengthening relationships with governments and the private sector (PAGVS, 1999, ii-ix). The British model for reforming relations between the state and the voluntary sector began to assume a central role in the thinking of the PAGVS committee members, advisors and VSR. The spin of the policy entrepreneurs had begun: the policy problem was no longer just about accountability and good governance practices in the sector, it had morphed to include the relationship with the federal and provincial governments. The seed of knowledge about the British compacts with the voluntary sector was gathered and sowed.

The second committee and report advanced the transformation of the policy problem. The *Joint Tables* were the creation of officials from the Privy Council Office Voluntary Sector Task Force, sympathetic officials from other government departments, leading representatives from the Voluntary Sector Roundtable and engaged officials from the voluntary sector. Both the mandate and the *Joint Tables Report* focused on building a new relationship and the regulatory issues with the accountability and governance issues assuming a secondary importance. Governance and accountability were subsumed under capacity with emphasis on how the federal government could “enhance the ability of the

voluntary sector and the federal government to meet the challenges ahead and to continue working together effectively (*Joint Tables*, 1999, 7).” Since the primary federal officials were sympathetic to the voluntary sector and its policy role, accepting a primary focus on the relationship between the two sectors was not an obstacle. The policy problem had been redefined in a manner that was consistent with its needs as defined by the sector and the policy entrepreneurs.

However, the problems inherent in the transformation of the policy problem from one of accountability and governance to one of relationship and government support in capacity building were evident in the final report of the *Joint Tables*. Divided into three sections on relationship building, capacity building and the regulatory framework, the report offered options rather than hard recommendations, indicating the possibility of some disagreement or at least a lack of consensus on solutions. The ordering of sections and recommendations was significant. In the first section on the relationship, the desirability of an accord to guide the relationship was identified first, followed by the need for a means “by which the sector could exercise its various voices” (*Joint Tables*, 1999, 10), and then 10 options largely targeted at government practices and institutions to make them more responsive to the sector (*Ibid.*, 24-27). Two options dealt with joint bodies to nurture the relationship. The options in the section on capacity, focused mainly on how government can invest or encourage investment in the identified areas of financial capacity (ex. creating a Task Force on Federal Funding and resourcing), human resources (ex. National Volunteerism Initiative, personnel training, human resources needs assessment), knowledge (ex. national surveys on the sector, creation of a permanent satellite account on the sector as part of Statistics Canada system of national accounts), and information management and technology (ex. creation of an “IT Corps,” examination of current investment, and sector software) (*Ibid.*, 10-11, 30-43). In sum, the ordering and design of these two sections and recommendations underscored the relationship and the federal responsibility to the sector. While the language was vague in places, the overall message was clear.

The area of developing options for regulatory reform most clearly revealed tensions caused by the redefinition of the problem from accountability and governance to relationship and government support. The section on legislative change suggested changes dealing with public disclosure of information on charity status decisions by Revenue Canada, advocacy rules, creation of “deemed charities” within the registration categories, and liability issues but with carefully constructed caveats built into the discussion of each option (*Ibid.*, 49-53). Under administrative change, the suggestion for a streamlined tax return form is hedged with cautions to ensure that Revenue Canada can ensure compliance, Statistics Canada can gather data, and Revenue Canada maintains decision-making control. These cautions suggest trepidation or disagreement with the recommendation. The suggestion for modifying the measures for ensuring charities comply with registration requirements by introducing intermediate sanctions is intended as a guideline to discussion but is notably free of cautions, probably owing to the fact that the suggestions are still consistent with the goal of ensuring compliance defined by Revenue Canada (*Ibid.*, 58-9), and thus easier for government representatives to accept without reservations added. In contrast, the section on business activities of charities notes the tensions with business and offers little remedy other than what is already being done by the government and sector organizations (*Ibid.*, 59-60). Under funding,

dissension is evident since no conclusions are offered but the “perspective of the voluntary sector” is noted with the cursory comment that the government and public perspectives are similar in some ways and differ in others (Ibid., 60-1). This tension in views between members of the two sectors is also clear in the section on institutional reform where three options are offered and discussed in detail (Ibid., 54-7), with the comment that “a full consensus on a preferred model” was not sought and the division in views between sector and government members is stated explicitly (Ibid., 56).

In short, the second report is revealing in terms of the redefinition of the policy problem. First, the relationship and government support for the sector take a leading role. Second, governance and accountability in the sector become subsumed under the need for government to build capacity in the sector and to encourage support of the private sector. Third, in the areas most directly relating to the original issues of accountability and regulatory reform, namely the regulatory framework, the tensions among committee members and the division between sector and government members are evident both in the conditional nature of the suggestions themselves and in the tougher language used compared to the other two sections. For at least some government members, the unease with the redefinition of the policy problem seems apparent.

These tensions were embedded in the joint federal government and voluntary sector response to these reports. Together, sector representatives and the federal government announced the creation of the Voluntary Sector Initiative (VSI) in June 2000, allocating a federal government expenditure of \$94.6 million over five years to the work of seven joint tables. These seven joint tables were: Coordinating Committee, Accord, Awareness, Capacity, Information Management and Technology, Regulatory and National Volunteerism Initiative. Significantly, the issues of funding and advocacy were not to be handled jointly but by two working groups created and funded by the sector and internally by government. And yet, through this structurally flawed vehicle, the new comprehensive framework for the voluntary sector was to be developed. Before looking at the operations and results of this VSI, political factors giving impetus to putting the policy problem squarely on the government and sector agenda must be highlighted.

The Political Stream

The emergence of the policy problem and the policy solution advocated by the policy entrepreneurs coincided with an opening in the political stream. Elected to replace the unpopular Conservative government in 1993, the Liberal government under Jean Chrétien proposed a model of government that would partner with the private sector and society in policy (*Creating Opportunity*, 1993, 10-12). During its first term, the Liberals began to consult broadly with interest organizations, particularly in the areas of the environment, health care and foreign policy through the creation of special forums. They invited representatives from organizations to address critical issues in each area but also solicited broader public opinion. In this process of consultation the Liberals, like the Tories before them, began to ask questions about the representativeness and legitimacy of many of the organizations engaged in these policy forums.

Mindful of the larger role in policy development and delivery that voluntary organizations were beginning to play as well as the public and media criticisms that too many organizations were private and closed to public scrutiny, the government began to listen to demands that organizations be more transparent and accountable whether

engaged in policy advocacy or service delivery. After conferring with the recently created VSR, the government revised the tax and regulatory structures to allow organizations more latitude to raise revenues, build capacity and create jobs (Ontario Law Reform Commission, 1996, 261-5; Monahan, 2000, 11; Juneau, 1998). The progressive reforms were continued in the 1997 budget with the ceiling for donations as a portion of income becoming more generous and the limit on capital gains loosened to encourage larger donations of capital to charities. At the same time, the government ensured that Revenue Canada had sufficient resources to monitor charities more effectively. Accountability and governance concerns were central to the political agenda and served as an impetus to the VSR creation of the Broadbent panel mentioned above as a means of anticipating government action.

A further incentive to voluntary sector activity and an indication of the influence of the VSR on the Liberal government was the 1997 Liberal election platform which recognized the third sector as an actor in its own right in a new section of the platform entitled “Engaging the Voluntary Sector.” The document not only recognized the sector as a coherent unit of society but went so far as to label the sector the “third pillar of Canadian society and its economy (*Securing Our Future*, 1997, 67).” As if to underscore the importance of the sector in the governance process, third sector agency reports were cited throughout the report to support government policies and actions. However, the government’s tendency to understand the sector in terms of particular relationships between departments and organizations rather than as a whole sector was reflected in its candid admission that government did not understand the nature, size, functioning, value-added, or challenges of the sector and thus had foregone opportunities for partnership in the past.

The 1997 Liberal platform contained specific measures for building the collaborative relationship with the voluntary sector but also heeded the winds of accountability and good governance (Ibid., 67-9). The platform encouraged federal government employees to volunteer time and energy to the sector or engage in personnel exchanges to promote cross-sectoral understanding of the roles, cultures and nature of government and organizations (Ibid., 68). It proposed continuing efforts at tax and regulatory reform through a structural review and modernization of Revenue Canada’s Charities Division to enhance the capacity and public accountability of charities. The platform also proposed building the technical capacity of voluntary sector organizations through Industry Canada and Voluntary Sector Supports by extending support to agencies and providing access to computer equipment, new technologies, the Internet, information technology, network support, and training. If re-elected, the Liberal government planned to expand its efforts to engage the voluntary sector in stimulating local entrepreneurship and in fostering economic development.

The similarity between these areas identified by the Liberals for action and the areas of concern identified in the Broadbent and *Joint Tables* reports discussed above were important in ensuring that the policy problem was developed. While the Liberals had accepted the voluntary sector view that the relationship required strengthening, concerns with accountability and transparency remained central to that relationship. However, the political platform was loose enough to allow the policy entrepreneurs to drive the agenda forward by keying on the relationship notes and downplaying the accountability notes.

Lobbying intensified after the release of the *Joint Tables* report in August 1999 and in anticipation of the upcoming Speech from the Throne, a means of keeping the voluntary sector on the federal government agenda. Despite the breadth of the options outlined in the report and previous Liberal statements on the voluntary sector, the efforts of key policy actors in the academic and voluntary sectors as well as within government ensured that an Accord became the focus for the throne speech: it was discrete and seemed obtainable; it advanced the promises from 1997 without repeating them; it was consistent with the Throne Speech themes of partnering and social cohesion; and it provided a grand gesture for the approaching International Year of the Volunteer. The Throne Speech stated:

In 2001, Canadians will mark the International Year of Volunteers – a time to celebrate the achievements of Canada’s everyday heroes. The Government recognizes the need to build partnerships with communities and to renew its relationship with the voluntary organizations that serve and sustain them. The Government will enter into a national accord with the voluntary sector, laying a new foundation for active partnership with voluntary organizations in the service of Canadians (Speech from the Throne, 1999, np).

This political gain orchestrated by the policy entrepreneurs was significant. By fall 1999, both public sector and voluntary sector officials knew time was running short to advance the agenda put forward in the reports with the Accord as the centerpiece, as hints of an early election began to swirl.⁴

Their suspicions were well-founded. In the 2000 election, the Liberals noted that the measures for the voluntary sector outlined in the 1997 platform had been achieved or were in the process of being attained, and could afford to pay the voluntary sector little attention except where it was subsidiary to other policies (*Opportunity for All*, 2000). Upon election, the Liberal government used the 2001 Throne Speech to explicitly recognize the role of the sector in building Canadian culture and the importance of volunteers in the community (*Speech from the Throne*, 2001, 16, 18). However, in practice, the newly elected government largely adopted the attitude that it “had been there, done that.” The voluntary sector agenda had been addressed successfully in the intervening period between the election and throne speech in the eyes of government with the creation of the \$94.6 million VSI. Less than one year into its five year mandate and the policy window for the VSI seemed to be closing. Was it? What had been accomplished or left undone and what do these reforms portend for the future? We turn to these questions in the examination of the VSI work in the rival areas of relationship building and regulatory reform.

The Policy Alternatives and Entrepreneurs

The VSI was a policy solution devised to affect every facet of the government-voluntary sector relationship, a formidable undertaking in policy terms. To negotiate the terms of the agreement, the voluntary sector was led by a steering group of senior representatives from national organizations (Brock, 2002). The federal side was coordinated by a Voluntary Sector Task Force (VSTF), located within the Privy Council

⁴ In private conversations in 2000, voluntary sector leaders lamented the upcoming election, suggesting that if the Liberals were not re-elected then the work of the VSR would be in vain. Fears were pungent.

Office. While the VSTF had its own budget, most of the \$94.6 million flowed through the other departments that provided support to the Joint Tables.

The government bodies overseeing the VSI reinforced these dual lines of horizontal control and centralized management (Brock, 2001, 203-220; Phillips, 2001b, 145-76; Brock, 2003). A Reference Group of eight ministers headed by the President of the Treasury Board provided leadership at the political level while a corresponding group of assistant deputy ministers provided direction at the bureaucratic level. Government membership on the joint tables was drawn from the senior levels of over 15 government departments and agencies (VSI, 2002, "Participants"). Each department's member on the ADM committee was expected to be the "champion" of the initiative within the department, and engage in promoting and explaining the VSI to their colleagues.

Thus, the government side had representation from two central agencies but extended broadly into line departments. This meant that the Joint Tables now included both representatives who had been part of the original Joint Tables (1999) of whom many were very sympathetic to the voluntary sector views of the relationship but also new officials who were not as sympathetic but instead influenced by the widely shared concerns over accountability and governance issues in the sector. The latter concerns had been heightened by the increasingly critical reviews of the expenditures by government departments and their partners offered by the Auditor General. While each table was important in its own right, the two tables that best illustrated these faultlines in the exercise were the Accord and Regulatory tables.

From the outset, the Accord Table was under tremendous pressure to fulfill the promise in the throne speech and achieve an agreement that could be announced before the end of the 2001 International Year of the Volunteer (IYV) and (VSI, "Participants," 2002, 4). This pressure produced considerable tension on the Accord Table (Phillips, 2003, 17-61; Good, 2001, 46-52). In order to avoid the time-consuming process of trying to draft an accord *de novo*, the Joint Accord Table decided to start with a draft that borrowed from the "compacts" that had already been negotiated in England and Scotland, and concentrated on reworking those drafts. This draft was generated by staff in the VSTF and VSR in consultation with experts.⁵ A draft Accord was ready for the public consultation phase by May 2001.

While the compacts provided the model underlying the suggestions made in the two earlier reports, adopting this policy solution from another country that was negotiated under very different circumstances meant it would not resonate in the same way here. The ground had not been prepared for the Accord here in the way that it had been in England and Scotland and so stakeholders were skeptical. For example, voluntary sector representatives on the Joint Tables sat as representatives of the sector broadly rather than their organizations as in England and Scotland (See Kendall, 2003, 44-65). This hampered the ability of the Canadian representatives to speak out with a clear mandate in negotiations. Further, the idea was not conceived and nurtured here to give participants full ownership in it. And time constraints meant that the details and scope could not be fully worked out and embraced by the officials here. It was not surprising, then, that the negotiations consisted of "wordsmithing" and caused some consternation among Accord Table members who had anticipated more substantive discussions (Phillips, 2003, 55). Even when Table members did negotiate more substantive commitments in the Accord

⁵ Based on personal conversations with officials involved in the process between 1999 and 2002.

than were ultimately achieved (or initially proposed), the wording was softened in the internal government review of the drafts. Similarly, despite the evident anger and disappointment expressed in the public consultations conducted in more than 20 communities across Canada and involving approximately 2000 organizations (VSI, “Milestones” in June and September of 2001), the final version of the Accord did not deviate significantly from the consultation draft (See Phillips 2003, 36-38). The policy solution (the Accord) identified by the policy entrepreneurs to meet the deadline set by the political agenda was signed on 5 December 2001, coinciding with the close of the International Year of the Volunteer.

The tensions among sector and government representatives surfaced in an even more tangible way during the Accord Table negotiations on the two implementation documents that accompanied the Accord, a *Code of Good Practice on Policy Dialogue* and a *Code of Good Practice on Funding*. These supplemental documents, released in October 2002, were intended to provide concrete direction for enhancing the participation of organizations in policy development and improving funding practices of the sector. Although the Accord Table had prepared drafts of the *Codes* by March 2002, the release was delayed while senior officials in the central agencies of the federal government reworked them and found wording that was more anodyne to counter the worry within government that the initial drafts “gave away too much democratic control and potentially guaranteed a role for the sector in all policy development (Phillips, 2003, 43; Brock, March 2003).” In the case of both the *Accord* and *Codes*, the negotiations processes revealed a fundamental unease with the documents within government, and especially the Privy Council Office, Treasury Board and Finance or so it was believed.

As expected then, the *Accord* is little more than a statement of general principles to guide the future relationship. It does hold both sectors to formal commitments to act in accordance with the values and principles in the Accord; to develop the necessary implementation mechanisms; to work together on shared goals and objectives; and to promote awareness and understanding of the other sector, including their internal constraints impeding “jointness” in policy development and delivery. The government committed to: examining its legislative and regulatory framework, including funding arrangements as they affect the sector; engaging the sector in policy development and design of service delivery; and, considering ministerial responsibility for the development of the relationship with the sector. The voluntary sector committed to: identifying emerging issues and trends and either addressing them or bringing them to the government’s attention; giving voice to the diverse views of the sector; and, considering leadership responsibility for the development of the relationship. Anodyne statements can be achieved despite the tension.

It is in the statements of principle meant to operationalize the Accord that the concerns over accountability and governance resurface. For example, the *Code on Policy Dialogue* is intended to fulfill the *Accord*’s commitment to implement its provisions by establishing an ongoing dialogue between the sectors in the development and design of policies and programs. To facilitate this, the *Code* is quite explicit about the obligations of both sides: “Both sectors will provide feedback to their respective constituencies on the full range of views expressed, and clearly communicate how this input has been considered in the public policy process.” In addition, the voluntary sector is expected to provide feedback to government on policies and processes with an eye to improving

performance (*Policy Code*, 2). Further, the *Policy Code* specifies that the dialogue on policies should be guided by a number of principles. Included in the list were: mutual respect; inclusiveness; accessibility; clarity; transparency; responsibility and good faith (the pillars of good governance practices); and, of course, accountability (“Both sectors will provide feedback to their respective constituencies on the full range of views expressed, and clearly communicate how this input has been considered in the public policy process.” While it was acknowledged that “Many departments and agencies and voluntary sector organizations are already using many of the practices outlined in the Code,” it was clear that the *Policy Code* was intended to reinforce and enhance those practices (*Policy Code*, 6-7, 5). Accountability and good governance, then, are reinforced even in the core of the exercise dealing with the essence of the relationship.

The language of accountability and good governance runs through the *Funding Code* as well. Intended to entrench the capacity of voluntary organizations to raise money, not only through direct funding but also through indirect mechanisms such as taxation measures (*Funding Code*, 2-4), the document pledged both sides to such values as cooperation and collaboration, innovation, diversity and equitable access, accountability, transparency and consistency, efficiency and effectiveness, with each of these described at some length in relation to each sector’s responsibilities (*Ibid.*, 5-6, 11-12, 13-15). In addition, the *Funding Code* commits the voluntary sector to sound financial, board, ethical, administrative and monitoring practices; it commits the federal government to flexible application and accountability standards subject to effective protection of public money, consideration of alternative monitoring mechanisms, agreement on measurable results and clear roles, and respect for diversity in imposing accountability requirements.

Upon reflection, the *Accord* and *Codes* began as watered down versions of the British compacts. However, in the Canadian process of negotiation, they became a means of reinforcing measures to ensure that voluntary organizations were more accountable for public monies and to provide for good governance. Little of substance was gained by the sector, but much was accepted in the areas of accountability and governance. The policy solution put forward by the policy entrepreneurs sympathetic to the sector, namely a focus on the relationship as embodied in an accord, had been wrenched around to deal with the policy problem as it had originally surfaced in the political stream and public mind as one of accountability and good governance in the sector. No wonder then that the *Accord* and *Codes* were received with skepticism by the broader policy community.

In contrast to the activity of the Joint Accord Table, the work of the Joint Regulatory Table (JRT) was neither as harmonious, expeditious nor as effective, despite some important achievements. It captured in even starker contrast, the divisions in the attempts to redefine the relationship between the two sectors and to reinforce accountability and good governance practices.

First, the divisions were captured by a contrast in scope. The regulatory reach of the federal government over the voluntary sector is quite broad, extending beyond the designation and supervision of charities through taxation measures to include regulation of access to policy formulation, of corporate status, of funding mechanisms, of tax expenditure funding mechanisms, of lobbying activities, and election participation (Pross and Webb, 2003, 63-122). Despite the reach of federal regulatory activity, the JRT

ultimately focussed on a narrower band of activities around the taxation measures of the federal government.

Second, even this limited focus was slow to come. By March 2001, when other tables were engaging on discussions of key issues within their mandate, the JRT had reached no conclusions on the issues it would address and the public newsletter of the VSI could only announce that the JRT would be co-chaired by a representative from a voluntary sector foundation and the Canada Customs and Revenue Agency (then CCRA and now CRA) and would “examine regulations affecting charities in Canada (VSI Update, March 2001, 3).” The important issue of the liability of director’s of boards of organizations was hived off to a subgroup involving a government co-chair from Industry Canada. As became widely known, a key division developed early in the operations of the JRT over whether or not the mandate should include funding and advocacy matters: two subjects which were “off the table” for government representatives but were critical for voluntary sector leaders.

Third, achievements were thin and the fundamental divide over institutional reform first evident in the *Joint Tables Report* of 1999 continued. Immediate responses to the JRT report included: a simplified tax form for charities; a streamlined registration process for obtaining charitable status; more transparent and accessible policies on charities through web postings by the Canada Revenue Agency (formerly CCRA); and, new policy guidelines on permissible business activities of charities. Significantly, CRA also announced a Charities Advisory Committee to provide information and advice to CRA on regulatory reform and other issues.⁶ Ironically, all of these measures did strengthen the relationship between the two sectors by easing the reporting requirements on charities (but not the need for more accountability), providing easier access to essential government information and policies, and creating a conduit for advice from the sector to government. Channels of communication were widened. However, the critical question on institutional reform was decided in favour of maintaining the status quo with minor exceptions. And while most of the JRT recommendations were accepted in the 2004 federal government budget except the three dealing with appeals on decisions about charitable status (VSI, 2004, 19-20),⁷ many of these reforms were stillborn or revoked (ex. Charities Advisory Board), with the election of the Conservative government in 2006.

Fourth, the JRT process demonstrated the tensions. Its work ground to a halt at two critical points and the Joint Coordinating Committee and officials from the senior levels of both government and the sector had to intervene to reinitiate discussions.⁸ In the fall of 2002 when the VSI morphed into a new structure, the JRT was only just launching public consultations on the regulations affecting charities. After consultations in 21 cities across the country and further deliberations, the JRT only managed to release its report in May 2003 (JRT, 2003).

The JRT negotiations process was much more difficult than the Accord Table and the results were circumscribed. Regulatory reform was more difficult to achieve than the *Accord* because the clash in values of the policy actors was strongest here. The sector representatives wanted regulatory change that embraced the role of organizations in the

⁶ See <http://www.ccr-aacrc.gc.ca/tax/charities/menu-e.html>

⁷ See http://www.vsf-fsbc.ca/eng/resources_tools/handouts/jrt_recs04.cfm

⁸ Based on my personal observations and conversations with officials, 1999-2000.

policy process and while they were willing to accept and even endorse measures that reinforced accountability and good governance, they wanted the definitions of those measures to reflect sector not government principles and context. In contrast, key government officials, particularly from Finance, the Treasury Board and Privy Council Office, were willing to engage in relationship reform if the sector adopted more stringent measures that accorded with their rules for public monies. However, even the Accord Table experienced these tensions and was pulled back when it attempted to go too far toward the voluntary sector definitions in the *Accord* and *Codes*. It was clear that the fundamental values match that Kingdon identifies as critical to success in addressing policy issues and securing significant policy changes was not achieved by the two sectors. This clash of values has directly affected the longer term success of the VSI, to which we turn now.

The Results: A Clash of Values and the Embedding Process

At the end of the day, did the VSI accomplish its goal of strengthening the relationship between the federal government and the voluntary sector, and thus enabling the two sectors to serve Canadian better in future? While it is still early days and caution against absolute judgments must be advised, the legacy of the VSI seems to fit Alan Cairns' analysis of the embedded state rather than the promise of paradigmatic policy change implied in the Kingdon analysis and envisaged by the policy entrepreneurs in the VSI. Where the Cairns and Kingdon analyses overlap though, is in the finding that change was effected where a values match existed. In particular, the VSI succeeded most effectively where it reinforced pre-existing patterns and ties, and was less successful where it challenged those relations or required either side to engage in novel or unfamiliar ways. The timing and character of the initiative did not allow sufficient time or the right context for the two sides to redefine their values and negotiate more significant changes. The initial hijacking by policy entrepreneurs of a policy problem that centred on concerns of accountability and governance in the sector and redefinition of that problem as one of the relationship between government and the sector while subsuming the accountability and governance concerns under government support for the sector to fit the policy solutions modeled on the British context, meant that the concerns of policy actors who focused on accountability and governance issues as primary were not squarely addressed. As a result, these lingering unsettled concerns both impeded the development and effect of the VSI negotiations and reforms, and were inserted into the initiative wherever possible, giving it a slightly schizophrenic appearance. As Kingdon offers, where values clash, policy gains can only be episodic or minimal.

Where the values of the two sectors met past actions and practices existed, change was possible. Certainly this was evident in the case of the *Accord* and *Codes of Good Practice*. To a great extent, the Canadian agreements were achieved because they largely mirrored past relations between the voluntary sector and government. The language of the *Accord* and *Codes*, outlined above, acknowledges this pattern of continuity by suggesting that the two sides promote awareness and understanding of each other and internal constraints that impede "jointness," by talking about "building" on past practices, and by acknowledging that many departments and agencies are using the practices endorsed by the *Accord* and *Policy Code*. The documents codified existing practices with the hopes of extending them to other departments. Thus, the documents

were achievable in a large part because they were not challenging or threatening to past commitments and fit with the established shared values of the two sectors.

The process of achieving the agreements between the two sectors reinforces this impression. First, the documents fit with developing trends in both sectors. On its side, the government had presaged a willingness to strengthen its commitment to and support for the voluntary sector in its electoral platform in 1997. This was a logical corollary to its policy of cutting government expenditures and services and relying on delivery mechanisms external to government (Brock, 2004). For their part, the voluntary sector leaders were interested in change given the critical media coverage and public reports on governance in the sector (Brock, 2001). The two agendas dovetailed in their agreements to build capacity in the sector and improve relations for the delivery of services and programs.

Second, the writing of the document is indicative of the extent to which the practices embraced were consonant with government and sector practices and objectives. As Phillips records, while both sides lacked a good understanding of what to expect from a compact between the sectors, the delay in the commencement of the work of the Joint Accord Table gave the federal officials in the central office time to study the British Compacts and similar Canadian documents, engage consultants to advise on a document, plan a communication strategy, draft a prototype, and brief Cabinet ministers (Phillips, 2003, 34-5). The staff involved in this work provided support and advice to the Accord Table on its draft of an accord. This preparatory work by the central machinery of government shaped the Accord Table's focus in a way that was consistent with government practices and objectives. Phillips observes that the final draft of the *Accord* did not vary significantly from the first draft. As mentioned above, one of the points of contention in the hearings was that the public consultations amounted to "wordsmithing" rather than substantive critiques of the document (Ibid., 35 note 26 at 55; Brock, 2003). The documents reinforced rather than challenged government practice.

When compared with the UK compacts signed by the New Labour government of Tony Blair in November 1998,⁹ the limitations of the Canadian *Accord* are more evident than a simple read of the Canadian document would yield. By comparison, the Canadian one is much weaker and more general in its tone and commitments as a result of existing values and practices setting parameters on what can be achieved. First, as Phillips observes, the Canadian *Accord* "achieved what was politically viable" given the oversight roles of the federal Privy Council Office and Department of Finance rather than what was desirable to sector leaders. These limits were not pressed in Canada (Phillips, 2003, 39). Second, there was no Canadian counterpart to the peak associations in Britain that could present a strong unified voice to the federal government or ensure that organizations complied with a national agreement. And the Canadian government lacked administrative machinery to promote an accord or to ensure compliance within its ranks, let alone across jurisdictions (Ibid., 29-30). Third, the federal nature of the Canadian political system, with primary responsibility for the voluntary sector falling to the provinces, meant that the Canadian *Accord* and *Codes* would be limited to subjects and a tone with which the federal government felt most comfortable. While the provinces and territories were informed of the VSI proceedings, they did not

⁹ see <http://www.thecompact.org.uk>

actively engage in them and federal officials were respectful of the jurisdictional limits.¹⁰ In sum, Canadian political norms, institutional structures and relations shaped what was achievable.

These effects were perhaps even more tangible in the case of regulatory reform. As mentioned above, the mood at the Regulatory Table was not one of cooperation and collegiality as at the Accord Table. Instead, negotiations were rocky, halting and, at times, explosive. Why the difference? Personalities offer only a partial explanation. A more satisfactory answer lies in the challenge facing the table. Unlike the Accord Table where much preparatory work had been done, where officials were debating a change that formalised procedures that were familiar to both sides, and where discussions were at the comforting level of generalities and principles, the Regulatory Table was debating change to existing practices, challenging existing structures and relations, and dealt in specifics. The level of acrimony at this Table speaks to the difficulty that Kingdon predicts will happen where values clash and Alan Cairns predicts will occur when attempting large scale changes to the operation of the Canadian state.

The changes that were achieved also reflect the institutional constraints and the ongoing government concerns with ensuring accountability in the sector and good governance practices. First, the scope of changes that were secured most readily was fairly modest albeit important: a simplified tax form, streamlined registration process, more accessible policies, and policy guidelines on business activities. All of these changes merely improved on pre-existing processes and the relationship between the voluntary sector and federal government. Second, even the changes announced in the 2004 Federal Budget are improvements on the relations and existing procedures rather than radical departures from the past. While these changes will no doubt assist charities in improving their operations, they fall short of key institutional reforms initially sought by the sector. So for example, rather than a new charities directorate desired by leading proponents for the sector,¹¹ CRA implemented an Advisory Committee. In a similar vein, the Budget reforms include a “more accessible appeals regime” for charitable status but continue appeals through the Federal Court -- a significant shortfall from hearing appeals through the less costly and friendlier Tax Court or through a new structure. The government maintained control rather than sharing power here. Third, changes requiring more significant modifications to existing structures, such as the Not-for-Profit Corporations Act, legislative reforms, funding mechanisms, a Charities Bank and so on, remain under discussion. Fourth, as mentioned above, despite the extent of the regulatory regime governing charities and citizen organizations identified by Pross and Webb, the scope of reforms was largely limited to those areas related to the taxation regime, reinforcing not weakening federal influence. Finally, as in the case of the *Accord*, the regulatory changes only apply within the federal sphere of power and not to the broader

¹⁰ Based on my personal observations as the Documentalist and Occasional Advisor to the JCC. When matters strayed into provincial and territorial jurisdiction, the federal officials would end discussions.

¹¹ See for example, Arthur B.C. Drache with Laird Hunter, *A Canadian Charity Tribunal: A Proposal for Implementation* (Ottawa: December 1999); Cf. Arthur B.C. Drache with F.K. Boyle, *Charities, Public Benefit and the Canadian Income Tax System: A Proposal for Reform* (Toronto: Kahanoff Nonprofit Sector Research Initiative, 1998). The latter work significantly influences the Panel on Accountability and Governance in the Voluntary Sector. Contrast Patrick J. Monahan with Elie S. Roth, *Federal Regulation of Charities: A Critical Assessment of Recent Proposals for Legislative and Regulatory Reform* (Toronto: York University with support from the Kahanoff Nonprofit Sector Research Initiative, 2000).

provincial and territorial jurisdiction over nonprofit organizations. These hidden policy actors imposed an unbreechable constraint. Yes, there has been change but change at the margins and by increments.

The two most contentious issues at the Tables were funding and advocacy. Again, these issues illustrate the tensions in the VSI and the wrenching around of the policy solution from one of the relationship and back to the focus on accountability and governance practices. As mentioned above, these two issues were not jointly addressed but relegated to working groups operated by each sector. In the end, both issues were addressed in the *Codes of Good Practice* but in a general way and in a manner that was friendly to government. So for example, the *Policy Code* recognizes advocacy as organizations working with government units to improve the policy process through issue identification, agenda setting, policy design, policy implementation, monitoring and impact assessment. The state has drawn organizations into its networks and increased the ties between its units and organizations. Advocacy as a more confrontational, public activity is forgotten, to the peril of more marginalised voices and to the detriment of good policy perhaps (Brock, 2001, 215-6). Similarly, the *Funding Code* improves on and regularizes procedures but does not challenge the accountability regime. And while charities are aware of the need for accountability in the expenditure of public funds, they are also cognizant of the stifling impact of applying a set of guidelines and principles that have been developed out of the private sector and adopted within the public sector.

Was the VSI for naught? Did the attempt by the policy entrepreneurs to focus on the relationship and government support for the sector and downplay issues of accountability and governance condemn the initiative to such limited achievements as might have been gained had it not occurred? As Kingdon explains, policy change is most likely when there is a convergence among the policy problem, political receptivity and an existing policy alternative or solution. As shown to this point, this convergence occurred in the case of the VSI. The problem emerged, the political actors recognized it as important and the policy actors offered a solution. The policy solution (VSI with a focus on the Accord and relationship building) had sufficient support among a key group of hidden policy actors and entrepreneurs who were able to mobilize and drive it forward but lacked support among a different set of policy actors and entrepreneurs who adhered to the problem in its original form of accountability and governance. As a result, the process was one of clashes between these two sets of values and the final product bore traces of both sets of concerns and were necessarily circumscribed where no agreement was possible. The time frame of the VSI did not allow for the discussions and preparatory work necessary to result in real values change and thus a fundamental paradigm shift.

But as Kingdon observes, issues may fade back into the policy soup but they do not dissolve. And here Alan Cairns' analysis of the embedded state is useful in predicting the longer term effects of this policy issue. Cairns's argument, first articulated in the early 1980s in the broader context of the debate over the autonomy of the democratic state (Nordlinger, 1981, 1988; Skocpol, 1985), focused on the degree to which the state in Canada has become highly fragmented, and "embedded" in what he argued was an equally fragmented society (Cairns, 1986, 1995). In this view of state-society relations, the state has different "nodes" connected to different fragments of society, with the development of an increasingly symbiotic relation between state and civil society in Canada. Cairns maintains that civil society is "caught in webs of

interdependence” with the state, and begins to define itself according to government policies and programs that promise specific benefits to particular groups of citizens. For its part, the state becomes increasingly “embedded”—“tied down by its multiple linkages with society (Cairns, 1986, 55).” The state loses its ability to set new directions or break past ties, except on an incremental level. In the end, the bonds that tie the state down tend to be created in circular fashion by the patterns of politics created by the state’s own past policies, including its efforts to manage civil society.

Alan Cairns’s concept of the embedded state is not grounded upon the idea of stagnation or stasis. He recognizes that change is possible whether through exceptional displays of unilateral action that run roughshod over practices, as happened with the implementation of the Canadian Charter of Rights and Freedoms or with the Free Trade Agreement, or through the inexorable process of incremental changes. Change might occur in the Canadian state but it is akin to turning an oil tanker – it occurs by degrees and slowly but once started is unlikely to stop without drastic action (Ibid.). And here may lie the secret to the legacy of the VSI.

First, the VSI resulted in changes that seem small but will precipitate larger changes in the long run as they begin to affect the system of government operations and voluntary sector relations. For example, the *Accord* and *Codes* set down guidelines and principles that will guide future interaction. The two annual reports on implementation of the documents have been disappointing in terms of tracking significant and sudden changes. After the first year, only six government departments and agencies of the 47 that responded to the annual survey were vigorously implementing the *Accord* and *Codes*. Further, while the majority of the 110 surveyed voluntary sector organizations reported good relations with government, a majority reported that their relations hadn’t changed over the first year of implantation (VSI, 2003, 10-17). However, longer term signs of gradual change were evident:

- letters of mandate for deputy ministers include implementation of the *Accord* and *Codes*;
- most departments and agencies have appointed a “champion” responsible for implementation;
- in the first year most departments had implemented awareness strategies;
- by the end of the second year, more than half of departments had a “medium” awareness of the documents;
- and by the end of the second year, there was an increasing number of government department and agencies and voluntary sector organizations that were requesting the educational packages on the *Accord* and *Codes* (VSI, 2003; VSI, 2004; VSF 2003).

The process of embedding has begun in earnest: as government departments and agencies and voluntary sector organizations become aware of the *Accord* and *Codes* and begin to incorporate them into daily operations, the process of change spreads to other units of the two sectors. As two examples, the Public Health Agency of Canada has created an Office of the Voluntary Sector, and the federal government has recently funded an investigation into the human resource needs of organizations. And, the new generation of policy makers in government and leaders in the sector are educated in these guiding principles,

accepting them as the norm for relations between the two sectors. Slowly but inexorable, the work of the VSI proceeds.

Second, the work of the VSI has caused a slight but significant transformation in both the federal government and the voluntary sector. The publication of the National Survey on Nonprofit and Voluntary Organizations and the Satellite Account of Nonprofit Institutions and Volunteering in the fall of 2004, entrenches the idea of a sector that is identifiable and distinct from the public and private sectors. The victory of the voluntary sector in 2008 ensuring federal funding for the next survey demonstrates the change taking place. A psychological shift has occurred with the recognition that not only does the sector exist but the federal government has certain responsibilities towards it. Against this new backdrop, future policy changes will occur. And although departments may change, the awareness of the sector will not.

Just as Cairns explained that changes in institutional arrangements in the state precipitate changes in society, the existence and operation of the VSI changed the operation and identification of societal organizations. During the VSI, the voluntary sector came of age: leaders across the nation increasingly began to think of their organizations as part of a whole. During this period, regional and umbrella organizations in the provinces began to arise, with the federation of voluntary and nonprofit organizations created by leaders to bridge jurisdictional boundaries in Canada. It was also during this period that two of the most prominent national nonprofit organizations, the Canadian Centre for Philanthropy (CCP) and the Coalition of Nonprofit and Voluntary Organizations (NVO) merged to present the sector with a stronger and more unified voice but one that respects diversity within the sector. And while a market correction occurred after 2004 and into 2006, the sector seems to be gaining strength again. In short, the sector has an identity, a stronger voice, and is a more formidable ally and antagonist to government. There is no going back. The state loses a bit more of its autonomy as it must now listen to a sector that it played a large part in identifying and mobilising.

Has it gone as far as it might have? Probably not, although this is difficult to assess. Still, there are indicators that the policy solution to the redefined policy problem had longer term negative effects. Shortly after the conclusion of the VSI, government responsibility for overseeing the ongoing work of the VSI and implementing the *Accord* and *Codes* was housed in a new department, Social Development Canada and then subsequently Human Resources and Social Development Canada. But here the supervisory function has withered. And while the Voluntary Sector Forum (successor body to the VSR) still maintains its vigilance, the joint reports have become relics of the past with the third report being too anodyne to justify continuing this reporting. A key tool to ensure that the embedding process continues has been lost. Similarly, even prior to election of the Conservative minority government, the regulatory reforms were stalled and the relationship was experiencing problems. While the policy problem simmers in the policy soup, it is resurfacing as a problem of accountability and governance. In late 2004, a senior representative from the Privy Council announced at a conference that the marriage counseling had gone on too long and now the voluntary sector had to fix itself and recognize that “accountability is here to stay.”¹² More recently, the Conservative

¹² Based on my notes of Kathy O’Hara’s presentation to “People, Power and Politics: the Challenge of Human Resource Policy,” the fifth annual conference of the Public Policy and Third Sector Initiative of the

government halted many regulatory reforms and initiated its own process of reform with the Blue Ribbon Panel on Grants and Contributions. The Panel, which reported in February 2007, has recommended new changes that have significant implications for the government-sector relationship including strengthening the accountability rules for organizations (BRP, 2007). On the one hand, the BRP did involve sector representatives, a lesson learned from the VSI, and did look at streamlining the measures for accountability in grants and contributions, a message delivered in the VSI; on the other hand, the BRP emphasized accountability and the government is selecting which recommendations to implement.¹³

The focus on relationship in the VSI deflected attention from the core issue as it had surfaced in the policy and political stream and ultimately never resolved the issues of accountability and governance. As so now the issue, as predicted in Kingdon's evolutionary approach, keeps resurfacing in altered forms. New solutions, some of which were eschewed by the voluntary sector, are now being pursued.

Conclusion

For effective policy change, as Kingdon argues, the three policy streams must converge. A window of opportunity opens. Policy entrepreneurs may use this opportunity to put forward favoured solutions or policy ideas to good effect. However, as the case of the VSI and attempt to reform state-sector relations here demonstrates, the right policy definition for the right policy solution is crucial. Where the policy problem is defined and promoted in such a way that a solution is chosen that does not address the core of the problem to begin with, then change will be limited and uneven. If the policy problem is redefined in a manner that does not resonate with core policy participants, then they will have an interest in hindering reform as the experience with the VSI demonstrated. If the values match between the problem and solution and among the core policy participants is not present and there is not sufficient time to negotiate a match, then changes will be limited and the policy window will close sooner rather than later as in the case of the VSI. The original problem will not be resolved but resurface requiring attention and attracting solutions that may be unattractive to key stakeholders or undo some changes that were gained previously. In the end, all may be disappointed. However, as Alan Cairns reminds us, smaller changes may be important in effecting real change in the longer term—it may just not be as the original policy entrepreneurs had hoped and expected. The state rolls on, transforming itself and its partners in the process.

School of Policy Studies at Queen's University, with the support of Canadian Heritage, Kingston Ontario, October 22-3, 2004.

¹³ As a participant in the Blue Ribbon Panel process of consultations, (November-December 2006), I was surprised at how little heed was given to the previous work of the VSI, in particular the JRT and surprisingly, the *Code on Good Funding*, although the concerns and language used were similar.

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