

**DRAFT WORKING PAPER PLEASE DO NOT QUOTE OR CITE WITHOUT
PERMISSION**

**INSTITUTIONAL ASYMMETRY AND CRITICAL JUNCTURES IN
VOLUNTARY SECTOR/ GOVERNMENT RELATIONS IN CANADA**

A Paper prepared by:

Peter R. Elson
PhD Candidate
OISE/UT, Toronto, Canada

2008 Canadian Political Science Association Conference
University of British Columbia
Vancouver, B.C.
June 4-6, 2008.

© Copyright 2008 Peter R. Elson

Thanks to the Social Science and Humanities Research Council for the Doctoral Scholarship funds which permitted the completion of this research

Introduction

Much of the research pertaining to the history of the voluntary sector in Canada chronicles the contribution of independent voluntary efforts to the early development and collaborative nature of Canadian society (Canadian Policy Research Networks & Canadian Centre for Philanthropy, 1998; Glenn, 1997; Lautenschlager, 1992; Thomas, 2005). Canada's volunteering history has been largely profiled in isolation of its relationship to government and dominated by a cultural focus as waves of new immigrants created independent mutual support networks and agencies (M. H. Hall, Barr, Easwaramoorthy, Sokolowski, & Salamon, 2005; Lautenschlager, 1992; S. A. Martin, 1985). Samuel Martin's book *An Essential Grace* stands out as the first historical profile of the voluntary sector in Canada which is set against the ratio of charitable giving to fully funded public service delivery (S. A. Martin, 1985).

This research primarily views the voluntary sector as instrumental, focusing on the service dimension of government relations (Armitage, 1988; Guest, 1997; Maurutto, 2005; Moscovitch & Drover, 1987). When the political and civic engagement dimension of voluntary sector/government relations has been addressed, policy analysis frameworks have tended to focus on contemporary policy processes (Brock, 2001; Brooks, 2001; Pal, 1993; Phillips, 1995, 2001a)

In a theoretical context, Salamon's (1987) interdependence model; Gidron, Kramer and Salamon's (1992) dominance/functional model; and Young's (2000) complementary/supplementary/ adversarial model are based on assumptions of rational choice economic decision making. As such, these theoretical models of voluntary sector/government relations reflect, rather than critique the political systems in which they operate. As argued by Evers and Laville (2004) as well as Kuhnle and Selle (1992), these rational choice economic theories are limited because they omit the importance of capturing the longitudinal and broad social, legal and public policy context in which voluntary sectors operate. Kuhnle and Selle attempt to address this omission by arguing that a simultaneous understanding of *both* government and the voluntary sector are required to understand their relational dynamic. According to Kuhnle and Selle, this dynamic is a product of their relative economic dependence and functional proximity (Kuhnle & Selle, 1992).

In general, rational choice theory dominates this and other voluntary sector/government relations theories. This orientation certainly addresses one dimension of voluntary sector/government relationships; but it does not: 1) address change and how or why it occurs; 2) government or the voluntary sector as institutions, rather than a monolithic unit; and 3) relationships which exist beyond the instrumental.

The two key research questions I pose are 1) why has the relationship between government and the voluntary sector evolved unfolded as they have; and 2) what are the consequences of critical junctures on contemporary voluntary sector/government relations. Until these two key questions are addressed, voluntary sector/government relations will continue to be guided by a rational choice paradigm in isolation of a broader and sustained historical and institutional orientation.

Research Framework: Historical Institutionalism

The themes of historical change and institutions, not just history generally, need to be explored to fully address 1) the question of why have these relationships unfolded as they have and 2) the consequences of critical junctures for contemporary voluntary sector/government relations. Because voluntary sector/government relations are complex and include relational, regulatory, and funding policies, each of these dimensions need to be examined from a historical institutional perspective. Thelen, Putnam, Pearson and others have noted that “history matters”, institutions are shaped by history, and that a historical perspective of institutions is critical to understanding contemporary policy shifts and drifts as well as the nature of institutional change (Hacker, 2005; Pierson, 2000a; Putnam, 1993; Streeck & Thelen, 2005; Thelen, 2003).

Pierson and Skocpol (2002) identify three important features of historical institutionalism which establish its relevance to this research. Historical institutionalism addresses big, substantive questions which are of interest to both scholars and the general public. In order to develop explanatory arguments about important outcomes, time is taken seriously, specifying sequences of transformations and processes. Macro contexts are analyzed in order to hypothesize about the combined effects of institutions and processes, rather than examining just one institution or process at a time. Historical institutionalism is a middle range policy analysis framework, standing above political actors yet below wider societal forces such as the impact of class structure or international economies on politics (Bell, 2002; Thelen & Steinmo, 2002). The area of investigation this research explores fits this middle range level of policy analysis.

Historical institutionalism makes the assumption that institutions, rather than being the instruments of key actors, constrain and shape the actions of actors and ultimately, policy outcomes. Institutions are inherently historical and emerge from, and are sustained by, features of a larger political and social context (Thelen, 1999). Thus historical institutionalism is used to identify and verify factors which influence policy development and sustained policy implementation. The interest by historical institutionalists in these reinforcement mechanisms is driven by their primary interest in explaining a particular real world policy outcome (Steinmo, 2001).

Historical institutionalism makes two primary assumptions: institutions shape politics and institutions are shaped by history (Putnam, 1993). The rules and operating procedures which make up institutions influence political outcomes by structuring actors' identities, power and strategies. Institutions embody both historical trajectories and the sustained impact of key turning points or critical junctures (P. A. Hall & Taylor, 1996; Pierson, 2000a; Putnam, 1993).

Institutions as social regimes

Wolfgang Streeck and Kathleen Thelen, two leading historical institutionalism scholars, define institutions as “*building-blocks of social order*: they represent socially sanctioned, that is, collectively enforced expectations with respect to the behaviour of specific categories of actors or to the performance of certain activities” (Streeck & Thelen, 2005, 9). This is the operational definition of institutions that I have adopted for this research. An institution is not necessarily a formal organization (Jepperson, 1991). Voting, for example, is an institution but it is not a formal organization. This example

reinforces the importance of looking beyond the explicit organizational structure to examine the reinforced expectations of behaviour or performance.

The concept of institution as a social regime with stipulated rules of behaviour places an emphasis on issues related to authority, obligation and enforcement. Thus policy agreements are institutionalized only when their continuation is reinforced by a third party who acts in a broad 'public interest' and not by the self-interested behaviour of those directly involved (Streeck & Thelen, 2005).

The basic premise of historical institutionalism is that policy choices made when an institution is being formed or when a policy is being implemented, will have a continuing and deterministic impact over the policy in the future (Peters, 2005). When a particular policy is chosen, alternatives fall by the wayside and the regime adjusts to accommodate and reinforce this new policy, unless or until some other force or choice point moves the regime to make new policy choices (Peters, 2005). This is what is known as path dependency. To only analyze policies in a contemporary context is to dismiss the impact of earlier policy choices and the reinforcement mechanisms which have been established.

Institutional regime types

A regime, according to Streeck and Thelen (2005) is:

A set of rules stipulating expected behaviour and 'ruling out' behaviour deemed to be undesirable. A regime is legitimate in the sense and to the extent to which the expectations it represents are enforced by the society in which it is embedded (p. 12-13).

I have developed an institutional regime type classification scheme based on the degree to which regime rules are formally established and enforced. This scheme, outlined in Table 1, differentiates institutional regime types into three categories: formal, non-formal and informal. I have outlined the key features and provided a contextual example for each type. The formal regime type, typically associated with government policy representative regimes is characterized by an established and sanctioned representational and reporting protocol which is transferable across time and issues. The non-formal institutional regime type features a transitory representational and reporting system which is non-transferable across time and issues. The informal institutional regime type reflects an ad hoc representational and reporting protocol which is also non-transferable across time and issues.

The purpose of this classification scheme is to determine the relationship between policy outcomes when policy deliberations take place between different or similar regime types.

Table 1
Institutional Regime Type

Regime Type	Features	Example
Formal	Well established and sanctioned representational and reporting protocol which is transferable across time and issues.	Department of Finance representation to Regulatory Joint Table
Non-formal	Transitory representational and reporting protocol which is non-transferable across time and issues	Voluntary Sector representation to Accord Joint Table
Informal	Ad hoc representational and reporting protocol which is non-transferable across time and issues	Representation by voluntary sector organizations to government committees

Critical junctures and increasing returns

According to Pierson, path dependence occurs when preceding steps in a particular direction induce further movement in the same direction. In an increasing returns process, the probability of further steps down that same path increases with each move down that path because the *relative* benefits of the current activity, compared with other possible options, increase over time (Pierson, 2000a). This means that path dependent processes are inherently historical, as it is only through a historical analysis that path dependence can be discerned (Pierson, 2000b).

Characteristics of path dependency

Pierson identifies three characteristics of path dependency processes which enrich the examination of institutional change. First, history counts because path dependent processes and positive feedback mechanisms can be highly influential at the early stages of development, with long-term consequences. Only through an historical perspective can these early stages be identified. Second, relatively small developments early on in a change process may have a big impact, while large developments at a later stage may have much less influence because of the investment in the established norms of behaviour (Pierson, 2000b).

It is not just *what* occurs but *when* a particular development occurs which determines its impact. Third, the relative openness of the early stages in a sequence, compared with the relatively closed nature of later stages, is a critical feature of path dependency. Positive feedback mechanisms diminish the viability of choosing viable alternatives at a later stage. The openness of these early stages means that a number of potential outcomes are possible. However, once a path gets established, self-reinforcement processes lead to its institutionalization.

A critical juncture is defined as the actual developments which trigger path dependency (Pierson, 2000b). Two examples of critical junctures are the Québec Act of 1774, which led to two hundred years of dominance by the Roman Catholic Church in the provision of health, education and social services in Québec; and the ‘Quiet Revolution’ in the early 1960s, also in Québec, which resulted in the secularization of many of these same institutions (Elson, 2007).

A critical juncture occurs when policy makers explore viable policy options which are available at a time of uncertainty or institutional flux (Capoccia & Kelemen, 2007). In this situation the institutions, instruments, values/beliefs or capacities of the actors change so as to have the potential to make significant and lasting change on the relationship. These changes could be incremental or dramatic. The dramatic changes introduced with the Program Review initiative put into effect by Finance Minister Paul Martin (1994) had, I will argue in chapter four, a significant and long lasting impact on the voluntary sector/government funding relationship. External shocks to institutions such as the 9/11 bombing of the World Trade Centre in New York has heightened the issue of security in domestic charities and international Non-Government Organizations alike (Sidel, 2007).

Question:

I propose that an exploration of the historical and institutional relationship between these two sectors will reveal that there are critical junctures which continue to have an impact on contemporary voluntary sector/government relations. By comparing three critical junctures in Canada and one in the UK, I will address the following two questions:

To what extent do historical critical junctures have an impact on contemporary voluntary sector/government relations?

and

To what extent is it likely that variances in voluntary sector institutional regime type in the will influence policy outcomes?

Where variances in institutional regime type are characterized as formal, informal, and non-formal depending on the extent to which a particular regime is subject to enforced compliance by its own members or a third party, such as the media.

These two research questions were addressed by examining three core policy issues which collectively reflect the regulatory, political, policy, and instrumental dimension of voluntary sector/government relations. Because the regulation of charities is centrally controlled by the federal government, its policies have an impact on all charities which operate in Canada and influence the activities of others who would like to become registered charities. Voluntary organizations also see themselves, at times, as legitimate voices for those they serve and represent. Regulations which limit permissible political activities by charities have created a climate of cautious advocacy by charities which influence the nature, type and amount of public policy debate. The instrumental role that charities play in the provision of public services creates both an opportunity to provide needed services and an aura of intimidation toward public advocacy.

The three core policy issues which continue to capture the interest of the voluntary sector in Canada and have done so for more than thirty years are: 1) the definition of charity and related tax benefits; 2) the ability to advocate in the public

interest; and 3) the role of the voluntary sector in the provision of public and quasi-public services (Andreychuk, 1977; Bellingham, 2006; Betcherman et al., 1998; Boyle, 1997; Broadbent, 1999; Carter, Broder, Easwaramoorthy, Schramm, & de Witt, 2004; Drache, 2001; M. H. Hall et al., 2005; M. H. Hall, de Witt, Lasby, & McIver, 2004; Phillips, 1991, 1995, 2003; Scott, 2003).

Case Selection

Because critical junctures occur as a consequence of both dramatic and incremental causes a comprehensive review of voluntary sector literature was conducted. This review included an analysis of historical, legal, political, social and economic literature on the voluntary sector in Canada over the past three centuries (Elson, 2007). At the same time the proximity of changes in voluntary sector relations to broader societal changes such as the depression in the 1930s, and the shift to direct citizen engagement and neo-liberal economic priorities in the 1990s were identified. As a result of this analysis a clear picture of the relationship between contemporary voluntary sector/government relations their historical institutional origins emerged. As a consequence of this research, three developments stood out as potential critical junctures, which warranted further investigation and formed the basis of three cases which are used in this research.

A critical juncture needs to clearly signal the beginning of a change which is then positively reinforced over time. It is only through historical analysis that these moments of change and the reinforcement mechanisms and consequences which support such a change can be identified (Thelen, 1999).

There are other critical junctures in voluntary sector/government relations in Canadian history, such as the Quebec Act of 1774 which institutionalized the dominance of the Catholic Church to provide health, education and social services. I have chosen to limit my analysis to critical junctures which continue to impact on voluntary sector/government relations at a national level. The three critical junctures which are relevant to this research are: 1) the 1930 Amendment to the *Income War Tax Act* and its impact on the definition of charity and tax deductions; 2) the shift from representational citizenship participation to tethered advocacy in the 1970s; and 3) the shift in the 1990s from civic partner to fiscal agent by government.

My first case, the 1930 amendment to the *Income War Tax Act* is relevant because it established the statutory context in which all charities would operate. Specifically, it 1) acknowledged all charities in statute for the first time; 2) established how charities would be defined; and 3) set limits on personal tax deductions to charities. These three core components of charity regulation were traced from the implementation of the *Income War Tax Act Amendment* in 1930 to 2006, when capital gains on donations of stock to charities and private foundations were made fully deductible. It is from this point in 1930 that federal tax regulations established the type and limit for eligible donations to charities which can be deducted from personal and corporate income tax. The Department of Finance has taken the lead in setting charity (i.e. tax) policy while the Canada Revenue Agency has been responsible for its administration.

From a public policy perspective, the Canadian government has been extremely cautious when faced with the engagement of charities in advocacy and political activities. This second case analyzes the developments leading to and following an increase in

permissible political activities following a time when political activity by charities was not permitted. In the late 1970s the Canada Customs and Revenue released Circular 78-3, stipulating that political advocacy by charities was not permitted. Changes have taken place, first in 1987 and again in 2003, but these changes pale in comparison to what the voluntary sector sees as appropriate role of charities in a society where marginalized groups feel disenfranchised and public policy dialogue is often a closed door affair. For more than three decades the desire for a more liberal regulation of advocacy activities by charities, such as that enjoyed by private corporations, nonprofits and political parties, have largely been rebuffed.

My third case is the policy shift from citizenship-based program funding, which supported both program activities and citizen engagement, to dedicated short-term project funding. This short-term project funding, initiated in earnest in the early 1990s, has been sustained through subsequent increases in economic prosperity and numerous political regime changes. Prior to the early 1990s, core funding for voluntary organizations recognized what these organizations did, as well as who they were; namely, a civic partner who also fostered citizenship participation and voice (Phillips, 1995). The retrenchment policies in the early 1990s, which were introduced to combat an economic recession and mounting federal debt, have had a sustained and stressful impact on the voluntary sector (Phillips, 2001b).

I then undertook a cross-case comparison of contemporary developments in Canada with those in the UK. In particular, I compared the two voluntary sector institutional regime types in Canada and the UK from the early 1990s to 2006, including the 2006 *Charities Act* in the UK. This comparative case four has been conducted because the UK voluntary sector faced many of the same issues as the voluntary sector in Canada yet has achieved a very different relationship with the central government. I wanted to determine the extent to which differences in institutional regime type may have influenced policy outcomes. The difference in voluntary sector policy outcomes between Canada and the UK presented an opportunity to investigate why the voluntary sectors in these two countries responded differently to similar policy issues. This comparison will help to strengthen my hypothesis concerning the relationship between institutional regime type and policy outcomes.

When engaging in policy dialogue, the non-formal institutional regime type that the voluntary sector in Canada has chosen to adopt has relegated it to the policy and political margins, undermining rather than reflecting its collective strength and impact on Canadian Society. This historical institutional research informs this relationship and posits that there are policy benefits associated with a formal institutional regime type.

Findings and Analysis

The first question this research addressed was which critical junctures have led to the contemporary relational, regulatory, and financing dynamic which exists between the voluntary sector and government in Canada. Historical institutionalism was used to identify and trace the historical origins of these contemporary issues to specific critical junctures. Three critical junctures in Canada were identified and analyzed: 1) the 1930 Amendment to the *Income War Tax Act*; 2) expansions in allowable political activity which took place in 1987 and 2003; and 3) the imposition of core funding cuts and short-term under-funded contracts between 1994 and 1998.

The second question this research was designed to address was the relative institutional regime type which existed in each of these three critical junctures and in a corresponding critical juncture in the UK.

In case one, the 1930 Income War Tax Amendment involved an intense debate which took place over 28 days in May, 1930. A number of policy options were strongly debated; including adopting American regulations for charities, before a tax statute based on Common Law and the 1891 *Pemsel Case* was adopted. The new regulations concerning charities were then layered on top of the on-going responsibilities of regional federal tax authorities.

In case two, the release of *Information Circular 87-1* in 1987 was the critical point when allowable political activity by registered charities shifted from a punitive to a permissive regulation and expanded both the type and amount of permissible political activity. The Conservative government in Canada wanted to improve the climate for political activity by charities, but the limit on the amount of resources which could be allocated to such a purpose (ten percent) fell far short of the provision the Charity Commission in the UK was prepared to make (a minority position). Permissible political activity by charities in Canada were expanded further with the release of CPS-022 in 2003, but this latter version had its foundation in *Information Circular 87-1* and was institutionally layered onto existing regulations enforced by the Charities Directorate. These regulations have been reinforced, primarily through reactive enforcement measures; and like the UK, there is consensus that the current regulations permitted by existing legislation have reached their limit.

In case three, the Paul Martin's three-year Program Review effectively orchestrated an institutional conversion which changed the social policy framework in Canada; introduced spending regulations by departments which curtailed overspending; and centralized fiscal and social policy control in the Department of Finance. Subsequent economic improvements and changes in governments and their leaders have done little to change the negative impact of internal staffing reductions; the culture of short-term under-funded contracts; and excessive accountability and regulatory mechanisms which were introduced by Martin in 1994-95 (Dutil, 2006).

When the contemporary status of these three cases are compared to developments in the UK- the critical juncture which started with the election of Tony Blair as leader of the Labour Party in 1994 and culminated with the signing of the Compact in 1998 - both the time frame and policy options criteria for a critical juncture are evident. The Labour Party could have established a stronger presence for public private partnerships and defined a stronger instrumental role for the voluntary sector. Instead the Labour Party saw the voluntary sector as both a provider as public services in communities and a catalyst for social inclusion and civic engagement.

The key difference in the UK is that at the same time as the government was undergoing a critical juncture in social policy, so was the voluntary sector, deliberately marshalling its research and policy analysis capacity through the Commission on the Future of the Voluntary Sector and the Working Group on Government Relations, both heavily supported and led by the National Coalition for Voluntary Organizations. The critical juncture within the voluntary sector was achieved through institutional displacement, that is, through the rediscovery and activation of latent institutional resources while the Labour government layered their voluntary sector policy onto

existing institutions, initially the Home Office and more recently the Cabinet Office (Streeck & Thelen, 2005).

The institutional formality of the voluntary sector in the UK, led by the National Coalition for Voluntary Organizations, provided the means by which the sector could establish, present, and reinforce its own voluntary sector policy regime. This policy regime was articulated in the Deakin Report and convinced the Labour government that this direction was compatible with their own policy goals. The institutionalization of the voluntary sector has been tested throughout the ten-year implementation of the Compact. The National Coalition for Voluntary Organizations and Compact Voice have continued to represent the collective position of the voluntary sector as the Compact has expanded and become more complex; *Charity Law 2006* has moved into its implementation phase; and campaigning and political activity are expanding (Charity Commission, 2008a, 2008b; Compact Voice, 2007).

Capoccia and Kelemen (2007) point to power asymmetries as one conceptual shortcoming in the current critical junctures framework. Building upon Capoccia and Kelemen (2007), this research directly addresses this shortcoming by demonstrating that institutional regime type influences policy outcomes during a critical juncture.

Senior levels of government most often represent a formal institutional regime type with long-established norms of behaviour, veto points and hierarchical protocols (Phillips & Levasseur, 2005). Voluntary sector representation in Canada has been consistently informal with a weak policy and research capacity (Phillips, 2004; Thayer Scott, 1992). Consequently voluntary sector policy benefits have been minor in relationship to the size and capacity of the sector. The voluntary sector in the UK has dramatically increased both its institutional formality and its policy benefits in the regulation of campaigning and political activity, political credibility and influence, and long-term funding protocols (see Table 12).

In Table 2 I present the regime types which have been identified in this research. In case one, the 1930 Amendment to the Income War tax Act both the government and the voluntary sector have both been identified as informal regime types with nominal institutional asymmetry because neither regime had a formal policy position or resolution process which took place outside the open debates in the House of Commons.

Table 2 Institutional Regime Type and Cases

Regime Type	Regime Features	Case
Formal	Established and sanctioned representational and reporting protocols which are transferable across time and issues.	Case 2: Government representation to the Voluntary Sector Initiative (2000 - 2005) Case 3: Government representation to sanctions on political activities (1987) Case 4: Government Relations Working Group (UK) (1996-1998) Case 4: Ministerial Working Group (UK) (1996-1998)
Non-formal	Transitory representational and reporting protocols which are not transferable across time and issues	Case 1: Representation to Amendment to Income War Tax Act amendment (1930) Case 1: Government policy on definition of charity (1930) Case 2: Voluntary Sector representation to Voluntary Sector Initiative (1996-2003) Case 3: Voluntary Sector representation to sanctions on political activities (1987)
Informal	Ad hoc representational and reporting protocols which are not transferable across time and issues	Not applicable to these cases (an example would be singular deputations to committee hearings)

In case two, the federal government’s policy position on political activity was formally controlled by Revenue Canada whereas the voluntary sector was represented by the non-formal Coalition of National Voluntary Organizations. The voluntary sector operated under the same non-formal regime type in case three, when Paul Martin conducted his Program Review from 1994 through 1996 and social and fiscal policy was formally consolidated in the Ministry of Finance. The bilateral negotiation between the voluntary sector and the central government in the UK in case four is one example of policy negotiations between two formal regime types.

Institutional Asymmetry Theory

Based on the three Canadian case studies and the comparative case in the UK, I propose an Institutional Asymmetry Theory. Simply stated, this theory asserts that during critical junctures institutional regime asymmetry will influence policy outcome. The greater the institutional regime asymmetry, the greater the disparity between the policy desired by the less formal of the two regime types and the policy outcome. The term policy outcome is used because the impact of institutional asymmetry extends beyond policy formulation and adoption to include longer-term policy implementation and revision (Sabatier & Jenkins-Smith, 1999).

Regime types are defined in this typology as formal, non-formal and informal. The degree of formality is a reflection of third party public scrutiny, accountability measures, and established formal norms of behaviour with collectively enforced sanctions (Streeck & Thelen, 2005). This relationship is detailed in Table 12 (above) where the regime type in each of the four cases studies in this research has been presented as examples of either formal or informal regime types. The informal regime type is not represented in the four case studies but would occur, for example, when voluntary sector organizations make an independent deputation to government standing committees.

The Institutional Asymmetry Theory assumes a bilateral policy dynamic, as was found in the four case studies in this research. The formal regime type has established and sanctioned representational and reporting protocols which are transferable across time and issues; the non-formal regime type has transitory representational and reporting protocols which are not transferable across time and issues; and the informal regime type has ad hoc representational and reporting protocols which are not transferable across time and issues. The Institutional Asymmetry Theory would be stated as follows:

The nature of the policy outcome during a critical juncture is directly related to the level of institutional regime asymmetry

This relationship is reflected in the following voluntary sector (vs) to government (g) policy outcome predictions:

- *Low Asymmetry*: Formal (vs) to formal (g) regime types lead to positive policy outcomes and high reinforcement for the voluntary sector.
- *Moderate Asymmetry*: Non-formal (vs) to formal (g) regime types lead to mixed policy outcomes and mixed reinforcement for the voluntary sector; and
- *High Asymmetry*: Informal (vs) to formal (g) regime types lead to negative outcomes and limited reinforcement for the voluntary sector.

I have described the NCVO and the Government Relations Working Group as a formal regime type when it engaged in its negotiations with the Labour government with positive policy outcomes and high reinforcement. In Canada, the Voluntary Sector Roundtable and the Voluntary Sector Initiative representational regime type was non-formal during the Voluntary Sector Initiative and the consequences were mixed with positive changes in the Charities Directorate, but negative consequences for desired changes in funding regimes, advocacy regulations and the definition of charity.

Clearly further research at both a domestic and international comparative level will be necessary to further test and refine this proposed Institutional Asymmetry Theory.

In this context, the Institutional Asymmetry Theory would provide a basis to predict, on a macro level, when a change in voluntary sector/government relations may occur and how long this change would last. In the specific context of this research, for example, this theory would predict that the voluntary sector in Canada will continue to be disenfranchised until it builds a collective and representative voice, and that the voluntary sector in the UK will sustain its status in the course of a change in government. Even then, the positive returns which reinforce historical policies are a critical dimension of the policy landscape and signs of a possible critical juncture need to be constantly monitored. Further research is needed to determine if sustained changes in voluntary sector/government relations have taken place in isolation of a critical juncture or increased voluntary sector institutionalization.

This theory contributes to a new understanding the historical and institutional landscape in which voluntary sectors and governments operate. A strong voluntary sector which can articulate its goals and means to achieve those goals will have the capacity, as did the voluntary sector in the UK in 1998, to set the policy agenda for change and establish the architecture to ensure that their policies are enacted and implemented over time.

This proposed theory contributes to existing voluntary sector/government relations by adding a historical and institutional dimension which has been absent. Dennis Young's economic model of government/nonprofit relations profiles three perspectives of voluntary sector/government relationships: supplementary, complementary and adversarial; none of which are mutually exclusive (Young, 2000). Young (2000) is clear that these three variations in voluntary sector/government relationships are derived from a rational choice model in the economics tradition. I agree with Jennifer Wolch who contends that this model and others like it expose the myth of voluntary sector independence, but leave open the question of how "voluntary sector initiatives shape, and are shaped by, the forms and functions of the state" (Wolch, 2003). This Institutional Asymmetry Theory starts to address the question of who 'shapes or is shaped' by utilizing an historical analysis of variances in institutional regime type and policy outcomes in critical junctures in voluntary sector/government relations.

Kuhnle and Selle (1992) have noted the need to study historical processes when examining voluntary sector/government relations. They draw on the experience of voluntary sector/government relations in Norway to capture the comparative proximity (in terms of communication and contact) and dependence (financing and control) of voluntary sectors to government in a variety of countries (Kuhnle & Selle, 1992). Kuhnle and Sells model profiles the behavioural dynamics of voluntary sector/government relations as does Najam's Four C's approach (cooperation, confrontation, complementarity and co-optation) which is based not on proximity and distance, but on either shared or separate goals and means between voluntary sectors and governments (Najam, 2000).

Each of these approaches to voluntary sector/government relations is silent on the question of the influence of institutional regime type on policy outcomes, an influence, like history, which is too big to ignore. This Institutional Asymmetry Theory uses historical institutionalism to address the influence of both history and institutional regime type on policy outcomes. The focus on critical junctures is deliberate as it is in these times of institutional change that, by definition, policy options exist; but once a policy direction has been taken, positive reinforcement mechanisms ensure that it may be some time before another change takes place (Capoccia & Kelemen, 2007; Streeck & Thelen, 2005).

Future Research

Further case studies in other domestic or international jurisdictions are needed to test this theory and expose its limitations. I plan to test and refine this Institutional Asymmetry Theory, building on the historical institutional theoretical framework and comparative case research methodology used in this research (Brady & Collier, 2004). Future research will need to: 1) apply the regime type/policy outcome theoretical framework to other countries or jurisdictions in order to refine its typology and

measurement; and 2) expand the analysis of voluntary sector/government critical junctures, regime types, and policy outcomes.

Policy Implications

This research has shown that in circumstances where a critical juncture takes place in voluntary sector/government relations, institutional regime asymmetry can have an impact on policy outcomes. As profiled above, there is a predictive dimension to this proposed Institutional Asymmetry Theory. In short, the voluntary sector is well served by a formal institutional regime type when engaged in policy dialogue with governments. The lack of institutional regime formality in the Canadian voluntary sector has, for example, hindered the ability of the voluntary sector to translate general public support for common cause advocacy into policy changes (Ipsos-Reid, 2006).

At a provincial level in Canada this has been shown to be the case in two instances in Québec which have been profiled in earlier research (Elson, 2007). The first was the Québec Act of 1774 which gave the Roman Catholic Church substantive control over the provision of health, social services and education in the province of Québec for almost 200 years (Elson, 2007). In 1774 the Roman Catholic Church has developed a widespread institutional presence throughout the province which rivalled the provincial government. This formalized institutional regime type the necessary capacity to legitimize the continued influence of the church. The second provincial example, also from Québec, came during the Quiet Revolution in the early 1960s and the pivotal role of la Fédération des femmes du Québec and other community groups who campaigned for the liberalization, equality, and progressive secular social policies for women and families (Couton & Cormier, 2001; la Fédération des femmes du Québec, n. d.).

Today the social economy in Québec is considered one of four pillars of Québec society along with unions, government, and the private sector. The social economy is supported through a federation of networks, the Chantier de l'économie sociale which supports and represents the broad social economy and its place in Québec society (White, 2004). Other provinces such as Alberta, Saskatchewan, Manitoba, New Brunswick and Newfoundland and Labrador have each established representational networks for voluntary sector organizations, but it is premature to determine their degree of formality or their capacity to engage with their respective provincial government (Elson, 2007). Critical junctures in any of these provinces would certainly provide a strong case for further voluntary sector/government relations research.

At a national level I have made the case that a more formal representation regime type for the voluntary sector would benefit its relationship with the federal government. However, as demonstrated by the National Council for Voluntary Organizations in the UK, this institutional representation cannot be a mile wide and an inch deep, as has been the case in Canada. The recommended institutional formality for Canada is a reflection of the required depth and continuity of its stakeholder legitimacy and solidarity; underpinned by policy research, deep stakeholder consultation processes, and a strong political and media presence. This will take time, dedication, foresight, and financial and human resources. What this research has demonstrated is that there is a way, over time, to systematically identify, articulate and achieve policy goals which are driven from within the voluntary sector for the benefit of the sector and a more equitable and just Canadian society.

Conclusion

This research has been driven by my passion to understand and contribute to the nature of voluntary sector/government relations in Canada. Historical institutionalism has provided an accurate research framework to acknowledge the role that history and institutions have played in the determination of contemporary voluntary sector/government relations. Yet this is only a beginning.

The proposed Institutional Asymmetry Theory has the potential, I believe, to make a substantial contribution to voluntary sector theory; to the research literature which explores voluntary sector/ government relations; and most important, to voluntary sector/government relations in Canada. This theory will require further testing and refinement, either with additional Canadian or international case studies.

This research has served to shed new light on 1) the origins of the definition of charity and charity regulation through the examination of the 1930 Amendment to the *Income War Tax Act*; 2) the regulations regarding political activity through *Information Circular 78-3, 87-1* and *Political Activities CPS-022*; 3) the sustained impact of Paul Martin's Program Review on voluntary sector funding regimes. The contemporary comparison with the UK showed how two voluntary sectors facing similar challenges, negotiating a relational framework, proposed changes in charity law; and campaigning and advocacy regulations responded in two very different ways. In the UK an institutional representational architecture was built; in Canada a weak representational regime type only diminished over time. It is time that this changes and it is my hope that in some meaningful way this research will make a contribution to this much needed institutional change.

References

- Andreychuk, R. (1977). *People in Action: Report of the National Advisory Council on Voluntary Action to the Government of Canada*. Ottawa: Department of the Secretary of State.
- Armitage, A. (1988). Canadian Social Welfare (1900 - 1988): Chronology. In *Social Welfare in Canada: Ideals, realities and future paths (2nd edition)*. Toronto: McLelland and Stewart.
- Bell, S. (2002). Institutionalism: Old and New. In A. Parkin, J. Summers & D. Woodward (Eds.), *Government, Politics, Power and Policy in Australia (7th ed.)*. Melbourne: Longman.
- Bellingham, L. (2006). The Democratic Deficit - Suppressing Political Activity in the Canadian Nonprofit Sector [unpublished paper]. Retrieved July 3, 2006, from [http://gl.yorku.ca:8008/monglendon.nsf/0/19cfa96f73ed1f3285257171004ceb9f/\\$FILE/BellinghamLouise.pdf](http://gl.yorku.ca:8008/monglendon.nsf/0/19cfa96f73ed1f3285257171004ceb9f/$FILE/BellinghamLouise.pdf)
- Betcherman, G., Bernard, P., Bozzo, S., Bush, S., Davidman, K., Hall, M., et al. (1998). The Voluntary Sector in Canada: Literature review and strategic Considerations for a Human Resources Sector Study. *Canadian Centre for Philanthropy*. Retrieved November 23, http://www.cprn.org/docs/work/vscl_e.pdf, from http://www.cprn.org/docs/work/vscl_e.pdf
- Boyle, F. K. (1997). "Charitable Activity" under the Canadian Income tax Act: Definitions, Processes and Problems. *Voluntary Sector Roundtable* <http://www.vsr-trsb.net/publications/fullrprt/imdex.html>. 17/03/02, from <http://www.vsr-trsb.net/publications/fullrprt/imdex.html>
- Brady, H. E., & Collier, D. (2004). *Rethinking Social Policy: Diverse Tools, Shared Standards*. Lanham, MD: Rowman & Littlefield.
- Broadbent, E. (1999). *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector*. Ottawa: Panel on Accountability and Governance in the Voluntary Sector.
- Brock, K. L. (2001). State, Society and the Third Sector: Changing to Meet New Challenges. *Journal of Canadian Studies*, 35 (4), 203-220.
- Brooks, N. (2001). The Role of the Voluntary Sector in a Modern Welfare State. In J. Phillips, B. Chapman & D. Stevens (Eds.), *Between State and Market: Essays on Charities Law and Policy in Canada*. Montreal and Kingston: McGill-Queen's University Press.
- Canadian Policy Research Networks, & Canadian Centre for Philanthropy. (1998). The Voluntary Sector in Canada: Literature review and strategic Considerations for a Human Resources Sector Study. *Canadian Centre for Philanthropy*. Retrieved July 9, 2007, from http://www.cprn.org/docs/work/vscl_e.pdf
- Capoccia, G., & Kelemen, D. (2007). The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism. *World Politics*, 59 (3), 341-369.
- Carter, S., Broder, P., Easwaramoorthy, M., Schramm, H., & de Witt, M. L. (2004). *The Civil Society Sector in Canada: Policy Environment [unpublished research paper]*. Toronto: Canadian Centre for Philanthropy [Imagine Canada].

- Charity Commission. (2008a). *CC9 -Speaking Out - Guidance on Campaigning and Political Activity by Charities*. London: Charity Commission.
- Charity Commission. (2008b). *Charities and Public Benefit: The Charity Commission's general guidance on public benefit*. London: Charity Commission.
- Compact Voice. (2007). *Joint Compact Action Plan 2006 - 2008: Report to Parliament of the Seventh Annual Meeting to Review the Compact on Relations between Government and the Voluntary and Community Sector*. London: Compact Voice.
- Couton, P., & Cormier, J. (2001). Voluntary Associations and State Expansion in Quebec - 1955-1970. *Journal of Political and Military Sociology*, 29 (1), 19-45.
- Drache, A. (2001). Hostage to History: The Canadian Struggle to Modernize the Meaning of Charity. *Prepared for the Charity Law in the Pacific Rim Conference*. Retrieved May 15, 2006, from <http://www.queensu.ca/sps/courses/mpa880/BrisbanePaper.php>
- Dutil, P. (2006). Rules, Rules, Rules, Rules: Multilevel Regulatory Governance (Book review). *Canadian Public Administration*, 50 (1), 127-131.
- Elson, P. (2007). A Short History of Voluntary Sector-Government Relations in Canada. *The Philanthropist*, 20 (1), 36-74.
- Evers, A., & Laville, J. L. (2004). Defining the Third Sector in Europe. In A. Evers & J. L. Laville (Eds.), *The Third Sector in Europe*. Northampton, Mass: Edward Elgar Publishing.
- Gidron, B., Kramer, R. M., & Salamon, L. M. (1992). Government and the Third Sector in Comparative Perspective: Allies or Adversaries? In B. Gidron, R. M. Kramer & L. M. Salamon (Eds.), *Government and the Third Sector: Emerging Relationships in Welfare States* (pp. 1-30). San Francisco: Jossey-Bass.
- Glenn, T. (1997). *Canada's Voluntary Sector: History and Future Prospects*. Toronto: Ontario Legislative Library, Legislative Research Service.
- Guest, D. (1997). *The Emergence of Social Security in Canada, Third Edition*. Vancouver: UBC Press.
- Hacker, J. S. (2005). Policy Drift: The Hidden Politics of US Welfare State Retrenchment. In W. Streeck & K. Thelen (Eds.), *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press.
- Hall, M. H., Barr, C. W., Easwaramoorthy, M., Sokolowski, S. W., & Salamon, L. M. (2005). *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective*. Toronto: Imagine Canada.
- Hall, M. H., de Witt, M. L., Lasby, D., & McIver, D. (2004). *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*. Ottawa: Statistics Canada.
- Hall, P. A., & Taylor, R. C. R. (1996). Political Science and the Three New Institutionalisms. *Political Studies*, 44 (4), 936-957.
- Ipsos-Reid. (2006). *Talking About Charities 2006: Tracking Canadian's Opinions about Charities and Issues Affecting Them*. Edmonton: The Muttart Foundation.
- Jepperson, R. L. (1991). Institutions, Institutional Effects, and Institutionalism. In P. DiMaggio & W. W. Powell (Eds.), *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.

- Kuhnle, S., & Selle, P. (1992). Government and Voluntary Organizations: A Relational Perspective. In S. Kuhnle & P. Selle (Eds.), *Government and Voluntary Organizations: A Relational Perspective* (pp. 1-33). Aldershot, UK: Avebury.
- la Fédération des femmes du Québec. (n. d.). Petite histoire de la Fédération des femmes du Québec (FFQ). *la Fédération des femmes du Québec*. Retrieved April 23, 2008, from <http://www.ffq.gc.ca/presentation/historique.html>
- Lautenschlager, J. (1992). *Volunteering: A Traditional Canadian Value*. Ottawa: Voluntary Action Program: Canadian Heritage.
- Martin, P. (1994). *The Budget Speech*. Ottawa: Canada Communication Group.
- Martin, S. A. (1985). *An Essential Grace: Funding Canada's Health Care, Education, Welfare, Religion and Culture*. Toronto: McClelland and Stewart.
- Maurutto, P. (2005). Charity and Public Welfare in History: A Look at Ontario, 1830-1950. *The Philanthropist*, 19 (3), 159-167.
- Moscovitch, A., & Drover, G. (1987). Social Expenditures and the Welfare State: The Canadian Experience in Historical Perspective. In A. Moscovitch & J. Albert (Eds.), *The Benevolent State: The Growth of Welfare in Canada*. Toronto: Garamond Press.
- Najam, A. (2000). The Four-C's of Third Sector-Government Relations: Cooperation, Confrontation, Complementarity, and Co-optation. *Nonprofit Management & Leadership*, 10 (4), 375-395.
- Pal, L. A. (1993). *Interests of State: the Politics of Language, Multiculturalism and Feminism in Canada*. Montreal & Kingston: McGill Queen's University Press.
- Peters, B. G. (2005). *Institutional Theory in Political Science: The 'New Institutionalism'* (2nd ed.). New York: Continuum.
- Phillips, S. D. (1991). How Ottawa Blends: Shifting Government Relationships with Interest Groups. In F. Abele (Ed.), *How Ottawa Spends: The Politics of Fragmentation 1991-92*. Ottawa: Carleton University Press.
- Phillips, S. D. (1995). *Redefining Government Relationships with the Voluntary Sector: On Great Expectations and Sense and Sensibility*. Ottawa: Voluntary Sector Roundtable.
- Phillips, S. D. (2001a). From Charity to Clarity: Reinventing Federal Government-Voluntary Sector Relationships. *The Philanthropist*, 16 (4), 240-262.
- Phillips, S. D. (2001b). More than Stakeholders: Reforming State-Voluntary Sector Relations. *Journal of Canadian Studies*, 35 (4), 182-202.
- Phillips, S. D. (2003). Voluntary Sector-Government Relationships in Transition: Learning from International Experience for the Canadian Context. In K. L. Brock (Ed.), *The Nonprofit Sector in Interesting Times: Case Studies in a Changing Sector* (pp. 17-70). Montreal & Kingston: McGill-Queen's University Press.
- Phillips, S. D. (2004). The Limits of Horizontal Governance: Voluntary Sector - Government Collaboration in Canada. *Society and Economy*, 26 (2-3), 393 - 415.
- Phillips, S. D., & Levasseur, K. (2005). The Snakes and Ladders of Accountability: Contradictions between contracting and collaboration for Canada's voluntary sector. *Canadian Public Administration*, 47 (4), 451-474.
- Pierson, P. (2000a). Increasing Returns, Path Dependence, and the Study of Politics. *American Political Science Review*, 94 (No.2), 251-267.

- Pierson, P. (2000b). Not Just What, but When: Timing and Sequence in Political Processes. *Studies in American Political Development*, 14, 72-92.
- Pierson, P., & Skocpol, T. (2002). Historical Institutionalism in Contemporary Political Science. In *Political Science: the State of the Discipline*. New York: W. W. Norton & Co.
- Putnam, R. D. (1993). *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Sabatier, P. A., & Jenkins-Smith, H. C. (1999). The Advocacy Coalition Framework: An Assessment. In P. A. Sabatier (Ed.), *Theories of the Policy Process*. Boulder CO: Westview Press.
- Salamon, L. M. (1987). Of Market Failure, Voluntary Failure, and Third-Party Government: Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State. *Journal of Voluntary Action Research*, 16 (1), 29 - 49.
- Scott, K. (2003). *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*. Ottawa: Canadian Council on Social Development.
- Sidel, M. (2007). The Third Sector, Human Security, and Anti-Terrorism: The United States and Beyond. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 17 (3), 199-210.
- Steinmo, S. (2001). The New Institutionalism. In B. Clark & J. Foweraker (Eds.), *The Encyclopedia of Democratic Thought*. London: Routledge.
- Streeck, W., & Thelen, K. (2005). Introduction: Institutional Change in Advanced Political Economies. In W. Streeck & K. Thelen (Eds.), *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford: Oxford University Press.
- Thayer Scott, J. (1992). *Voluntary Sector in Crisis: Canada's Changing Public Philosophy of the State and its Impact on Voluntary Charitable Organizations (PhD Thesis)*. Denver, CO: University of Colorado at Denver.
- Thelen, K. (1999). Historical Institutionalism in Comparative Politics. *Annual Review of Political Science* (2), 369-404.
- Thelen, K. (2003). How Institutions Evolve: Insights from Comparative Historical Analysis. In J. Mahoney & D. Rueschemeyer (Eds.), *Comparative Historical Analysis in the Social Sciences* (pp. 208-240). Cambridge, UK: Cambridge University Press.
- Thelen, K., & Steinmo, S. (2002). Historical Institutionalism in Comparative politics. In S. Steinmo, K. Thelen & F. Longstreth (Eds.), *Structuring Politics: Historical Institutionalism in Comparative Politics*. Cambridge: Cambridge University Press.
- Thomas, A. (2005). Canada and Adult Education. In L. English (Ed.), *International Encyclopedia of Adult Education*. New York: Palgrave.
- White, D. (2004). The Voluntary Sector, Community Sector and Social Economy in Canada: Why One is not the Other. In A. Zimmer & C. Stecker (Eds.), *Strategy Mix for Nonprofit Organizations: Vehicles for Social and Labour Market Integrations* (pp. 117-141). New York: Kluwer Academic/ Plenum Publishers.
- Wolch, J. (2003). State, Subject, Space: Silences in Institutional Theories of Nonprofit-Government Relations. In H. K. Anheier & A. Ben-Ner (Eds.), *The Study of*

Nonprofit Enterprise: Theories and approaches. New York: Kluwer Academic/Plenum.

Young, D. R. (2000). Alternative Models of Government-Nonprofit Sector Relations: Theoretical and International Perspectives. *Nonprofit and Voluntary Sector Quarterly*, 29 (1), 149-172.