

## **Accountability and Non-governmental Actors in Canadian Public Governance**

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There is a sense that use of private actors has been increasing in the realm of public governance. Peters and Pierre claim that while for the majority of the past three centuries we have associated governance in the public realm with the state and a dominant pattern of hierarchical governing in which governments decide the laws and policies to be adopted, this traditional view of governance is being challenged as networks and other societal actors seek greater autonomy (Peters and Pierre, 2006: 209-210). Furthermore, Matthew Finders argues that the governance demands placed upon the state have expanded to the point where capacity requirements cannot be fulfilled without widespread delegation (Finders, 2006: 223). The result is an increased interest in partnerships between government and societal actors and the dispersal of political authority across multiple layers, bringing about questions of democratic input and accountability within the governance process (Peters and Pierre, 2006: 209). While elections as a mechanism of accountability have been an important tradition in democratic theory through which the policy preferences of the citizens can induce government action (Fearon, 1999: 57), the migration of regulatory responsibility outside the boundaries of elected governments necessitates an exploration of the emerging accountability relationships.

In response to the perception that private actors have taken on a larger role in public governance and concerns raised over accountability brought about by the dispersal of authority outside of government, this paper explores the extent to which authority has migrated to non-government actors and resulting accountability environments in the Canadian context. To do so, legislated instances of authority migration in the provinces of Alberta and Nova Scotia between the years of 1946 and 2005 from the universe of cases and three areas of inquiry are examined: the extent to which the provinces of Alberta and Nova Scotia have utilized non-governmental bodies in public governance; the extent to which political ideology or government fiscal capacity are able to predict the likelihood of government migrating authority to non-governmental bodies; and the existence and relative strength of accountability relationships between non-governmental actors and both government and society as stipulated in the legislation.

### **Migration of Authority and Governance**

One dimension along which governance can vary is centralization of authority. Authority can be highly concentrated in a single hierarchical entity that claims exclusive jurisdiction or dispersed among various nodes, each exercising only limited jurisdiction (Kahler and Lake, 2004: 409). The dispersion of authority can then be thought of as occurring along both a vertical and horizontal axis. Along the vertical axis authority can be distributed to successively more local levels of government in which the more limited jurisdictions are nested within larger

jurisdictions. Along the horizontal axis the authority can be dispersed to actors outside of government. The dispersion of authority both vertically and horizontally is captured by Mark and Hooghe's idea of multilevel governance.

The analytical focus of multi-level governance can be seen as the increasingly contested jurisdictional and territorial boundaries both within and beyond the state, the fundamental concern being how to explain the dispersal of central government authority both vertically to actors at other territorial levels and horizontally to non-state actors (Bache and Flinders, 2005: 4). Multilevel governance was originally defined by Gary Marks as "a system of continuous negotiation among nested levels of governments at several territorial tiers - supranational, national, regional and local - as the result of a broad process of institutional creation and decision reallocation that has pulled some previously centralized functions of the state up to the supranational level and some down to local/regional level" (Marks 1993: 392). Building upon Marks's earlier work, Marks and Hooghe put forward two contrasting visions of how to conceptualize multi-jurisdictional governance labeled Type I and Type II multi-level governance. Type I multilevel governance has its intellectual foundation in federalism, which is concerned with power sharing among governments operating at different levels. Type I multi-level governance is described as the dispersion of authority to a minimal number of jurisdictional levels into which a wide array of policy areas are bundled, with smaller jurisdictions nested within larger ones and only one relevant jurisdiction existing at each territorial scale (Marks and Hooghe 2005: 17-19). In contrast with Type I, Type II multi-level governance has independent jurisdictions that fulfill specific functions as its unit of analysis. Type II multi-level governance is defined as having intersecting memberships in the sense that borders will be crossed and jurisdictions may overlap; as being organized across a large number of levels in which authority is not neatly layered but diverse in scale; and being flexible in design, allowing it to respond to changing citizen preferences and functional requirements (Hooghe and Marks, 2005: 20-21). Type II multi-level governance can be conceptualized as a system where citizens are not served by 'the' government, but by several public service industries (Marks and Hooghe, 2003: 237).

While not the only approach to organizing governance that spans multiple jurisdictions,<sup>1</sup> Marks and Hooghe's Type I and Type II multilevel governance typology can be used to conceptualize governance in the Canadian case. The traditional national-provincial dynamics of Canadian governance is captured under Type I multi-level governance, while the emergence of special purpose jurisdictions are incorporated under Type II. Furthermore, Type I and Type II are complementary where the selected model is a function of the problem that needs to be addressed (Marks and Hooghe 2005: 29) and Type II multilevel governance structures can be embedded in legal frameworks determined by Type I jurisdictions (Marks and Hooghe 2003: 238, Marks and Hooghe 2005: 24). The use of Type II multilevel governance as a tool of government where government delegates authority in response to a specific policy circumstance can be witnessed at the provincial level and while Type II multilevel governance may occur when private actors play a dominant role in the policy making process, causing public actors to adopt privately negotiated regimes (Marks and Hooghe 2005: 25) it is government's use of Type II bodies to delegate authority that is the focus of this paper.

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<sup>1</sup> For alternative conceptualizations of the dispersal of authority across multiple layers see Frey and Eichenberger's *The New Democratic Federalism for Europe* (1999) or James Rosenau's "Change, Complexity, and Governance in Globalizing Space" in J. Pierre (ed.) *Debating Governance: Authority, Steering and Democracy* (2000) or Rosenau's "Strong Demand, Huge Supply: Governance in an Emerging Epoch" in Bache and Flinders (eds.) *Multi-level Governance*. (2005).

## Why Migrate Authority?

The first objective is to place recent trends in the creation and termination of Type II bodies within a historical context. If, as Peters and Pierre suggest, there has been an increased interest in partnerships between government and societal actors and an increase in the dispersal of political authority across multiple layers (Peters and Pierre, 2006: 209 and Flinders, 2006: 224) an increase in both the rate and absolute number of Type II bodies should be witnessed across time.

*H<sub>1</sub> - The rate of creation as well as the absolute number of Type II bodies created is increasing over time.*

Beyond the rate of creation there is also the question of what factors promote the creation of Type II bodies by government. Two potential explanations are put forward in this paper: a lack of government capacity to meet governance demands results in governance responsibility moving outside of government; or the ideological position of the government is a causal factor in the creation of Type II bodies.

The argument for the level of government capacity influencing the migration of authority through the creation of Type II bodies is based upon the idea that the demands on the modern state outstrip the capacity of government. The growth in responsibilities has demanded a structural capacity that can only be filled with widespread delegation that allows the state to address a wide range of policy issues while not needing to be involved with the day-to-day socio-political interactions, and in doing so simultaneously blurring the public/private distinction (Flinders, 2006: 223-224). The influence of capacity as a rationale for private actors in the public realm can be seen in the argument put forward for the use of public-private partnerships that emerged in Canada in the mid-1990s. The justifications put forward included the minimization of on-budget government expenditures and the desire not to increase current debt levels (Vining and Boardman, 2008: 12). The pervasive influence of debts and deficits has been identified as having an impact on public-service reform and government reform more generally including privatization and contracting out of public services (Kernagan, Marson, and Borins, 2005: 6). While the state is presumably unable to fulfill all requests placed upon it, the capacity argument suggests that the lower the capacity of the state to fulfill its responsibilities (both new and existing) the greater the rate of creation of Type II bodies is likely to be.

*H<sub>2</sub> - The lower the capacity of government to meet governance demand the higher the rate of creation of Type II bodies.*

The argument for ideology influencing the extent to which authority is migrated outside of government is anchored in the idea that parties on the left resort to more government intervention and parties on the right are more likely to rely upon the market. Adam Harmes has suggested that multi-level governance is characterized by the dispersal of power away from the national level of government and can be viewed as part of a deliberate neoliberal political project with the goal of separating economic and political power. The effects of this separation of powers can be witnessed in the growing use of legal-judicial mechanisms to lock in neoliberal policies and insulate them from democratic influence (Harmes, 2006: 726-727). Similarly, the emergence of new public management in the 1980s, with its promotion of the private sector and

the delegation of authority as a remedy for the high taxes and deficits associated with the welfare state, has been characterized as a neoliberal approach (Hoehn, 2011: 77). As argued by McBride and Shields, the advancement of a neoliberal agenda, aimed at reducing the state and increasing reliance on market mechanisms, provides the ideological venue for shifting decision-making outside of politics and is eroding the power of the state (McBride and Shields, 1997: 18). This suggests that the more closely aligned the government in power is with a neoliberal ideology the greater the rate of creation of Type II bodies.

*H<sub>3</sub> - The further to the right a government is on the political spectrum the higher the rate of creation of Type II bodies.*

### **Accountability and Public Governance**

Assuming that authority has indeed migrated outside of government, the second objective of this paper is to gain an understanding of how Type II bodies are held accountable once authority has migrated. Without accountability, there is no popular control.

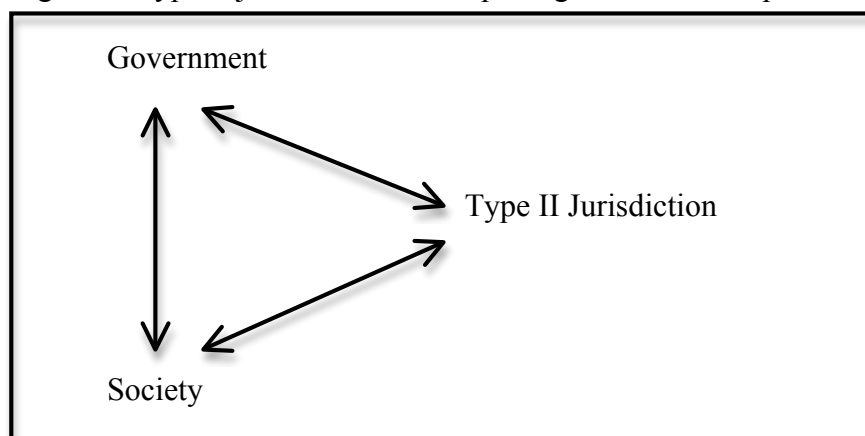
In a democracy, accountability is the principal mechanism through which mass publics exert control over their elected officials and is a central tenet of democratic theory (Rudolph, 2006: 99). The concept of accountability is not in itself problematic: Person A is accountable to person B if two conditions are met; there is an understanding that A is obliged to act in some way on behalf of B; and B is empowered by some mechanism to sanction or reward A. Stated in the form of an agency relationship person A can be understood to be an agent, who makes choices on behalf of person B as the principal (Fearon, 1999: 55). The assignment of a principal-agent relationship to elected representatives is straight forward, the elected representative is accountable to the electorate and is expected to act in such a way that promotes the preferences of the electorate. If the electorate is not happy with the actions of their elected representative, they can vote them out at the next election.

Defining the accountability relationships associated with Type II multilevel governance is more complex as there is the potential for multiple principal-agent relationship variations. As illustrated in Figure 1 three different accountability arrangements may exist: first, society<sup>2</sup> as principals of Type II bodies where Type II bodies are directly accountable to society; second, citizens as principals of democratic governments who in turn are principals of Type II bodies meaning that Type II bodies would be indirectly accountable to the citizens; third, both the first and second accountability arrangements exist. Not shown in Figure 1 is the additional possibility of the absence of any accountability relationship.

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<sup>2</sup> Society is referring to both individual citizens and groups outside of government who are affected by the decisions made by non-government actors operating in the public realm.

Figure 1: Type II jurisdictions Principal-Agent Relationships



While governments may have migrated authority to address certain policy problems, it can be argued that Type II bodies remain accountable to the government and as such indirectly to the citizen. Jessop argues that the state, in responding to the institutionalization of political decision making upwards, downwards and sideways from the state, is enhancing its role in managing inter-scalar relations, thus seeking to control how and where authority is migrated to minimize effects upon the overall power of the state. Through what Jessop has labeled metagovernance, the state has become involved in the redesign of markets, constitutional change, jurisdictional reregulation, organizing the conditions of self-organization, and organizing the overall process for collaboration. As such, the state can be seen to be setting the overall ground rules for governance and regulatory order (Jessop, 2005: 64-65).

Tanja Börzel has stated that in the modern state both public and private actors operate under the shadow of hierarchy. Public actors set the legal rules of the game and intervene to correct distortions or outcomes that violate public interests (Börzel, 2010: 196-197). While the underlying assumption of multilevel governance is that centralization has given way to new forms of governance, resulting in decision-making authority being dispersed across multiple jurisdictions, it can be argued that the state continues to play a fundamental role within the process. In setting the rules and being positioned to intervene on outcomes that violate public interests, government can be seen to dominate the policy process. If government has continued to dominate the public policy process then we can expect formal accountability relationships between government and Type II bodies to be present and to have either remained stable or increased in strength.

*H<sub>4</sub> - The accountability relationships between government and Type II bodies has either remained stable or increased in strength over time.*

The belief that shifts in state function and new forms of governance have not weakened the state is not universal. As stated above, McBride and Shields argue that the advancement of a neo-liberal agenda aimed at reducing the state and increasing reliance on market mechanisms provides the ideological venue for shifting decision-making outside of politics and is eroding the power of the state (McBride and Shields, 1997: 18). According to Paul Hirst, the term governance can signal a threat to conventional forms of democracy or potentially an attempt to sidestep democracy altogether. Instead of being accountable either directly to the citizens or indirectly to the citizens through government, governance mechanisms are seen to have become

the tools of commercial interests or unaccountable bureaucracies (Hirst, 2000: 13). Returning to Harmes's argument that dispersal of power away from the centre characterized by multilevel governance can be viewed as deliberate neoliberal political project with the goal of separating economic and political power (Harmes, 2006: 726-727), it can be argued just as the ideology of the government in power may influence the rate of Type II body creation, it may also influence the accountability relationship between Type II bodies and government. Governments closer aligned with a neoliberal ideology can be expected to produce weaker accountability relationships when migrating authority.

*H<sub>5</sub> - The further to the right a government is on the political spectrum the weaker the accountability relationship between Type II bodies and government.*

In addition to accounts of government power is the perspective that non-governmental societal actors are playing a more powerful role. Peters provides two opposing views of governance, a traditional approach where the state steers, and a modern approach where societal actors are involved in more self-steering. While both government steering and self-steering views of governance contain the assumption that society must be governed, different assertions are made as to who the dominant actor is: government or society (Peters, 2000: 36-37). Paul Hirst's associated democracy model goes as far as stating that as many functions as possible should be devolved from the state to civil society, followed by the democratization of the civil society organizations, thus shifting governance from top-down bureaucratic to democratically self-governed associations (Hirst, 2000: 28). If social forces are taking a stronger role in the governance process it follows that Type II bodies should be increasingly accountable directly to society as societal actors assert greater influence over policy inputs and outputs. Whether the growing strength and influence of various societal actors means an accountability relationship with civil society in general or with specific organized interests, however, is worth consideration. There is the possibility that organized societal interests may secure a formal accountability relationship that does not exist for the broader population.

*H<sub>6</sub> - The accountability relationship between society and Type II bodies has increased in strength over time.*

## **Data and Methodology**

To undertake this study, a custom dataset was built that includes the incidents of creation, termination, and modification of Type II bodies in the provinces of Alberta and Nova Scotia between the years of 1946 and 2005. Alberta and Nova Scotia are the first two of a four-province dataset. The province of Alberta was selected due to the relative stability of government ideology during the past 60 years and its fluctuating debt pattern. Nova Scotia was selected due to its frequent transitions between Liberal and Progressive Conservative governments, its relatively consistent trend of increasing debt during the period being studied, and its position as the largest economy of the Atlantic Provinces. The reasons to use provincial data are three fold: provincial politics is relatively under studied in comparison to the federal level, it allows for comparisons across provinces, and it allows for the creation of larger sample sizes than would using national level data.

The dataset for each province includes four categories of records: Type II bodies created prior to 1946 and still in effect in 1946; new Type II bodies created after 1946; changes in the accountability requirements of Type II bodies that have occurred since 1946; and cases of Type II body termination since 1946. The dataset for each province was populated using the revised statutes at such intervals as they were released (Alberta: 1955, 1970, 1980, 2000 and Nova Scotia: 1954, 1976, 1989) and the online publication of statutes from the provincial government websites. Annual statute volumes published for each province were used to provide details on incremental changes to the legislation that altered the accountability relationship when multiple amendments had made it impossible to obtain the information from the revised statutes. The dataset does not capture cases where the legislation was amended but the accountability relationship was unchanged. In cases when the Type II body remains in place, but the legislation that created it is repealed and replaced, the Type II body is not coded as being terminated and recreated, but instead only changes to the accountability relationships (if occurring) are captured.

For a Type II body to be included in the dataset three conditions must be satisfied: a separate entity must be created by legislation that grants authority to the new body; the majority of decision-makers must be comprised of individuals who are from outside of the government, legislature, or public service; and the non-governmental decision-makers must have decision making autonomy. For example the Alberta's Child and Family Services Authorities created under the Child and Family Services Authorities Act of 1996 are included within the dataset as they are created by legislation, the boards are comprised of non-governmental members, and they have the autonomy to make decisions for their region including: the planning and managing the provision of child and family services; the determining of priorities in the provision of child and family services and allocating resources accordingly; and working with other Authorities, the Government and other public and private bodies to co-ordinate the provision of child and family services.

To test the effect of political ideology and government capacity the annual sum of the number of created and terminated non-governmental decision-making bodies for a calendar year as dictated by the rules above is used as the dependent variable.

Accountability is coded based upon the accountability mechanisms that are established directly in the legislation. The coding of the accountability relationships uses Mark Bovens's definition of accountability that states "Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences" (Bovens, 2007: 450). Through the elimination of constructs which are instrumental but not constitutive, Bovens's definition identifies three elements of an accountability relationship that are identifiable and can be easily coded: processes which force agents to explain and justify actions to their principals, processes which allow principals to question agents and pass judgment upon their actions, and processes which enable principals to sanction their agents. The decision to use Bovens's definition is based upon its ability to capture the concept of accountability as discussed in the accountability section above and to allow for the standard coding of data along three easily identifiable elements. For each record six pieces of data are captured, three for the accountability relationship between the Type II body and government and three between the Type II body and society. Each element is coded as 0 for no or 1 for yes, allowing for an accountability score to be calculated for each of the relationships as the dependent variable.

Again using Alberta's Child and Family Services Authorities as an example, the accountability relationship with government would score a 2 in 1996 as the authorities must

justify their actions to government through the submission of reports to government and the provincial government is able to sanction members of the board through mechanisms of appointment and the ability to transfer the authority's powers to an alternate entity. Missing is a mechanism that legislates the ability of the Provincial Government to pose questions to the authorities. The accountability score between the authorities and society would be a 1 as the only accountability mechanism built into the legislation is the requirement for board records to be open to the public. A subsequent amendment that mandated board meetings being open to the public changed the accountability score to 2, as now society members would also be able to question members of the authority's board.

The independent variables used as a proxy for government capacity are disposable income as an indicator of overall provincial economic health, and provincial debt and budget deficit/surplus as indicators of government fiscal capacity. Both the provincial economy and the government finances are included as they measure different financial aspects within the province. It is possible that provincial finances are structured in a way that limits capacity even during a booming economy. Disposable income is used as an indicator of provincial economic performance as it is the longest running macroeconomic time-series available for Canadian data (Bélanger and Nadeau, 2010: 171).

Both disposable income and provincial debt are measured using the percentage change per capita over the previous five years. A five-year period is used for the reasons that a government is more likely to respond to a fiscal trend than smaller blips in the fiscal environment and that too long a period runs the risk of smoothing out trends in the fiscal data that the government may respond to. For government debt, no continuous data source was available and changes in how debt was calculated over time presented challenges in building a continuous time-series. To help mitigate the differences, the overlapping values of each of the two time-series were averaged when producing the final time series. Creating a time-series for government budgetary surplus or debt also presented challenges due to an eight-year gap in the provincial data available through Statistics Canada. As a result only a short-term variable is used which is annual percent change per capita. For all three variables it is the previous year's fiscal data that is used as governments can only react to what has previously happened. Disposable income, government debt, and government budget surplus/deficit data was obtained from Statistics Canada and all dollar values are adjusted for inflation.

The independent variables used to test political ideology include the party in power and the leader of the party in power. Party leader has been included for the reason that the ideological position of party members will vary across members. While the political party serves as an aggregate for the ideologies of all its members, the leader accounts for the ideology of the most powerful political actor in the province. Years in which more than one party is in power are excluded in models that look at aggregate annual data and party. Years in which more than one leader is in power are excluded from the models that look at aggregate annual data and party leader. If the leader changes in either January or December, the leader in power for the majority of the year is used.

Ordinary least square (OLS) regression will be used to test the effect of each independent variable on the dependent. Sequential modeling will be used in which each independent variable is tested separately and then as part of a larger model.



## Results: Creation of Type II Bodies

As depicted in Chart 1 and 2, the trend in both Alberta and Nova Scotia has been a gradual increase in the number of Type II bodies over the past sixty years. In Alberta, this trend began to reverse in the late 1980s, with the number of Type II bodies decreasing between 1990 and 2005. However a corresponding shift, from an increasing to decreasing number of Type II bodies, is not evident for Nova Scotia. While Nova Scotia experienced a sudden decrease in 2001, the province has since continued to add to the number of Type II bodies. In both Alberta and Nova Scotia new Type II bodies have continued to be created throughout the entire duration of the period under review.

Also depicted in Chart 1 and 2 is the party in power. In Alberta there appears to be a decrease in the rate of Type II bodies created during the initial 25 years of Progressive Conservative rule followed by a drop in the overall number of Type II bodies; supporting the idea of ideology as a factor in predicting the use of non-governmental actors in public decision-making. In comparison, no indication of difference in the creation (or termination) of Type II bodies based upon ruling political party is evident in Nova Scotia. The single change in political parties in Alberta, in contrast to five changes in Nova Scotia, may suggest difference where none exists. As the number of Type II bodies both increase and decrease during the period of Progressive Conservative party rule, it is possible that another factor outside of the party in power is responsible for changes in the rate of Type II body creation.

While the results depicted in Chart 1 and 2 demonstrate the continuous use of Type II bodies they do not support  $H_1$ , allowing us to reject the hypothesis that the rate as well as the absolute number of Type II bodies will increase over time.

Chart 1

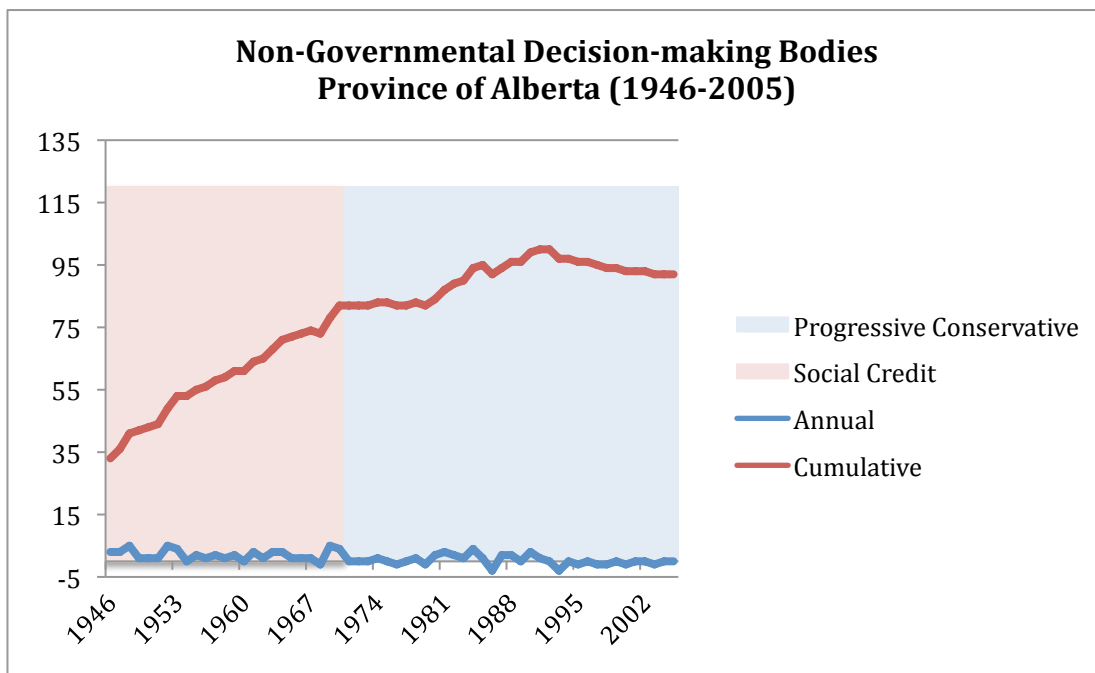
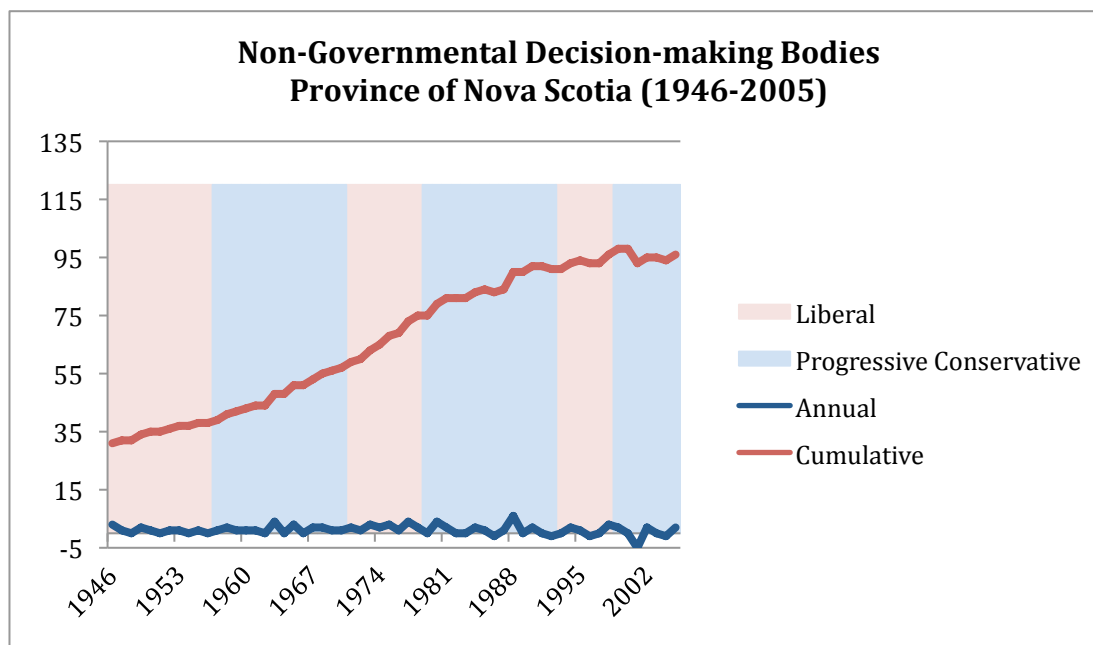


Chart 2



When looking at the influence of fiscal capacity in Alberta, the only variable having a significant effect on the creation of Type II bodies is provincial debt. Based on the results in Table 1, a one percent increase in provincial debt per capita over the previous five years produces a 0.433 increase in the annual rate of Type II body creation. When disposable income and provincial budgetary surplus (or deficit) are included in the model the effect remains.

While not significant at the 90% level, disposable income warrants comment. As the dataset contains the universe (or near universe) of cases the emphasis upon the p value can be weakened. Based on the results in Table 1, a one percent increase in the disposable income per capita over the previous five years produces a 1.849 increase in the annual rate of Type II body creation. In addition, when provincial debt and budgetary surplus (or deficit) are included in the model the significance level increases, and a low variance inflation factor (VIF) suggests no problems with multicollinearity.

Table 1: Alberta Creation of Type II Bodies – Fiscal Capacity

	Disposable Income	Provincial Debt	Budget Surplus (or Deficit)	Fiscal Capacity
Disposable Income	1.849(1.498)†			2.084(1.546) ††
Provincial Debt <sup>3</sup>		0.407(0.217)*		0.400(0.216)*
Provincial Budget			-0.052(0.177)	-0.065(0.172)
Adjusted R <sup>2</sup>	0.009	0.041	-0.019	0.047
Number of Cases	60	60	51	51

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively. †, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively

<sup>3</sup> Change in provincial debt was also tested at 4 [0.388(.271) ††] and 6 [0.280(0.186) †††] years in case the 5-year results were anomalous.

For Nova Scotia, the only fiscal capacity variable to have a significant effect on the creation of Type II bodies is disposable income. Based on the results in Table 2, a one percent increase in disposable income per capita over the previous five years produces a 2.509 increase in the annual rate of Type II body creation. When provincial debt and budgetary surplus (or deficit) are included in the model the result is a 3.385 increase per one-unit change in disposable income. In addition when provincial debt and budgetary surplus (or deficit) are included in the model disposable income is significant at the 90% level.

Table 2: Nova Scotia Creation of Type II Bodies – Fiscal Capacity

	Disposable Income	Provincial Debt	Budget Surplus (or Deficit)	Fiscal Capacity
Disposable Income	2.509(1.594)†††			3.385(1.744)*
Provincial Debt		0.023(0.762)		-0.127(0.752)
Provincial Budget			0.00003(0.00042)	0.0004(0.0005)
Adjusted R <sup>2</sup>	0.024	-0.017	-0.020	0.016
Number of Cases	60	60	51	51

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively. †, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively.

While not consistent between the two provinces, there is moderate support for H<sub>2</sub>: that a reduction in government capacity promotes the creation of Type II bodies. In the Alberta case changes in the level of provincial debt per capita have a significant effect on the number of Type II bodies created with an increase in debt predicting an increase. This trend is not evident in Nova Scotia case, however, as changes in provincial debt produce no significant results. The difference in the Nova Scotia results may be accounted for by the fact that the province has not undergone a sustained reduction in the level of provincial debt per capita.

Like provincial debt, disposable income in both the Alberta and Nova Scotia cases suggests a relationship between level of disposable income per capita and the creation of Type II bodies. Unlike the provincial debt, however, the relationship is not in the expected direction with increasing levels of disposable income predicting an increase in the creation of Type II bodies. It was expected that an increased level of disposable income would result in the creation of fewer Type II bodies, as a healthy economy should mean less fiscal strain on the provincial government. One possible explanation for the unexpected result is that changes in personal disposable income, as the amount left over after payment of personal direct taxes, is capturing both changes in provincial economic conditions and changes in taxation strategies of government. What we may be observing is reductions in taxation levels that contribute to an increase in disposable income and a decrease in government capacity.

When testing the effect of political ideology on the creation of Type II bodies in Alberta both the party in power and leader of the party produce significant results. Based on the results in Table 3, the election of a Progressive Conservative government indicates a reduction of 1.786 in the annual number of Type II bodies created. When looking at party leaders, the direction of change is consistent with that of their party, with Social Credit leaders resulting in an increase in the annual number of Type II bodies created and Progressive Conservative leaders resulting in a decrease. The degree of change, however, varies widely across party leaders. For example, the election of a Loughheed government results in a decrease in the annual number of Type II bodies created by 0.941 while a Klein government results in a decrease of 2.485.

In addition, when comparing the adjusted R<sup>2</sup> values it appears that both party and leader have greater explanatory power than the fiscal capacity variables.

Table 3: Alberta Creation of Type II Bodies - Ideology

	Party	Party and Capacity	Leader	Leader and Capacity
Party (PC = 1)	-1.786(.417)***	-1.632(0.422)***		
Disposable Income		0.930(1.329)		-0.055(1.431)
Provincial Debt		0.335(0.204) †††		0.018(0.226)
Strom			2.630(1.064)**	2.589(1.226)**
Lougheed			-0.941(0.489)*	-0.943(0.515)*
Getty			-1.155(0.623)*	-1.157(0.687)*
Ralph Klein			-2.485(0.501)***	-2.481(0.543)***
Adjusted R <sup>2</sup>	0.230	0.247	0.360	0.335
Number of Cases	59	59	59	59

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively.  
 †, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively.

The only significant variable when testing the effect of political ideology on the creation of Type II bodies in Nova Scotia is having John Hamm as premier. This result is consistent when disposable income and provincial debt are added to the model. When looking at premiers in isolation, Donald Cameron is approaching significance at the 90% level and when disposable income and provincial debt are added to the model Gerald Regan also approaches significance at the 90% level.

Table 4: Nova Scotia Creation of Type II Bodies - Ideology

	Party	Party and Capacity	Leader	Leader and Capacity
Party (PC = 1)	-0.439(0.457)	-0.490(0.458)		
Disposable Income		2.562(1.705)†		-0.675(2.325)
Provincial Debt		-0.046(0.875)		-1.591(1.307)†
MacDonald			-0.239(0.768)	-0.586(0.855)
Hicks			-0.364(1.726)	-0.598(1.762)
Stanfield			-0.064(0.722)	-.0207(0.761)
Smith			0.136(1.270)	1.114(1.508)
Regan			0.922(0.799)	1.426(0.930)†††
Cameron			-1.864(1.270) †††	-1.970(1.289)†††
Savage			-0.697(1.076)	-0.598(1.189)
MacLellan			1.636(1.726)	1.641(1.796)
Hamm			-1.697(0.839)**	-1.795(0.886)**
Adjusted R <sup>2</sup>	-0.001	0.003	0.057	0.045
Number of Cases	55	55	51	51

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively.  
 †, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively.

While again not consistent, there is some support for H<sub>3</sub>: that political ideology influences the creation of Type II bodies. The Social Credit Party that emerged under the Leadership of Ernest Manning can be characterized as being on the far right of the Canadian political spectrum. The Social Credit party saw a limited role for the state in the economy, and resisted calls for government regulation of the oil and gas industry, marketing boards, and subsidies for new industries (Finkel, 1989: 138-139). In contrast to the post-war political consensus operating at the time, the Social Credit party believed government interference prevented the pie from growing faster, thus defeating the purpose of attempting to control the distribution of the pie (Finkel, 1989: 151). While differences between the Social Credit and Progressive Conservative parties were difficult to detect, the Progressive Conservatives under Lougheed advocated for more provincial spending and while still a proponent of a limited role for the state in business, appeared more interventionist than the Social Credit party (Finkel, 1989: 189). If we accept that the Social Credit party was positioned further to the right than the Progressive Conservatives, the hypothesis that the further to the right a party is positioned the more likely they are to shift decision-making to non-governmental actors is supported. This result is not duplicated in Nova Scotia, however, where party in power produced no significant results.

Both the Alberta and the Nova Scotia case support the position that the provincial premier in power affects the rate of creation of Type II bodies. In the Alberta case, the direction of influence was consistent with that of party affiliation, with leaders of the further right party predicting higher rates of Type II body creation. In the Nova Scotia case, however, the direction of influence was not consistent with party affiliation. The results showed a 1.426 increase for Regan, a Liberal premier and decrease for both Cameron and Hamm, Progressive Conservative premiers.

In light of the inconsistent results between the Alberta and Nova Scotia cases, it is worth considering that for the majority of the time the Social Credit party was in power in Alberta the leader was Ernest Manning. As such it is possible that the political party results for Alberta are an indicator of the influence of one long-standing leader and not party ideology. Overall the data for Alberta and Nova Scotia in conjunction suggest that the ideological position of the premier in power may be a better indicator than which party they are leading.

### **Results and Discussion: Accountability of Type II Bodies**

As shown in Tables 5 and 6 the mean accountability scores for the relationship between government and Type II bodies is consistently higher than between Type II bodies and society. In both Alberta and Nova Scotia the mean accountability score for the entire time frame, and for each separate ten-year period therein, remains above 1 when looking at the accountability relationship with government and below 1 when looking at accountability relationship with society.

Table 5: Alberta Mean Accountability Relationship Scores

	Accountable to Government	Accountable to Society
1946-1955	1.29	0.42
1956-1965	1.63	0.41
1966-1975	2.05	0.61
1976-1985	2.21	0.57
1986-1995	1.78	0.97
1996-2005	1.92	0.92
All years	1.84	0.63

Table 6: Nova Scotia Mean Accountability Relationship Scores

	Accountable to Government	Accountable to Society
1946-1955	1.50	0.60
1956-1965	1.57	0.71
1966-1975	1.59	0.59
1976-1985	2.07	0.59
1986-1995	1.74	0.71
1996-2005	1.38	0.85
All Years	1.65	.69

When looking at the effect of year, party, and leader on the accountability score for the relationship between government and Type II bodies in Alberta the results for all are significant. Based on the results in Table 7 there is an increase of 0.012 in the accountability score for each additional year, the election of a Progressive Conservative government results in a 0.484 increase in the accountability score, and three of the four leaders have a significant effect on the accountability score. When modeling both year and party, however, only the party variable remains significant. A VIF score of 3.953 for the year and party model indicates that multicollinearity is not a problem.

When looking at the effect of year on the accountability score for the relationship between society and Type II bodies the results are also significant. The results in Table 7 show an increase of 0.013 in the accountability score for each additional year that passes.

Table 7: Alberta Accountability Relationships

	Accountable to Government				Accountable to Society
	Year	Party	Party and Year	Leader	Year
Year	0.012(0.005)**		-0.0060(.010)		0.013(0.003)**
Party (PC = 1)		0.484(0.146)***	0.632(0.290)**		
Strom				0.604(0.298)**	
Lougheed				0.773(0.175)***	
Getty				0.241(0.220)	
Klein				0.479(0.245)*	
Adjusted R <sup>2</sup>	0.027	0.050	0.046	0.082	0.065
Number of Cases	195	193	193	193	195

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively.

†, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively.

When looking at the effects of year, party, and leader on the accountability score for the relationship between government and Type II bodies in Nova Scotia none of the variables produce results that are significant at the 90% level. Furthermore, for only one variable, when George Smith is premier, does the significance level approach the 90%.

When looking at the effect of year on the accountability score for the relationship between society and Type II bodies the results are significant. Based on the results in Table 8 there is an increase of 0.006 in the accountability score for each year that passes.

Table 8: Nova Scotia Accountability Relationships

	Accountable to Government				Accountable to Society
	Year	Party	Party and Year	Leader	Year
Year	-0.002(-.005)		-0.002(0.005)		0.006(0.003)*
Party (PC = 1)		-0.046(0.171)	-0.031(.0175)		
MacDonald				-0.343(.0384)	
Hicks				0.212(1.037)	
Stanfield				-0.288(0.281)	
Smith				-0.788(0.490)†††	
Regan				0.027(0.265)	
Bacon				0.212(1.037)	
Cameron				0.012(0.490)	
Savage				-0.019(0.334)	
MacLellan				-0.788(0.490)†††	
Hamm				-0.380(0.265)††	
Adjusted R <sup>2</sup>	-0.005	-0.006	-0.011	-0.014	0.011
Number of Cases	158	154	154	154	158

Standard errors are reported in parentheses. \*, \*\*, \*\*\* indicates significance at the 90%, 95%, and 99% level, respectively.

†, ††, ††† indicates significance at the 75%, 80% and 85% level, respectively.

The results for Alberta provides initial support for H<sub>4</sub>: that the accountability relationships between government and Type II bodies has either remained stable or increased in strength over time. The results show an increase in the accountability score over time that is significant at the 95% level. When year is combined with party, however, the year variable no longer remains significant thus weakening support for H<sub>4</sub>. The results for Nova Scotia produced no significant results, and as shown in Table 6, the mean accountability score for the last 10 years being studied is lower than any other 10 year period. This sudden reduction in the mean accountability score in Nova Scotia contradicts H<sub>4</sub> and warrants further investigation. Taking all the results from the Alberta and Nova Scotia cases are taken into account it there is only minimal support for H<sub>4</sub>.

The results for Alberta again provide some support for H<sub>5</sub>, that political parties aligned further to the right will produce weaker accountability relationships between government and type II bodies. When Progressive Conservative governments are in power there is a 0.484 increase in the accountability score in comparison to when there is a Social Credit government. The results for individual party leaders, however, raises questions about the results for party. When Manning is held constant, the results for all four of the other leaders produce an increase in the accountability score, even Strom who lead a Social Credit government. In fact, the results for Strom produce the second highest increase at 0.604.

In contrast to Alberta, the results for Nova Scotia do not support H<sub>5</sub>. In both models the party variable is not significant, and in the party leader model government formed by both Liberal and Progressive Conservative leaders result in decreases in the accountability score between government and Type II bodies.

Taking both the Alberta and the Nova Scotia results into consideration the results for H<sub>5</sub> are again inconclusive. While some support exists in the Alberta case, Nova Scotia does not corroborate these findings and for both Alberta and Nova Scotia the results for party leaders provide no support for a difference in accountability score as a result of party ideology. What does emerge in both Alberta and Nova Scotia is the potential for party leaders to significantly influence the accountability score. This suggests that the ideological position of the premier in power may be a better indicator of accountability score than which party is in power.

Where the results are consistent between the two provinces is on the effect of time on the accountability score for the relationship between society and Type II bodies. In each case time has a positive effect, with the accountability score increasing by 0.013 in Alberta and 0.006 in Nova Scotia. While both numbers are small and indicate a very slow rate of change, it is consistent with H<sub>6</sub>: that the accountability relationships between Type II bodies and society is strengthening over time. In addition, the results in Tables 5 and 6 indicate that the rate of increase in accountability scores may be increasing over time, as the difference in mean scores between first and fourth ten-year period in Alberta was 0.15, while the difference between the fourth and the sixth ten-year period was 0.35. In Nova Scotia the difference between the first and fourth ten-year period was -0.01, while the difference between the fourth and the sixth was 0.26.

## **Conclusion**

This paper sought to gain an understanding of the extent to which Type II bodies have and continue to be used in public governance, the effect government capacity and government ideology has upon the creation of Type II bodies, and the effect of ideology and time on the accountability relationships between Type II bodies and both government and society. One of the



principal findings in this paper is that over the 60-year period being reviewed the rate and absolute number of Type II bodies has not continued to increase but instead both have fluctuated over time. The existing data for both Alberta and Nova Scotia also demonstrate that the use of Type II bodies in public governance is not a modern phenomenon as non-governmental decision-makers have been used as a tool of government for over 60 years and that, as seen in Alberta, there may be periods of reduction in the overall number of Type II bodies.

Based upon the findings, the rate of Type II body creation is linked to the capacity of government. Two tasks must be completed, however, for the relationship between capacity and rate of creation to be more fully addressed: additional cases must be undertaken where the level of provincial debt decreases; and as disposable income produced results in the opposite direction than was expected, a fuller look at the relationship between change in disposable income and provincial taxation is required to understand its effect on the rate of creation of Type II bodies.

The results for the effect of ideology on the rate of Type II body creation did not produce consistent results. Based upon the results it is felt that party is not a robust enough indicator of government ideology and that instead more emphasis needs to be placed upon the ideology of the sitting premier. This would require a rethinking of how the ideology component of the study is designed, as a method for positioning each leader on the political spectrum that is not based solely upon party is required. The need for a change in approach in testing ideology is further supported by the results from testing the effect of ideology on the accountability relationship between Type II bodies and government.

A second important finding is that the strength of the accountability relationship between Type II bodies and society is increasing. In comparison to the accountability relationship with government, however, the relationship between Type II bodies and society remains weak. Furthermore, the results raise some questions over the continued strength of the accountability relationship between government and Type II bodies. While the results for Alberta indicate a strengthening accountability relationship, in Nova Scotia the sudden decrease during the last 10 years being studied supports concerns raised by Peters and Pierre over democratic input and accountability within the governance process (Peters and Pierre, 2006: 209). If small increases in the strength of the accountability relationship between Type II bodies and society are being more than offset by decreases in the accountability relationship between government and Type II bodies, the prognosis for the existence of democratic input and accountability in the decision-making process of Type II bodies is brought into question and worthy of further study.

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