

## **Input and Output legitimacy in Governance Regimes**

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### **Introduction**

The changing nature of state-society interactions has become an important component of the study of 'governance,' by which we mean the "new theories and practices of governing and the dilemmas to which they give rise" (Bevir 2011). Much of the new interest is centred on the seeming shift from an input-oriented focus to an output oriented focus in the midst of governance changes (Crozier 2010; Scharpf 1999; Peters 2009; Rothstein 2009). Political scientists are finding growing signs that 'democratic infrastructure' is shifting in many countries (Pierre et al. 2011; Tranvik and Selle 2003; Laforest 2012). To date, much of this work has been empirical, focusing on specific contexts. This paper seeks to bridge the gap between theory and empirical study by developing a mid-level conceptual framework through which to analyze these trends, with application to a Canadian context.

Starting from an empirical basis, this paper examines how practices of political representation have evolved in Canada since the 1960s. The Canadian case adds perspective on the current governance landscape and its impact on democratic engagement. It reveals how we have shifted from a mode of governing that was based on inputs (where representation was a key determinant of inclusion/exclusion) and to a mode of governing where the attention has shifted to performance, and specifically to a focus on impact. Our paper also aims to further debate on contemporary democracy. The question we pose is: to what extent input and output legitimacy can be realized simultaneously within a governance regime? We argue that representation, voice, and particularly dissent tend to be dislodged when attention shifts to the role of civil society organizations in service provision over advocacy and representation. That said, the displacement of representation from governance regimes has created new pressures for civil society to focus on impact as a direct appeal to citizens. The implication, however, is that as the focus is directed toward outputs and performance, it narrows concerns with regard to the voluntary sector to management issues, at the expense of larger more critical issues of democratic governance.

### **Input versus Output orientations**

The concepts of policy inputs and policy outputs are not new. David Easton (1965) first made the distinction between inputs into the political system and outputs that flow out of the political system. Inputs according to Easton were citizens' demands, which took the form of votes, ideas, interests, and also identities. Outputs referred to the decisions and actions of governments. This rather simple conception of inputs and outputs brings into focus two essential parts of the policy making process.

Drawing on Easton's model, Scharpf was one of the first to conceptualize government legitimacy as rooted in either 'input-oriented' or 'output-oriented' democratic thought (1970, 1997, 1999). Under an input-oriented model, he notes that "political choices are legitimate if and because they reflect the 'will of the people' - that is if they can be derived from the authentic preferences of the members of a community" (1999, 7). In this respect, they are assessed in light of the extent to which they are representative. By contrast, under an output-

oriented model, "political choices are legitimate if and because they effectively promote the common welfare of the constituency in question" (1999, 7). As a result, these choices are evaluated on the basis of their results and impact. While these dimensions of the policy process are not mutually exclusive, they matter according to Scharpf because they set the preconditions upon which democratic legitimacy can be assessed. He uses this model mainly to explain why a democratic deficit persists in the European model and points to a lack of collective identity to sustain input-oriented legitimacy (Scharpf 2003).

What is interesting with the input/output distinction is that it acknowledges that political systems draw legitimacy both from democratic governance and from the services they deliver. However, the definition of input/output orientation Scharpf proposes is limited to democratic legitimacy grounded in democratic theory. This opens up the model to normative debate. For example, Rothstein argues that political legitimacy increasingly depends on the quality of government services, not of the quality of democratic governance (Rothstein 2009). He holds that impartiality, and subsequent procedural fairness, provide the normative basis against which quality of government should be assessed (Rothstein and Teorell 2008).

What is more, the narrowness of Scharpf's conception fails to reflect the diversity of governance practices that scholars are currently observing in a variety of settings. That is political and sociological dimensions seem to be lacking in this conceptualization of input-oriented and output-oriented dynamics (Crozier 2010: 506). Growing empirical research on governance practices illustrates that the 'democratic infrastructure' is changing significantly in a number of countries (Pierre et al. 2011; Tranvik and Selle 2003:185; Laforest, 2012). For example, Selle and Østerud (2006) describe how civil society organizing in Norway has broken away from its historical roots and from traditional hierarchical organizational forms to new market-oriented and management inspired forms with no specific ideology or political programme. In Denmark, Andersen's research points to the decline of corporatist structures and the introduction of looser network forms of cooperation between state and civil society (Andersen 2006). He notes that "Overall, patterns of political participation are changing – from participation directed towards the input side of politics (political parties and economic interest groups) towards participation on the outcome side; from permanent to ad hoc participation; from collective to individual forms of participation; and from participation aimed at collective goals towards participation aimed at more individual goals" (2006: 580)

Clearly questions about which institutions and actors are entitled to participate in the policy process and on what grounds are currently debated issues in many settings as a result of shifting governance practices. To capture these dynamics, we need to extend the input/output model beyond democratic governance to gain a greater understanding of the manifold connections between practices of governance and changing state-civil society relations. While the input/output distinction is useful at the analytical level to highlight transformations currently occurring within political system and their consequences, we need to avoid normative arguments. The terms of access to the policy process are dynamic and contingent, not statically grounded in normative theory. With this understanding, we can start to identify and analyze how norms regarding democratic governance are changing.

### **Linking theory with practice: The concept of governance regimes**

An approach that can encompass both state and society perspectives requires a historical understanding of governance dynamics. Over the past two decades there has been a rise of interest in governance. Although multiple definitions and perspectives on governance

exist, we share Bevir's view of governance which draws attention to "the processes and interactions through which all kinds of social interests and actors combine to produce the policies, practices, and effects that define current patterns of governing" (2011, 1). Until the 1990s, hierarchical command-and-control modes of governing guided the relationship between state and civil society. Now governing systems are increasingly hybrids linking state, market and civil society actors in complex networks. These new social relations and the dilemmas they create need to be managed and worked through in a collaborative fashion. Therefore, it is important to recognize that governance dynamics will vary precisely because they are contingent and will reflect the particular social forces at play.

We propose the concept of governance regime to capture these historically contingent governance practices. As a construct, the concept of regime is a good heuristic tool in order to capture governance dynamics because it draws attention regularized interactions and governed by norms regulating behavior. These rules, and the understandings that guide the interaction between state and civil society, matter. They are not fixed. Governments and civil society actors discuss and negotiate how to work together. They also make significant decisions about the responsibility each will bear in the relationship. While strong frameworks for looking at institutional forces have been developed, more analysis into the politics underpinning these broad macro governance dynamics is warranted.

Here we are inspired by the concept of citizenship regime developed by Jenson and Phillips (1996, see also Jenson 1997). A citizenship regime is defined as "the institutional arrangements, rules, and understandings that guide and shape concurrent policy decisions and expenditures of states, problem definitions by states and citizens, and claims making by citizens" (Jenson and Papillon 2000). It embodies four key dimensions: the mix of responsibilities between the state, the market and community; the rights and responsibilities of citizens; access to political power that facilitates the development and protection of these rights and responsibilities; and a sense of identity or belonging that results from how one is treated as a member of the political community (Jenson and Phillips 1996).

The concept of a 'governance regime' shares similar features, embodying the components of citizenship but more explicitly focusing on the interactions, relationships or networks of government-civil society which are central to contemporary governance. What distinguishes a governance from a citizenship regime is its starting point at the intersection of government and civil society. A governance regime includes several elements. The first is a concept of 'metagovernance,' often defined as the 'governance of governance' (Jessop 2002; Kooiman and Jentoft 2009; Sorensen and Torfing 2009), establishes the values, norms and principles that underpin governance styles, institutional design and relationships among government and civil society actors (Kooiman and Jentoft 2009). Metagovernance is the result of a "reflexive and responsive process" (Sørensen and Torfing 2009) among a variety of government and civil society actors with adequate legitimacy and resources to shape perspectives and practices on what constitutes good governance, democracy and citizenship. In theory driven approaches to governance, metagovernance is seen to be the process that mediates the appropriate balance of hierarchy, markets and networks (Meuleman 2008) and in more practical terms involves negotiating the responsibility mix between the state, the market and civil society in the design and delivery of policy. Second, a governance regime identifies who can participate in the policy process and on which basis, and ultimately, who is excluded. Civil society in its institutionalized form provides an organizing and governing structure for citizen representation and participation and serves as a conduit between citizens and governments. In this process of intermediation are embedded assumptions about the proper and legitimate routes for political representation which convey visions of society, of engagement and of

inclusion. The processes by which civil society groups define themselves as legitimate actors and how they come together to create a sense of belonging make up the content of political struggle. Finally, a governance regime includes institutional arrangements and mechanisms that grant access to the state. It can expand or contract institutional space given to actors to participate in policy making. In such a way, a governance regime determines the terms of participation in policy and which claims are deemed legitimate. Taking these three dimensions into account, an analysis of governance regimes involves examining spaces for engagement both at the input and the output side of policy making and how the terms of engagement are changing.

While input oriented forms of democracy and output oriented forms may coexist within a political system, a number of governance scholars have already identified parallels in the redesign of governance regimes across countries pointing to a shift in state-society interactions from the input side of the political system to the output side. Guy Peters (2010, 2011), among the most important governance theorists, observed a shift from input-oriented forms of democracy (procedural) towards a form of democracy that is tied to the outputs of policy-making (performance). He attributes this shift in organizing principles to a decline in the relevance of traditional forms of democracy and to the erosion of traditional accountability mechanisms (2010). With the increased complexity of service delivery mechanisms, he argues that institutional arrangements within bureaucracy have become an important locus of democratic participation. He further notes that "the nature of democracy itself maybe shifting away from concern with making political inputs into decision-making toward more direct control over outputs" (2010, 211). Similarly Pierre et al. argue that "the input- and output interfaces between the state and the citizenry appears to be gradually changing from an emphasis on representation towards an emphasis on delivery and output, and it is this development which has brought issues related to output-based legitimacy and its relationship to input-based legitimacy to the recent attention of political scientists" (2011, 1). They attribute this shift to the impact of New Public Management reforms. In both cases, scholars argue that under the new responsibility mix, new forms of citizen involvement in policy are emerging because they are being called to play a greater role in accountability and in monitoring policy outcomes.

Most of these researchers, however, have been mainly concerned with changes to the public sector and how public service systems are being transformed. In this paper, we use the concept of governance regimes to look at the impact these changes are having on the civil society sector. The responsibility mix within governance regimes is assigning greater space for civil society in service delivery and giving way to new forms of citizen involvement in policy making. These changes go beyond issues of accountability and participation, they also have important implications with regards to our understanding of democracy. They reflect radically different conceptualizations of the role of civil society in policy making, as we demonstrate in the Canadian context.

### **Canada's governance regime: The input orientation transformed**

This section examines the dimensions of governance regime in Canada. The analysis calls on the dimensions of the governance regime in order to examine how the relationship between state and civil society has evolved over the past decades. Our argument is that the legitimacy of an input orientation by Canadian civil society – one that would give primacy to representation and inclusiveness in democratic processes – has significantly diminished over the past two decades, which contributed to a concentrated focus on outputs.

Over the course of the past decades, the federal government's involvement in regulating social relations has shifted sporadically, at times expanding and at others contracting under the influence of different political ideologies but nevertheless eroding over time the legitimacy of representation as an input to democratic processes. These shifts have reflected prevailing value judgments about the role and size of the state and its relationship with citizens. Some of these involved fairness and equity considerations in light of the fact that certain groups were not represented to the state, while others involve judgments regarding the use of public resources in support of parochial interests.

The postwar decade in Canada is one characterized by a more expansive vision of the role of the state in society. During the 1950s and 1960s, this vision translated into steady increases in government spending and purposeful involvement in political and economic life. A system of governance developed around the need for inclusive and negotiated forms of policymaking. The major interest groups were brought together and encouraged to conclude a series of bargains about their future behavior, which was intended to move economic events along the desired path. The plan indicated the general direction in which the interest groups, including the state in its various guises, agreed that they wanted to go. In Canada, federalism was a dominant factor in this metagovernance frame, in contrast to the tripartite dialogue between the state, capital and labour that was playing out in many other countries.

Given that regional issues had gained prominence in the political discourse over class issues, when the federal government took an active role in mediating social forces, it did so around nation-building lines, focusing debates on citizenship and social justice issues, not class (Jenson 1990: 662). In this context, voluntary organizations were seen as key actors in the process of representation for they upheld the mobilization of vulnerable segments of the Canadian population. Citizenship and the concomitant right to democratic participation involved having equitable access to the political process. The exercise of these rights, in turn, depended on resources.

It is from this perspective that the federal government launched a series of programmes in the 1970s and 1980s through the department of Secretary of State to specifically support organizations representing and advocating in the name of particular segments of Canadian society. In particular, these programmes focused on official language minorities, Aboriginal organizations, women's organizations and ethnocultural groups (Pal 1993; Smith 2005). Consultations with key stakeholders were also routinely organized by legislative committees and civil servants to ensure that a broad range of Canadians had been represented and provided opportunity to input into policy. Through these programmes, Canada established an elaborate funding regime to assist organizations and to institutionalize their access to the state (Pal 1993; Phillips, Laforest and Graham 2010; see also Jenson and Phillips 1996). These institutional arrangements became a key component of the governance regime at the time. Fuelled by state support as well as constituency-based interest in enhanced representation and policy reform, the number of civil society organizations (CSOs) grew substantially between 1960 and 1975 (Pross 1992: 65). This was paralleled by a rise in advocacy organizations, including the identity-based 'New Social Movements' (notably the women's and environmental movements) as part of the 'associational revolution' (Salamon 1994) that was felt in most developed countries.

As the federal government turned to focus on economic restraint and a smaller state in the 1980s and 1990s, however, representation and inclusion were greatly devalued. Although Canada embraced New Public Management (NPM) in the 1980s and early 1990s, expanding (quasi-) markets and producing fragmentation in many public services, focusing attention on "customer" service, promoting managerialism, and decentralizing operations, it did so with much less zeal than many other countries (Aucoin 1995). And, Canada was already a 'liberal'

welfare state, so the marketization of the welfare state was not a new, radical approach. Under the new neoliberal paradigm, the federal government saw itself as playing a neutral role in its administration of political activity, neither limiting nor actively promoting particular forms of engagement over others. A 'marketplace' of ideas would enable effective representation, and financial support for the representing organizations. Combined with a rise of populism with the founding of the Reform Party in 1987, attention turned to hearing from individual citizens rather than organized interests. On a practical level, as the federal government began to reduce spending and cut programs, it encountered considerable opposition from a wide variety of CSOs: why should it fund its critics which were compromising the country's future by opposing change (Laycock 1990, 2002)? Preston Manning, founder and leader of the Reform Party said: 'As special interest groups are given more status, privileges, and public funding, they use their bargaining power to exact concessions from governments that are both economically inefficient and politically undemocratic' (cited in Betz, Johnson and Patten 2005: 87). Starting with the Conservative government in 1989 and continuing with the subsequent Liberal regime, policies and programmes that offered support to advocacy organizations were eliminated and available resources for political representation were dramatically reduced. Rather than being simply a matter of financial restraint, these cuts were often very targeted, particularly at the national infrastructure and advocacy organizations (Phillips 1991; 2013).

The space for CSOs to participate in policy on the basis of political representation rights began to contract. The primary thrust of this contraction was a discursive shift around the terms of participation in policy and which claims were deemed legitimate. A common refrain emerged pitting citizens against organized groups. Until the 1990s, direct citizen engagement and organized groups had been understood to be complementary routes to representation. Yet, as the credibility of voluntary organizations' representational role diminished, it was supplanted in the collective imagination by citizen engagement.

The effects of cuts to funding and refocusing of engagement from organization to citizens was accentuated by the inherent fragility of Canadian CSOs, which further impaired their ability to make effective representation. While substantial federal funding had facilitated the growth of national social policy organizations, it had also introduced vulnerability because it impeded incentives for the diversification of financing and created the risk of sanction if advocacy tactics displeased the funder. The ability to diversify revenues sources was hampered by a weak, under-capitalized foundation sector. In addition, national infrastructure organizations had limited political support from within civil society, and a weak followership, thus impairing their ability to be leaders on a national scale. Few of the national advocacy organizations had developed large mass memberships capable of sophisticated lobbying and outreach to people across the country. Rather, most were created to mirror federalism, themselves structured as federations of subnational organizations, often with national offices that run on a shoestring, making it easy to become dependent on federal funding and forcing a choice of policy arenas as they can realistically only play in one. Many initially chose the federal, but when the locus of policy making later shifted to the provincial level, it was difficult to nimbly refocus their efforts.

Taken together, these three discursive shifts -- the rise of managerialism, the discrediting of political representation and the push toward citizen engagement -- were important factors in the dismantling of the institutional framework and the governance arrangements of the postwar system of representation, which was input-oriented. The consequences of cuts to financing were felt in the late 2000s when several longstanding national organizations either had to scale down their operations and presence dramatically. An analysis by Laforest (2012) of 26 national voluntary organizations that had been leaders Canadian civil

society in the late 1990s and early 2000s found that 14 organizations (54 per cent) had seen their overall federal funding decrease, and 6 of these (23 per cent) had to shut down their operations altogether because they were unable to secure resources to cover their core operational costs. The impact was felt on once important players such as the Canadian Council for International Co- Operation (CCIC), which had a 40 year history of partnership with the federal government; the Canadian Council for Social Development (CCSD), which has worked in field social policy for over 90 years (Jenson and Laforest 2009); and the National Children’s Alliance, once the federal darling of the children’s agenda. The national policy ‘voice’ of the sector, Imagine Canada, came close to needing to fold, although it has since established more solid footing and recreation of a policy leadership role.

Finally, constraints on representation have recently been accentuated by regulations of 2012 which increase scrutiny of advocacy activities, and which represent a serious politicization of regulation. The longstanding standard pertaining to advocacy by registered charities, which was slightly revised in 2003 (see CPS-022) is that partisan activity is out of bounds (which is not contested as the sector is not significantly engaged in partisan activities), and that “political” activity is permitted, with political being defined as explicit calls to political action or public communication or advocacy that a law be changed, opposed or retained. The extent of such activity is restricted on a sliding scale, from 20 percent of all of resources for small to 10 percent for larger charities. The politicization of representation that occurred in 2012 came as a result of federal environmental regulatory hearings on the controversial Northern Gateway Pipeline that would transport oil from the Alberta oilsands to tankers on the west coast, a number of environmental groups were very active in making representation to the hearings as well as advocating more widely in opposition to the project. The reaction of several federal ministers, with initiation of complaints by a pro-oilsands group, was to lead the case for more detailed reporting on advocacy activities, with new sanctions introduced in the 2012 federal budget on for mis-reporting and more stringent controls on foreign funding, which was believed to support the opposition to the pipeline, even though foreign funding accounts for only 0.5 percent of the revenues of Canadian charities (Blumberg 2012).

It is evident that not only has representation by Canadian civil society been dramatically restructured and greatly diminished over the past two decades but the value of representation as an input into policy and democratic processes has declined. Spaces for political engagement at the federal level have contracted to the extent that civil society organizations must now look to other levels of government in order to seek representation. In fact, traditional hierarchical approaches to representation - with national stakeholders formed of provincial and local chapters are increasingly being questioned. What recent movements show is that particularly youth movements are not willing to delegate or limit representation to formal organizations, which take time and resources to create and maintain, but give primacy to engagement and action. Citizens are seeking new ways of engaging with the policy sphere.

### ***Moving to an output orientation***

The story of changing relationships between government and the civil society sector in Canada cannot be told with reference to the changing nature of representation alone. Rather, the growing emphasis on performance, particularly the assessment of impact, and the attendant principles of accountability and efficiency are reshaping government-civil society relationships. As with input orientation, some of this can be attributed to the keen interest of NPM in accountability and measurement (see Pierre et al. 2011), but again the story is more complex

than simply the effects of NPM, and while sharing some international trends, there are some distinctively Canadian twists.

As in many countries, the governance regime in Canada shifted toward a greater output orientation in the 1990s. In an effort to modernize the state under the weight of fiscal pressures, the federal government emphasized new service-delivery mechanisms, such as contracting and partnerships among public and civil society organizations. These mechanisms potentially created opportunities for CSO to play a larger role in the governance process, but they also potentially transferred the burden for transparency and accountability onto these organizations. New roles and responsibilities are inevitably accompanied by increased expectations and altered the institutional context within which they operated and the understanding of the role they were to fulfill in the governance process.

As the federal government increasingly devolved responsibility for service provision onto third parties through contracting, it was faced with equally important pressures to exert control over the functions of delivery. With interdependence between the parties growing, the federal government had to find new ways of exercising control and coordinating activities. In this context, hierarchical command and control would not work because the complexity and fragmentation of authority has undermined the federal government's ability to exercise leadership, particularly in the social policy arena (Boismenu and Graefe 2006). The federal government had to develop new tools and instruments to coordinate rather than direct policy discussions, opening up space to citizens and to civil society actors - albeit the discursive frame to legitimate that participation shifted significantly.

For one, citizen engagement came to occupy greater space in the political discourse. In this respect, the Social Union Framework Agreement (SUFA) provided a key space for the institutionalization of these new governance norms (Phillips 2001). SUFA was an agreement reached in 1999 between the federal government and the provinces and territories of Canada that set out rules for how they would work together. The agreement also laid out principles of equity and fairness, set rules for federal spending and set out promises of collaboration, accountability and transparency. But perhaps the most interesting feature of this governance arrangement is that it saw citizens as key players in monitoring accountability and performance of the system; shifting democracy to the output-side of policy making (Peters 2009). While provinces report back on their progress against common standards, it is citizens who are called to monitor and supervise the progress and ensure that performance meets the principles of equity and fairness.

Another distinct feature of this period was that the 'voluntary sector' as a collective sector agent formally entered the policy discourse. Services were increasingly being delivered through civil society organizations, networks and in partnership with various levels of government. This redirects the nature of the exchanges between the federal government and organizations toward a greater focus on the micro level of delivery and implementation. For one, under this new governance approach, the basic parameters of the relationship between the government and community organizations became increasingly tied to specific results and outcomes. This has led to important changes in the organizational forms of civil society groups as they adopt business practices and take on hybrid forms.

With increased complexity of service delivery modes, the need to harmonize and coordinate governance practices was being felt across sectors. With little political control over outcomes, the federal government, and other funders, were insisting on greater accountability and the implementation of performance measurement. When the blue ribbon panel, the [Broadbent] Panel on Accountability and Governance in the Voluntary Sector (PAGVS), which was established by the sector to examine its own practices and consider how to forge a better



relationship with governments, conducted consultations with CSOs across the country in 1998, the topic of greatest concern was how to deal with the growing pressure from funders for outcome measurement (PAGVS 1999). Although CSOs had little capacity or resources they saw value in adopting performance measurements as a means of regaining some of the legitimacy lost in the antagonist relationships with government over the past decade and of reconnecting relationships with citizens in ways not mediated by governments. But there was enormous confusion over what outcome measurement entailed or how it could be used effectively.

The PAGVS opened the door to the Voluntary Sector Initiative, which represents the first major attempt at forging a stronger government-sector relationship and reconfiguring the responsibility mix under the new governance regime. The VSI ran in a collaborate manner with the sector from 2000 to 2002 and it is interesting to see which issues were debated and which were kept strictly off the table. While the interest in representation had effaced from the metagovernance frame by about 2000, the perceived roles of the civil society sector had clearly shifted to valuing services over advocacy and policy development. Organizational and managerial issues had become the defining feature of the relationship. For example, the VSI developed a series of guidelines to enhance the sector's capacity to contribute to the development of policy, albeit in a depoliticized manner (Laforest and Orsini 2005). The VSI provided solid grounding for reworking the regulation of charitable sector and lead to a period improved relations with the Charities Directorate of the Canada Revenue Agency (see Wyatt 2009).

This focus on organizational and managerial issues soon centred attention on administration and efficiency, as has occurred elsewhere in an effort to supervise and control the sector. The most overt, and acrimonious, example of such attempted control came with a 2012 private member's bill (470) that sought to cap and disclose salaries of the staff of charities. While the bill presented significant issues pertaining to privacy (the potential to identify individuals in small organizations) and to issues of competitiveness to attract top talent for very large organizations (mainly hospitals and universities) if a salary cap were imposed, the debate primarily demonstrated the need for the sector to have a more constructive narrative about itself, which contributed to the growing interest in impact and the need for the sector to generally be more transparent.

Government is also moving into the space of greater regulation and reporting of the 'public benefit' achieved by CSOs. As a result, channels of political control and accountability are becoming increasingly complex. Still new to Canada some of this interest is likely to spread from international experience. For example, in seeking to demonstrate that a public benefit has been realized, which became a legal requirement under the Charities Act 2006, the Charity Commission of England and Wales (CCEW) now mandates inclusion of public benefit results in the trustees' annual reports (TARs) that accompany the annual return (Morgan and Fletcher 2013). An emphasis on helping donors identify which are 'good,' well-run charities has led to the rise of a variety of third party information intermediaries that not only provide improved visualizations of the public regulator's data but have developed their own standards on which they independently rate charities.

In many respects, citizens are empowered to become players in accountability, monitoring efficiency and impact as a means to increase performance in the civil society sector. For example, in recent years, studies of why people give (or alternatively choose not) to give to charities indicates the importance of understanding the impact of what the organizations do and knowing where the money goes (Lasby 2012; NPC 2013). Another recent development is that technology has given rise to the potential and expectations of 'radical transparency.' With the capacity to aggregate and link open digital data, third parties are able to compile and make

accessible data about CSOs and tell stories about them. The interest in CSO performance is also being carried, quite enthusiastically, through financing instruments, particularly Social Impact Bonds, which are not bond at all but performance-based contracting. Citizens will then have an opportunity to choose where to invest among organizations, thus the strength and resources of civil society groups would reflect popular preferences. Civil society organizations would then be judged solely on their performance-based legitimacy.

It is important to note that the sector hasn't been a passive player in this shift to an output-orientation and indeed is beginning to see 'impact' as the means to a new narrative to strengthen relationships with supporters and reengage the federal government, on new terms. Organizations are making use of technology to ensure positive stories get told, for example with Imagine Canada's new website, CharityFocus which not only presents the publicly available data from the annual tax returns of Canada's 86,000 charities but encourages charities to supplement this primarily financial data with their own narratives of programming and impact. In the US, a leading self-proclaimed watchdog of charities, the website Charity Navigator, is taking pressure to report impact to a new level by replacing the "selective reporting" of storytelling and case studies by charities which they could add to 'tell their stories' with proxies for impact measures, notably by reporting the strength of a charity's theory of change and independent evaluations when available (Charity Navigator, 2013: 1). Institutional arrangements for the regulation of charities and nonprofits now, by default, include these sorts of third parties, and transparency has become an independent, third force in government-civil society relationships.

After several years of an antagonistic relationship, culminating in Bill 470, sector leaders recognized they not only need to raise public awareness of civil society but to create the sector's own narrative, defined on its own terms rather than by government. While still unfolding, it seems likely that impact will be a centrepiece of this new narrative: it demonstrates values and appeals directly to citizens. The irony is that although citizens will be increasingly empowered to voice their preferences directly with those who deliver services under the new output-orientation, there are now few channels to ensure that those views are representative.

## Conclusion

What the Canadian narrative illustrates is that the government's focus is shifting toward an output-orientation. These new governance patterns pose challenges to political representation. Input-oriented legitimacy derives from the extent to which the organization is representative of a particular constituency, whereas output-oriented legitimacy derives from the contribution that organizations make to government performance, most often around service delivery. Not surprisingly, old representative forms of democracy are eroding. However, new dynamics are emerging as well. Recent trends in civil society organizing points to an important shift in attitudes toward hierarchical institutions - even within the sector. Recent 'spontaneous' movements such as the Occupy, Idle No More and the Quebec student movement, are clearly adopting more horizontal and less formalized ways of organizing. They are reinventing themselves in ways that challenge how we evaluate and weigh the benefits of representation. For the new movements, engagement and action has replaced representation as an animating principle.

The question, then, is whether input and output oriented legitimacy can co-exist. We believe it can. The biggest challenge will be maintaining a balance between the two so that the output orientation does not further undermine mechanisms of input legitimacy. While the

greater focus on impact may strengthen citizen-centred accountability, it has done so at the expense of traditional channels of accountability. By placing attention solely on outputs of the policy process, important values of fairness and due process, which are so vital to citizenship and democratic governance may be undermined. Second, it also raises the important dilemma of how to assess impact. Most likely, impact will have different relevance to the various players. Peters has argued that "as government loses the control over functions considered to be public, it may lose the ability to effectively direct the society; it may lose the steering ability that constitutes the root of what we call government" (Peters, 2008: 379). So as the sources of political legitimacy of the state are changing, we need to ensure that democratic governance includes features of input and output oriented legitimacy.

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