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**FEDERALISM AND THE UNIVERSITY SYSTEM:
WITHOUT A VISION THE PEOPLE PERISH**

by

Patricia Collins

A Thesis submitted to the
Faculty of Graduate Studies and Research
through the Department of Political Science
in partial fulfilment of the requirement
for the degree of Master of Arts
at the University of Windsor

Windsor, Ontario, 1995
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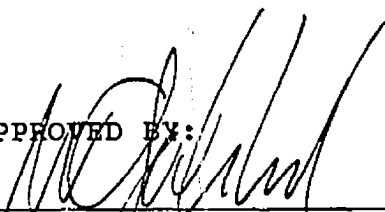
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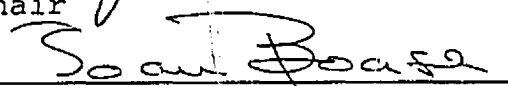
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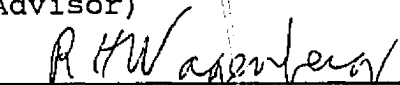



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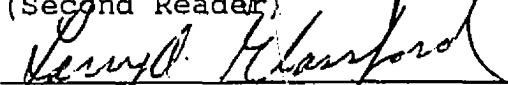
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ABSTRACT

From the end of the Second World War to the mid 1970's Canada experienced a dramatic expansion of post-secondary education. A number of environmental pressures precipitated the involvement of the federal government, in what is constitutionally a provincial jurisdiction.

This thesis examines the issue of federal involvement in post-secondary education in Canada. It begins with a review of the approaches and theoretical frameworks for studying public policy. It continues with an analysis of the institutions of federalism, executive federalism and intergovernmental relations and their effect on policy outcomes.

The third chapter examines the historic growth of federal involvement and highlights the major turning points in both federal provincial relations and fiscal relations that were precipitated in the post-secondary education sector.

The focus then shifts to the policy community surrounding this at the federal level. Individual societal and government actors are examined and their capacity to affect policy is assessed. A brief discussion of the federal state's capacity and autonomy to act concludes the body of the thesis.

Federalism in Canada has limited the federal government's actions in this area because of the provincial jurisdiction, yet it has been flexible enough to allow pragmatic solutions to problems that arise due to fiscal imbalances within the constitution. The increase of provincial power importance of fiscal relations and the corresponding conflict that they engender have both contributed to the federal government disengaging itself from

this area of provincial jurisdiction. This disengagement began to a degree in 1967 with shared-cost programs, continued through the 1977 EPF Agreements, and subsequent amendments in 1982,84, 86 and freezing of rates to 1995. The latest federal budget, is a further step in this direction. Federal involvement in this sector resulted from post-war centralization, the decrease in federal involvement is following the swing of the pendulum towards decentralization.

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INTRODUCTION

From the mid 1940's (with the return of veterans from the Second World War) to the 1970's Canada experienced an unprecedented education explosion. Pressures came from population growth, and the increased need for technology created by industrialization and urbanization, along with a changing occupational structure. Education as a field of public policy became more significant as a result of these pressures. It has been suggested that education is the sector in which the provinces have maintained their greatest autonomy from the federal government. This is less so for the area of post-secondary education, where federal funding has played a key role beginning with direct payments in 1951.

Although the Constitution places education within the jurisdiction of the provinces in Canada, the federal government has ventured into the post-secondary sector of this jurisdiction almost from the start. Education is a vitally important component of any society's growth and development, and the federal government through research and development, retraining initiatives and funding has played a role in post-secondary education for many years.

This thesis will examine the issue of federal involvement in post-secondary education policy in Canada, and whether or not there is an increased role for the federal government to play. While the term post-secondary education is used, in fact the thesis deals with university education. Although the most significant change in post-secondary education has been the establishment and growth of community colleges, time and space constraints have limited the discussion to the university sector.

This thesis begins with a review of approaches to policy analysis in Canada, and of

theoretical frameworks that would enable a comprehensive and effective review of how a policy sector is developed. Richard Simeon's seminal 1976 article¹ will be the overall framework within which the paper will be examined, with emphasis on the environment and institutions. Since the 1980's there has been an increased interest among political scientists in both the study of interest groups, and the concept of bringing the state back into policy analysis. Coleman and Skogstad's² model of policy community and policy network will be examined as well as Atkinson and Coleman's³ analysis of state capacity and autonomy.

The second chapter examines the institutional framework in which policy decisions are made in Canada. The importance of federalism in Canadian policy making, and the rise of executive federalism cannot be underestimated in their impact on policy making.

Chapter three examines the growth of federal involvement in the field of post-secondary education and highlights the major turning points in federal-provincial relations and fiscal federalism that were precipitated in the post-secondary education sector. Federal-provincial conflict has been a persistent factor in many of the interactions concerning fiscal relations, which are the underpinnings of federal involvement in this area. This chapter also describes the relationship developed between the major actors in the field.

The final chapter focuses on the policy community surrounding the post-secondary

¹Richard Simeon, "Studying Public Policy", Canadian Journal of Political Science, (9:4, December 1976).

²William Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada. (Copp Clark Pitman Ltd., 1990).

³Michael Atkinson and William Coleman, "Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies," British Journal of Political Science. v. 19.

education sector at the federal level. It looks at the individual actors and assesses their capacity to affect policy. It ends with a brief discussion of state capacity and state autonomy to act and assesses the federal government's capacity and autonomy to act.

In the conclusion of the thesis I will wrap up the arguments presented in the body. I will discuss the federal-provincial tensions in the field, along with the calls for a stronger centralized position on post-secondary education. Examination of the issue of funding, and the decreasing cash portion of Established Program Financing (EPF), and its impact upon the federal role in post-secondary education will be summarized. The leverage provided by cash transfers, already weakening under EPF, is further eroded by the Canada Health and Social Transfer and will affect the federal government's ability and capacity to develop policies and maintain a presence in the post-secondary education sector. Finally the attitude of past and current federal governments towards a federal role will be examined which will assist us in reaching conclusions regarding the dilemma Canadian policy regarding post-secondary education.

CHAPTER 1

THE STUDY OF PUBLIC POLICY

As the scope of government intervention has increased, especially since the Second World War, state action has become more complex and difficult to understand. As a result, the study of public policy in Canada has been an expanding field within the discipline of political science for several decades. One of the most succinct definitions of public policy is the much quoted one of Thomas Dye, who stated that public policy is "whatever governments choose to do or not to do."¹ Policy therefore involves a conscious choice that leads to a deliberate action or inaction. This definition views policy narrowly, as a series of isolated decisions. Policy making is more fully understood as the outcome of a long series of more or less related activities and their consequences."² Political scientists study public policy to better understand politics, and attempts to answer the questions: What does government do? How does it do it? and, What consequences will its decisions have on society?

There are many different theoretical models and approaches to explain decision-making, how public policy frameworks are developed, and why governments act or fail to

¹Thomas Dye, Understanding Public Policy, (3rd. edition), (Prentice-Hall, Englewood Hills, New Jersey, 1978), p.3.

²Robert F. Adie and Paul G. Thomas, Canadian Public Administration. Problematical Perspectives, (Prentice-Hall, Scarborough, 1987), p. 192.

act on a particular problem or issue.³ There is no universally accepted theory of policy study, and each model directs attention to different features of the political system. For our purposes, we will use the models chosen by authors Robert J. Jackson and Doreen Jackson to organize our discussion.⁴ They divide their theories into two categories: micro-level and macro-level approaches.

Micro-level approaches such as incrementalism and rationalism are intended to explain how individual decisions are taken within a broad framework of public policy. Approaches which focus on decision-making assume governmental priorities and objectives have been established and therefore they do not take into account societal forces in the policy-making process.

Macro-level approaches deal with broader patterns of public policy that are a result of the relationship between the state and society. The theories in this category differ in the weight they grant to economic, social and political factors with regard to policy outputs, as well as in their view of the interests served by the state or government in its policy decisions. In the following pages we will briefly discuss four different approaches to policy analysis including: environmental determinism, pluralism, public choice, and neo-Marxism.

Environmental determinism, sometimes labelled the sociological approach, attempts to relate public policy outputs (such as public expenditure) with various environmental factors. This approach tends to downplay the importance of individuals and

³For a brief but inclusive survey of authors and theories see Stephen Brooks, Public Policy in Canada. (McClelland and Stewart, Toronto, 1989), pp. 39-63, esp. pp. 41-46.

⁴Robert J. Jackson, and Doreen Jackson, Politics in Canada. Culture, Institutions, Behaviour and Public Policy. (Prentice Hall Canada Inc., Scarborough, 1990), pp. 585-200.

group actors (parties and interest groups), and political variables such as ideology or the distribution of power. Public policy is designed to maintain equilibrium between the political system and its environment.

The theoretical origins of environmental determinism can be found in the systems-analysis framework of the 1950's which viewed the political system as a sub-system of society. One such model was designed by David Easton who believed that by viewing each of the factors of political life in a piecemeal fashion we can attempt to understand it. While asserting that political scientists can study institutions such as political parties, interest groups, and government and such political practices as manipulation, propaganda and violence, Easton was more interested in the structure within which these practices occur. He insisted that no one part can be fully understood without attention to the whole. Political life was a system of interrelated activities, all of which influenced the way in which authoritative decisions are formulated and executed within a society.⁵

Easton illustrated his theory using the now familiar diagram of a political system complete with inputs, demands, the "black box" or political system, and outputs providing feedback, all working within an environment. Inputs are converted by the process of the system into outputs and these in turn have consequences within the system and for the environment in which the system exists.⁶ Easton was concerned with the causal relationship between the inputs and outputs of the system. However, even if a strong relationship exists between socio-economic and other environmental factors and policy outputs, causality is

⁵David Easton, "An Approach to the Analysis of Political Systems," World Politics, v. 9, April 1957, p. 383-384.

⁶Ibid., 384.

extremely difficult to prove. Environmental factors are important in understanding the policy process but there are many other variables which must also be considered.

Pluralism as a model of politics has dominated North American political science for most of this century. Unlike environmental determinism, pluralism stresses individual or group actors in the political process, and sees the political system as

a dynamic mass of activity in which new groups constantly evolve and old ones are killed off as society adjusts to change. ... In the process of maintaining equilibrium ... society will naturally produce groups to champion an interest disadvantaged by a recent change in social and economic conditions. The same dynamic forces will ensure that there will always be challengers to groups that seek to dominate policy-making.⁷

Politics is viewed as a process where individuals and groups seek to promote their interests through organization, political mobilization and alliance building on different issues in order to influence policy outputs. Power and control do not rest solely with the government but are in fact "widely distributed".⁸ Pluralists believe that competition leads to equilibrium and that "[p]luralist equilibrium is really the public interest."⁹ The government's role in this competition is to act as a neutral referee, adjudicating competing demands and implementing and enforcing public policies in the national interest or, at least according to the wishes of a majority on each issue. Public policy is seen as the outcome of this competition between groups and parties. The pluralist vision of widely dispersed power

⁷A Paul Pross, Group Politics and Public Policy, (2nd. ed.) (Toronto, Oxford University Press, 1992), p. 230.

⁸Theodore Lowi, The End of Liberalism. Ideology, Policy, and the Crisis of Public Authority, (W.W. Norton and Company, New York, 1969), p. 44.

⁹Ibid., p. 47.

based on the equality of access to the policy process is frequently criticized.¹⁰ Some groups face obstacles to getting their interests heard and put on the agenda, and some lack the political and economic resources to do so. A wide array of groups do organize and attempt to influence policy makers. It is necessary to examine their effect on public policy, especially in a liberal democracy where government must respond to pressures from society.

Public choice theory assumes that individuals are essentially self-interested, rational, utility-maximizing actors, who seek to maximize their own interests in a system constrained by scarcity and competition. As in pluralism the central actors in policy making are special interest groups, bureaucrats and politicians. Unlike pluralism however, the primary unit is the individual not the group. Individuals join forces when collective action promises greater rewards. Also, in contrast to pluralism, public choice theorists see no reason to believe that pressure from different groups is balanced or fair. Finally, public choice sees government as a complex process of interaction and bargaining among bureaucrats and politicians seeking to maximize their own self interest.

Public choice theory has developed from a long established tradition of classical economic theory. However, as an approach for policy analysis it is relatively underdeveloped, as it provides only a partial aid towards understanding how and why policies are made. It does provide an interesting contrast to environmental determinism and pluralism in its recognition that politicians and bureaucrats are not just servants of external pressures, but have their own interests and objectives. Yet, Bruce Doern and Richard Phidd, for instance, believe that it lacks a sufficient recognition of the broader relations among

¹⁰See Theodore Lowi, The End of Liberalism, especially chapter 10.

institutions and among ideas, structures and processes.¹¹ Stephen Brooks questions whether public choice is as scientific an approach as its adherents would have us believe. He points out that the theory is not free from ideological preferences. It is aimed at "determining what kinds of institutional arrangements and constitutional arrangements work better for citizens". Who determines what is "better"? Is it simply policy defined as least costly, or involving the least interference from government?¹²

In the post-secondary education policy field, public choice theory would be an inadequate and extremely difficult theory to pursue. Since our intent is to examine the federal role in post-secondary education, the extreme diversity of the federal government involvement alone makes this difficult. This does not include the myriad of other actions in this field. It is also difficult to see actions taken by government in terms of individuals and their own self interest, as there is no mammoth bureaucratic whole to preserve. Federal involvement is scattered throughout a number of departments as diverse as the Secretary of State and the Department of Indian Affairs.

While public choice theory applies liberal economic concepts to the study of politics, the neo-Marxist approach provides an alternative political economy approach. Neo-Marxist theory seeks to develop a systematic conceptualization of politics and the role of the state in capitalist society based on the assumption of the relationship between economic, societal and political structures. Social and political relations are determined or constrained by the

¹¹G. Bruce Doern and Richard W. Phidd. Canadian Public Policy. Ideas Structure Process. (Nelson Canada, Scarborough, 1992), p. 10.

¹²Stephen Brooks, Public Policy in Canada. (2nd. edition)(McClelland and Stewart, Toronto, 1993), pp. 38-39.

economic basis of society.

The "state" is composed of a complex array of institutions, including the government, bureaucracy, military, judiciary, and representative assemblies as well as sub-central (provincial) executives, legislatures, bureaucracies and municipal government institutions.

The primary role of the capitalist state is to

fulfill two basic and often mutually contradictory functions --**accumulation and legitimization** ... the state must try to maintain or create the conditions in which profitable capital accumulation is possible. ... [T]he state also must try to maintain or create the conditions for social harmony. A capitalist state that openly uses its coercive forces to help one class accumulate capital at the expense of other classes loses its legitimacy and hence undermines the basis of its loyalty and support.¹³

Neo-Marxist analysis of why the state acts as it does is divided between two outlooks. Instrumentalists believe the state acts in the interests of the capitalist class because of a similarity in background, family ties and school networks among the political and bureaucratic elites and the business community. Structuralists, like Leo Panitch for instance, argue that the capitalist class has competing factions within it, and that the state must be relatively autonomous of the dominant class to serve the long term interest of capitalism rather than the short term interests of individual capitalists.¹⁴ Policy makers do not consciously ask themselves how they can preserve the capitalist system, according to neo-Marxists, because within the dominant liberal ideology the "national interest" coincides with

¹³The Fiscal Crisis of the State, (New York, 1973), p. 6 as quoted in Leo Panitch, "The Role and Nature of the Canadian State", in Leo Panitch (ed.), The Canadian State: Political Economy and Political Power. University of Toronto Press, (1977), pp.3-27, p.8.

¹⁴Leo Panitch, "The Role and Nature of the Canadian State", in Leo Panitch (ed.), The Canadian State: Political Economy and Political Power. (University of Toronto Press, Toronto, 1977), pp. 3-27, p. 8.

the general interests of capitalism.¹⁵

Neo-Marxist analysis is oriented towards matters of inequality and the distribution of power within society. As such it can be seen to account for broad patterns in public policy; however, it remains unclear how the state makes specific policy choices or decisions.

In the 1970's Richard Simeon developed a broad and useful framework for policy analysis in which he assumes that the political machinery and policy makers operate within a framework which "greatly restricts the alternatives they consider and the range of innovations they make".¹⁶ This framework defines a set of problems considered to be important, a set of acceptable solutions or policy responses, and a set of procedures and rules by which they will be considered. The framework is composed of five characteristics or general approaches. Policy can be studied as a consequence of the **environment**, of the distribution of **power**, of prevailing **ideas**, of the **institutional** framework and of the **process** of decision making. While the characteristics can sometimes be conflicting, they are more often seen as complimentary.¹⁷

Like environmental determinism, Simeon suggests that patterns of policy making may be explained by reference to environmental factors such as demography, wealth, industrialization etc. Simeon recognizes that the environment is an important starting point for analysis as it defines problems and also limits the resources to deal with them, yet it has limited capacity to explain policy outputs.

¹⁵Brooks, Public Policy, p. 42.

¹⁶Richard Simeon, "Studying Public Policy," Canadian Journal of Political Science. (9:4, December 1976), p. 555.

¹⁷Loc cit.

The distribution of interests and resources across society will be reflected in the pattern of policy. Policy is a result of the number of interests involved, the level of disagreement or conflict among them, and the means of influence which each interest is able to bring to bear in the policy process.¹⁸

Policy can also be seen as a function of the dominant ideas, values, theories and beliefs of a society. To focus on ideas, one needs to consider both culture and ideology. Culture is the basic orientation to a political system, political activity, or conflict. Ideology deals more explicitly with politically focused ideas which explain the political world, and provides a framework for interpreting particular events.¹⁹

Simeon's fourth approach to policy analysis concentrates on institutional structure, the workings of the political system. This includes the way government is organized, the structure of the decision-making process, the degree of centralization, the way authority is shared or the formal mechanisms for registering decisions.

The institution of federalism, and the corresponding division of powers permeates most policy areas in Canada. Simeon asserts that federalism does have clear policy consequences, as it can structure how we see problems. While institutions themselves have no particular policy content, the way in which they interact with other social forces,

¹⁸Simeon, "Studying Public Policy," p. 568.

¹⁹Simeon's discussion of ideology includes such things as procedural norms such as decision making rules, ie. majority rule, proportionality; along with substantive norms such as what governments should do, the level of appropriate government intervention. Additionally it includes elite and mass values, deferential attitudes to authority and the level of homogeneity and heterogeneity within a society, and the ideological dimensions of left and right when deciding what the general goals of government should be. See Simeon, "Studying Public Policy", p. 570-73.

favouring some interests and strategies over others, certainly influences policy.

Policy process is closely linked with institutions. It is through decision makers such as bureaucrats, politicians and interest group leaders that the broader political forces operate. Decision makers reflect the pressures of the environment, the political influences surrounding policy disputes, the norms, assumptions and values found in the culture and the ideology and the opportunities and constraints imposed by the institutions.²⁰ Simeon closes his article with a discussion of the role of the politician and bureaucrat in the policy process. While environmentalists would consider these roles to be minimal, advocates of process would place more emphasis on the political role. Simeon's approach emphasizes the framework within which the process operates. Process is crucial, Simeon argued: it is the impact point of the other variables.

Simeon's framework can be examined at three levels. At the macro level are the socio-economic environmental factors, which are more general and are the farthest removed from the policy process. The environment is shaped by and helps to shape the other factors. The meso-level of analysis focuses on the system of power relations, dominant ideas and values of the society and the structure of political institutions. These factors have an impact on, and in turn are affected by environmental factors. Micro-level analysis involves the policy process. The policy process has some independent effect on policy outcomes, but it also reflects and is shaped by the broader factors in the framework. Each characteristic holds some capacity to explain patterns of policy, but, neither one offers a full understanding of

²⁰Simeon, "Studying Public Policy", p.576.

policy decisions. All three levels are important, together forming a "funnel of causality"²¹ where the level of relative importance in determining the actual policy outputs increases as the funnel narrows.

As suggested above no single approach to policy analysis has been accepted by those studying public policy. But using Simeon's framework we can analyse the different approaches. Each focus on different aspects of the "funnel". Public choice models, similar to micro level analysis, are more concerned with decision making within government than with the interaction between government and the socio-economic environment, or with broader questions of the distribution of power, ideas and institutions. Environmental determinists attempted to link public policy outputs with aggregate economic and social variables, ignoring the distributional questions and the decision process.

The neo-Marxist and pluralist models integrate more of the elements of the funnel. The neo-Marxists address the influence of economic and social environment as they link the role of the state to changes in the social structure and the economy which result from the ongoing development of the capitalist mode of production. Inequalities of power, income and resources among social classes and the role of ideology and values supportive of capitalism in the process of legitimation are central themes in neo-Marxist analysis. Advocates of this system of analysis have not come to terms with the independent influence of actors within the policy process in determining public policy outcomes.

Pluralists take into account the socio-economic environment, since our increasingly complex society gives rise to more and more issues and interests around which groups

²¹Simeon, "Studying Public Policy", p. 556.

mobilize. While stressing the interaction of interest groups within the policy-making process, they also stress the mediating effects of institutions such as the electoral process.

The traditional view of pluralism fails to recognize inequalities of power and influence, and emphasizes government as a reactive agent, which responds only to the balance of group pressures. Recent contributions have attempted to come to terms with these difficulties. Today, many authors in the pluralist tradition acknowledge that the modern state is a dynamic actor in the policy process, and in fact recognize the "autonomy" of the state, and that it is not merely a referee of group demands.

It is within this pluralist approach that we will be examining the policy of post-secondary education in Canada. We will make a closer examination of the newer strains emerging within pluralism, including the attempts to bring the state back in as a variable in policy analysis. First we will examine the study of the interaction of interest groups within the policy making process as discussed by Paul Pross.²² We will move on to the study of policy communities and networks,²³ which opens into a discussion of state autonomy and capacity²⁴. Our final discussion will take us into the burgeoning field of neo-institutionalism and its effect on policy process as espoused by Michael Atkinson.²⁵

²²A. Paul Pross, Group Politics and Public Policy, (2nd ed.) (Oxford University Press, Toronto, 1993).

²³William Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada, (Copp Clark Pitman Ltd., Mississauga, 1990), p. viii.

²⁴William Coleman and Michael Atkinson, "Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies", British Journal of Political Science, (v.19, 1989).

²⁵Michael Atkinson, Governing Canada: Institutions and Public Policy. (Harcourt Brace Jovanovich Canada Inc., Toronto, 1993).

A Theoretical Framework for Policy Analysis in the Post-secondary Education Sector

Prior to the 1960's, according to Paul Pross, pressure groups in Canada were not prominent actors in the policy process. As interest groups became more active in the public debate, they became more important as a factor to be studied by political scientists. As a result the focus of public policy analysis in the decade of the 1980's shifted increasingly to the study of interest or pressure groups within the political system in Canada.²⁶ The focus of study on these groups has expanded from a concentration on the political influence of groups to include the role these groups play in the policy process.

According to Paul Pross, interest groups are "organizations whose members act together to influence public policy in order to promote their common interest."²⁷ As such they try to persuade governments to pursue policies which they favour. In so doing, interest groups perform a number of essential functions within a political system. They provide a vehicle for drawing people together who have common interests and through their process of discussion allow these people to articulate their interests, and how they should be handled, to government.²⁸

The proliferation of groups within the Canadian system gives support to the theory

²⁶For a historical overview of Canadian writings on this subject see Henry J. Jacek, "Public Policy Analysis and the Impact of Interest Groups: The Contributions of Canadian Political Scientists", QSEP Research Report No. 274, presented to the 1991 annual meeting of the Canadian Political Science Association, Kingston, pp.2-6.

²⁷A. Paul Pross, Group Politics and Public Policy, (2nd ed.), p. 3.

²⁸Pross, Group Politics and Public Policy, p.87; see also Henry J. Jacek, "Public Policy Analysis and the Impact of Interest Groups: The Contributions of Canadian Political Scientists", Paper presented to the Annual Meeting of Canadian Political Science Association, June 4, 1991 Kingston, p.1.

that Canada is a liberal-democratic society. According to Paul Pross this pluralist view sees pressure groups competing with other groups within the system for a say in how the power of the state is to be used to benefit each of them through the provision of programs. As this relationship is obviously one of power, pressure groups must be examined from the perspective of their relationship with the state.²⁹ Grant Jordan refers to this as "the institutionalization of relations among governmental and non-governmental actors".³⁰ Jordan goes on to assert that policy communities are the key to understanding the vast bulk of policy making in settled Western type political systems. This is of primary importance to understanding the policy process because

policy making is fragmented into sub-systems... it is the relationships involved in committees, the policy community of departments and groups...that perhaps better account for policy outcomes than do examinations of party stances, of manifestos or of parliamentary influence.³¹

Pross emphasizes the functions and structure of interest groups as well as their position in and importance to the policy community. He also examines how groups interact with government and the effects of interest group involvement on democracy.

The proliferation of special interest groups, and their rise in prominence in the policy process and their impact on government in general has opened an entirely new field of study for students of public administration and public policy since the early 1980's. Explanations

²⁹A. Paul Pross, Group Politics and Public Policy, (Oxford University Press, Toronto, 1986,) p. 108.

³⁰Grant Jordan, "Policy Community Realism versus "New" Institutional Ambiguity," paper presented at ECPR, Joint Sessions, Bochum 1990, p.1.

³¹Ibid., p. 3. Jordan is quoting an earlier work by J.J. Richardson and himself Governing Under Pressure (Oxford, Martin Robertson, 1979). Emphasis in original.

for group formation include the recognition that many groups were formed or extended their activities to place demands on government. These groups were concerned with allocational demands, or public resources being distributed in ways that serve the interests of their members. Examples of such groups include groups representing the poor and trade associations. Many other groups have formed in an attempt to direct the regulatory functions of the state, for instance, consumer association groups or environmental groups. Other explanations include etatisme where the state is progenitor in fostering intervention and the formation of interest groups, through bureaucratic patronage. Other groups are fostered by the government, this is not due to patronage but because society demands that certain groups should not be excluded from the policy process.³²

Interest promotion is a subsystemic function, that groups perform, according to Pross, one that assists those already in the subsystem. Interest groups therefore must attempt to justify this self-interest to the political community at large by performing functions that are useful to the system as a whole. They must, he states, "offer services needed by their host political system, receiving in return specific benefits for themselves and their members."³³

Pross identifies four other functions under the term 'systemic functions' that interest groups perform, that meet the needs of the community. Of the four, communication and legitimation are the more important. Less important are regulation of their members on behalf of the state and assistance in program administration.

In the late 1980's the study of political science saw a convergence in research focus

³²A. Paul Pross, "Governing under pressure: the special interest groups - summary of discussion." *Canadian Public Administration* 25:2 (Summer 1982), p. 172.

³³*Ibid.*, p.88.

on two previously distinct subfields: interest group studies and public policy analysis. Interest group research included traditional concerns about political influence, but also included different roles groups could assume in the policy process and the implications these differences might have for group structure.³⁴ Studies of public policy gave prominence to organized interests in the policy formation process and the politics of policy implementation. The role of organized interests and their relations with particular bureaus emerged as a crucial component in policy studies where researchers have integrated some of the insights of the interest group subfield.

In their book Policy Communities and Public Policy in Canada, William Coleman and Grace Skogstad provide a framework for policy analysis that focuses on the actions and capacities of both state and societal actors in a given sector, and on the relationships that exist among them. Analysis takes place at the meso or sectoral level, which requires isolating relevant or pertinent sectors of the state. This approach also permits differences in state capacity and autonomy to be considered as relevant, along with the organizational development of interests across sectors.³⁵

Diversity in state-society relations is common across sectors within the same nation-state. This has led to increased interest in desegregating the state in search of concepts to help understand diversity of arrangements at the sectoral level. Two concepts of interest are policy community, and policy network.

For Coleman and Skogstad a policy community includes

³⁴William Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada, (Copp Clark Pitman Ltd., Mississauga, 1990), p. viii.

³⁵Coleman and Skogstad, Policy Communities, p. xi.

all actors or potential actors with a direct or indirect interest in a policy area, or function who share a common "policy focus" and who, with varying degrees of influence shape policy outcomes over the long run.³⁶

Policy communities are divided into sub-governments, which include government agencies, interest associations and societal organizations which all help to make policy, and the attentive public which varies depending on the field of policy. The attentive public follow and attempt to influence policy decisions, but they do not participate in them.

Policy networks are reserved for describing the properties that characterize the relationships among particular sets of actors that form around an issue of importance to the policy community.³⁷ Policy communities and networks must not overshadow the dynamics of the policy process involved. Communities are institutions in themselves and become integrated by developing a shared set of values, norms and beliefs which shape the policy networks that emerge and ultimately the policy outcomes.³⁸

Coleman and Skogstad's analysis also includes the development of a new conceptualization of state strength. They distinguish between state autonomy to act in a policy field and state capacity to act. They point out that an autonomous state is not necessarily a policy-capable state, nor is a state with financial, jurisdictional and bureaucratic capability to execute its own goals and programs necessarily willing to do so.³⁹

State actors who are independent of societal groups when they formulate policy

³⁶Coleman and Skogstad, Policy Communities, p. 25.

³⁷Ibid.

³⁸Coleman and Skogstad, Policy Communities, p. 29.

³⁹William Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada. (Copp Clark Pitman, Mississauga, 1990), p. 6.

objectives indicate a high degree of **autonomy**. The ability of state actors to control access by others to the policy network and through this to control the policy agenda is an important indicator of state autonomy. The ability to control access and agenda also illustrates a state actor's autonomy from actors in other departments (such as the department of finance) from entering the policy network and seizing control of its agenda. This will be central to our examination of post-secondary education policy as the recent restructuring of the government by the Liberals, and the current fixation with fiscal restraint have resulted in changes to the federal government's role in post-secondary education. Using control over access and agenda as indicators of sectoral state autonomy, we can highlight the close relationship between the strength of the state and the strength of organized interests. Coleman and Skogstad argue that sectoral state actors are more able to control agendas from both private interests and other public actors, when they enjoy the support of well organized societal interests.⁴⁰

In an autonomous state the goals of the state such as the identification of problems and alternative policy responses to these problems, are internally generated, and do not merely reflect societal interests or demands. Atkinson and Coleman suggest some features of bureaucratic agencies and staff that would enhance state autonomy.⁴¹

The **capacity** of a state to act depends on its ability to design and implement policies that meet its objectives. Capacity, like autonomy, is greatly affected by the skill of

⁴⁰Ibid., p. 6.

⁴¹This point will be elaborated in a later chapter in this thesis, see Michael Atkinson and William Coleman, "Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies." British Journal of Political Science (v.19. 1989), p. 52.

bureaucratic officials. Plentiful resources are also important as is the ability to coordinate or concentrate the actions of participants in the policy process. State capacity to coordinate policy is enhanced when a single agency or bureau dominates a given sector.⁴²

State capacity and autonomy may not occur together. On the one hand, a state agency may have sufficient autonomy to define its own policy goals but lack the capacity to design policy instruments or implement policy in the face of stiff societal opposition. On the other hand capable state actors may devise policy initiatives whose successful implementation necessitates accommodating sectoral interests.

According to James March and Johan Olsen, in current theories of politics, traditional political institutions such as the legislature, the legal system and the state have receded in importance from the position they held in earlier theories. They are viewed merely as arenas within which political behaviour occurs. This is changing however as they point out that institutional perspectives have reappeared, as a consequence of the transformation of social institutions which have become larger, more complex and resourceful and therefore more important to collective life.⁴³ There is a blending of elements of the old institutionalism into some of the recent neo-institutionalist theories.

Attention to institutions never disappeared from the study of political science entirely, but was superseded by a conception of political life that was non-institutional.

The vision that has characterized theories of politics since about 1950 is (1) contextual, inclined to see politics as an integral part of society, less inclined to differentiate the polity from the rest of society; (2) reductionist, inclined

⁴²Coleman and Skogstad, Policy Communities, p. 16-17.

⁴³James G. March and Johan P. Olsen, Rediscovering Institutions: The Organizational Basis of Politics. (The Free Press, New York, 1989). p. 1.

to see political phenomena as the aggregate consequences of individual behaviour, less inclined to ascribe the outcomes of politics to organizational structures and rules of appropriate behaviour; (3) utilitarian, inclined to see action as stemming from calculated self-interest, less inclined to see action as a response to obligations and duties; (4) instrumentalist, inclined to define decision making and the allocation of resources as the central concerns of political life, less attentive to the ways in which political life is organized around the development of meaning through symbols, rituals, and ceremonies; and (5) functionalist, inclined to see history as an efficient mechanism for reaching uniquely appropriate equilibria, and less concerned with the possibilities for maladaptation and nonuniqueness in historical development.⁴⁴

March and Olsen explore ways in which the institutions of politics provide order and influence change in politics. They are concerned with interpreting political institutions as fundamental features of politics and with understanding the ways in which they contribute to stability and change in political life. Without denying the importance of both the societal context of politics and the motives of individual actors, they believe institutional analysis posits a more independent role for political institutions.⁴⁵

Michael Atkinson also addresses the effect institutions have on public policy. Continuing in the same vein as Richard Simeon, Atkinson looks at three interpretations of public policy based on; ideas, interests, and institutions. A focus on political ideas such as equality, freedom, rights and authority are at the heart of policy disputes. Exploring the beliefs of Canadians on these subjects and tracing the action or inaction of their governments back to political ideas will provide a better understanding of policy outcomes.

Ideas alone cannot adequately analyse public policy, and so some analysts provide a second interpretation, that of policy interests. This approach focuses on the character of

⁴⁴March and Olsen, Rediscovering Institutions, p. 3.

⁴⁵March and Olsen, Rediscovering Institutions, p. 16.

the economy and the relations among social classes.⁴⁶ Policy is seen to be a result of social forces in conflict, and therefore attempts to assess who benefits from policy decisions are important.

The third approach involves political institutions such as federalism, parliament, cabinet and the bureaucracy. These are influenced by political ideas and economic relationships but are important in their own right. Federalism replicates and reinforces regionalism, Parliament reflects and also legitimizes power relationships in society, and the Courts adjudicate and define the limits of political action. Therefore political institutions "make an independent contribution to both the conduct of politics in Canada and to policy outcomes."⁴⁷

In most modern states, separate state institutions create, consolidate, divide, exercise, and adjudicate public authority. Constitutions preserve the internal diversification of the state, and impose limits on the exercise of state power. In Canada, the three major pillars of the Constitution, the Westminster Parliamentary system, federalism and the Charter of Rights and Freedoms, all play a role in the policy process. The parliamentary system is supposed to concentrate decision-making authority in the hands of an elected executive that controls the legislative branch. Yet the centralization of power has been weakened by the need for regional pressures to be represented at the Cabinet level. The Charter of Rights and Freedoms has expanded the scope for judicial policy-making through the process of judicial review.

⁴⁶Michael Atkinson, Governing Canada. Institutions and Public Policy. (Harcourt Brace Jovanovitch Canada Inc.),p.2.

⁴⁷Michael Atkinson, Governing Canada, p. 3.

No institutional arrangement contributes more to policy diffusion and structural incoherence than federalism. Federal institutions have impeded or delayed coherent and comprehensive policies in areas that would appear to need them. At the same time however, federalism has provided significant scope for policy experimentation and flexibility, prized qualities in a diverse political community.⁴⁸

Alan Cairns states that the executive-centred institutions of executive federalism often create barriers to the entry of organized interests, while at the same time bureaucratic diffusion and shared jurisdictions may open avenues and opportunities for influence.⁴⁹ Coleman and Skogstad theorize that the function of executive federalism strengthens the capacity of state officials and their ability to dominate a policy network.⁵⁰ Federalism and its effect on public policy is a major force in the discussion of post-secondary education, and will be discussed in greater detail in Chapter 2.

Institutions organize politics and in so doing, they bias processes. They influence policy by constraining the range of possible outcomes; they "rule out" options by creating decision making processes that limit the number of access points, thus narrowing the range of interest that will be accommodated. They can also affect policy outcomes by refusing to consider certain options or by determining the order in which decisions are taken. Institutional resources also constrain policy, as do rules of decision making within the

⁴⁸Kenneth McRoberts, "Federal Structures and the Policy Process," in Michael Atkinson (ed.), Governing Canada.

⁴⁹Alan Cairns, "Citizen (Outsiders) and Government (Insiders) in Constitution Making: The Case of Meech Lake," Canadian Public Policy, (14, supplement, September, 1988), pp. 121 - 145.

⁵⁰Coleman and Skogstad, Policy Communities, p. 315,

institution. Atkinson suggests that there is a creative side to institutions also. Paradoxically, by constraining options institutions create capacity.⁵¹ By limiting the number of actors and access points to policy decisions, the actors develop a more "collegial" relationship, they speak the same language, share the same values and beliefs, and help to determine, describe and evaluate problems. Institutions then limit policy options to those which are institutionally acceptable.⁵²

Frequently examinations of institutions and public policy are discussed in terms of causality. Differences in public policy are thought to be the result of differences in political institutions. Atkinson illustrates this by citing E. E. Schattschneider who pointed out that some conflicts, issues, and groups are organized in, while others are organized out. But Atkinson also calls for caution, stating that it is unlikely that there is a simple causal connection between institutional change and policy change. He also points out that it is necessary to consider causality in the opposite direction. Policy can affect institutions, by making intellectual and technical demands on them.

Finally Atkinson admits that studying institutions is not a panacea for all problems of studying public policy. He remains uncertain for instance about the way in which institutions contribute to the evolution of public policy,⁵³ yet he maintains that "the organization and character of political institutions play a critical role in determining policy

⁵¹Michael M. Atkinson, "Public Policy and the New Institutionalism," in Michael Atkinson (ed.) Governing Canada: Institutions and Public Policy. (Harcourt Brace Jovanovich Canada Inc., Toronto, 1993), pp. 19-24.

⁵²Atkinson, Governing Canada, p. 24.

⁵³Atkinson, Governing Canada, p. 16.

outcomes in Canada."⁵⁴

⁵⁴Atkinson, Governing Canada. p. 3.

CHAPTER 2

INSTITUTIONS: FEDERALISM AND INTERGOVERNMENTAL RELATIONS

As stated in Chapter One, the institutionalist approach to studying public policy is enjoying a revival. State-centred theories such as an institutionalist approach attribute a greater degree of autonomy to the state in the formulation of public policy. Institutional structure, the way governments are organized, the degree of centralization, the way authority is shared or the formal mechanisms for registering decisions can all affect policy outputs. The structure of the state may also determine the capacity of societal actors to organize and pursue their interests. The state is frequently an independent and dominant actor in a policy field, and it pursues its own interests, which may be at odds with powerful societal actors.¹ For the study of public policy in Canada at the macro level, the most important institutional features are federalism, the executive-legislative structures, and occasionally the courts.

Federalism

Federalism as a system of government is usually adopted for political or societal reasons. In Canada, it was necessary to choose a federal solution for both reasons. Federalism was a likely choice due to the need to accommodate the divergent interests of both the French/Catholic and English/Protestant settlements, as well as territorial governments in Nova Scotia and New Brunswick. There are several theories of federalism and its impact on public policy. In the 1950's W. S. Livingston wrote that the institutions of government:

¹Leslie Pal, State Class and Bureaucracy. Canadian Unemployment Insurance and Public Policy, (McGill-Queen's University Press, Kingston, 1988), pp. 8-9.

are only the surface manifestations of the deeper federal quality of the society that lies beneath the surface. The essence of federalism lies not in the constitutional or institutional structure but in the society itself.²

However in 1977, Alan Cairns argued that this sociological view fails to perceive the degree of autonomy governments possess and their capacity to create the necessary conditions for their own survival. It fails to explain the survival and growth of provincial governments, especially those in English speaking Canada, and to consider that support for powerful, independent provincial governments is a product of the political system itself.³ Several authors have expanded on Cairns' criticisms and have concluded that federal systems once in place, draw their strength from the national apparatus of government and ensure their own survival, regardless of whether there has been a significant transformation of the underlying society.⁴

Federalism can also be defined in strictly legal and institutional terms as "the method of dividing powers so that the general and regional governments are each, within a sphere, coordinate and independent."⁵ Donald Smiley has expanded on this legalistic definition to include the qualifications that the constitution cannot be unilaterally amended by either

²W S. Livingston, Federalism and Constitutional Change, (Clarendon Press, Oxford, 1956), p. 2

³Alan C. Cairns, "The Governments and Societies of Canadian Federalism," in G. Williams (ed.) Constitution, Government and Society in Canada. (McClelland and Stewart, Toronto, 1988), p. 144-145.

⁴See Donald Smiley, The Federal Condition in Canada, (McGraw-Hill Ryerson, Toronto, 1987), p. 6., also Roger Gibbins, "Federal Societies, Institutions, and Politics," in Herman Bakvis and William Chandler, Federalism and the Role of the State, (University of Toronto Press, Toronto, 1987), pp. 15-31.

⁵K.C. Wheare, Federal Government, (4th ed.), (Oxford University Press, New York, 1964), p. 11.

government, and individual citizens are subject to the laws and authority of both central and regional governments.⁶

Another group of institutional writers focus on the effects of such organizations as the national legislatures and the party system on policy outputs.⁷ Recent works have concluded however that parties and legislatures no longer exercise the influence that they were once thought to have.⁸ Interestingly, a recent book on institutions and public policy does not include a chapter on the legislature.⁹ At the federal level, in the post-secondary education policy field, political parties and legislatures have had little impact on policy outcomes.

Other institutional features continue to attract attention: institutional structures can set the players, the rules of play and the patterns of political interaction. In his discussion of regionalism and institutions, Simeon concluded that institutions are not simply a product of the environment but can also help to shape and influence their environment.¹⁰ There will

⁶Donald V. Smiley, The Federal Condition in Canada, (McGraw-Hill Ryerson, Toronto, 1990), p. 2.

⁷See Richard Simeon, Federal-Provincial Diplomacy: the making of recent policy in Canada, (University of Toronto Press, Toronto, 1972), Chapter 1, for a discussion of these writers and their theories.

⁸Leslie Pal, State, Class and Bureaucracy, p. 10.

⁹See Michael M. Atkinson, Governing Canada: Institutions and Public Policy. (Harcourt, Brace, Jovanovich, Toronto, 1993), where he discusses the Cabinet, the Courts, federalism and the Public Service as all having an impact on public policy in Canada, but the Legislature is quite noticeably absent.

¹⁰Richard Simeon, "Regionalism and Canadian Political Institutions," in J. Peter Meekison, (ed.), Canadian Federalism: Myth or Reality, (3rd edition), (Methuen, Toronto, 1977, pp. 292-304), p. 297.

always be a level of symmetry between the nature of society and federal institutions in Canada where "... federal cleavages in society foster a federal system of government, which in turn reinforces the initial cleavages ..."¹¹

Federalism and Public Policy

Federalism has often been a focus of those who study public policy in Canada, especially with the growing awareness of federal-provincial negotiation and the adoption of the Constitution Act 1982. This has been referred to as an "obsession with federalism", and for most Canadians it is "inseparable from their image of their country..."¹²

Keith Banting however, cautions that Canadian political scientists "are prone to assume that these structures are somehow critical to the major social programs that we take for granted today".¹³ In his study on the welfare state, Banting found that while institutional patterns influenced income security they were not the only factor in determining policy. A multiplicity of other factors such as economic, social and demographic profiles, cultural and political make-up all leave their mark on the welfare state. Banting's caution aside, there does appear to be wide agreement that federalism is crucial in explaining and understanding

¹¹Roger Gibbins, "Federal Societies, Institutions and Politics", in Herman Bakvis and William M. Chandler, (eds.) Federalism and the Role of the State. (University of Toronto Press, Toronto, 1987, pp.15-31), p. 19.

¹²Garth Stevenson, Unfulfilled Union, p. 1, 2. Stevenson is not alone in his assessment. According to Peter Leslie "federalism appears to have far greater influence in Canada than it does in other federal countries ... In Canada, the most fundamental political relationships, defining the character of Canadian society, are bound up in the structure of the federal system." See Peter Leslie, Federal State, National Economy. (University of Toronto Press, Toronto, 1987), p. 4.

¹³Keith Banting, The Welfare State and Canadian Federalism (2nd ed.), (Mc Gill-Queen's University Press, Montreal, 1987), p. 4

Canadian public policy.

Canadian federalism has over time been characterized by conflict and controversy regarding the division of powers. Both federal and provincial governments have attempted to expand their *de facto*, and at times *de jure* powers at the other's expense. Frequent allegations have been voiced about trespassing on the constitutional powers of the other.¹⁴ The Constitution Act 1867, states that "In and for each Province the Legislature may exclusively make Laws in relation to Education," (S. 93). Federal jurisdiction was limited to specific educational responsibilities for Native peoples, federal prisoners, military personnel, and citizens living in the federally governed territories. Although jurisdiction was granted to the provinces, the federal government has been interested in post-secondary education since the early days of Confederation. The conflict in this sector has stemmed from charges that the federal government is operating in an area of provincial jurisdiction. Historically the most vociferous advocate of this position was former Quebec Premier Duplessis, who directed universities in Quebec not to accept federal grants, based on the fact that they were an unconstitutional federal intrusion into provincial affairs.

Private interests also get drawn into the conflict. At times they argue that action by a government violated the constitutional division of powers, while at other times they have encouraged the expansion of government activity without much regard for whether the jurisdiction of the other level of government has been invaded.¹⁵ This has also been a factor

¹⁴Garth Stevenson, "The Division of Powers," in Richard Simeon (ed.) Division of Powers and Public Policy, (University of Toronto Press, Toronto, 1985), pp 71-123, p. 72.

¹⁵Loc cit.

in the post-secondary education field, evident in the lobbying of the National Council of Canadian Universities (NCCU) for federal funding, with little thought given to the constitutional ramifications or the position it was placing the provincial governments in, especially Quebec. This will be examined in more detail in Chapter 3.

The reality of modern federalism demonstrates that there is no federal state in which policy responsibilities are allocated in even moderately watertight compartments. Both the division of powers and the sharing of powers have become essential aspects of contemporary federalism.¹⁶ Federalism has become a system of interactions between governments, dominated by "the coexistence of governments which are at the same time **interdependent** and relatively **autonomous**..."¹⁷

Political institutions such as federalism influence the economic and cultural patterns of a nation and thereby "exercise an important **indirect** influence on the social policies that it chooses to adopt."¹⁸ Canadian political institutions highlight the territorial dimensions of Canadian life, and create a set of provincial governments with an interest in extending the distinctiveness and importance of regional concerns. For instance each province has its own university system, and there has been little discussion about rationalizing a provincial system out of existence. At the national level, the electoral system, combined with the cabinet system of government, hamper the national government's ability to act as spokesperson for

¹⁶Peter Leslie, Federal State, National Economy, p. 42.

¹⁷Richard Simeon, Federal-Provincial Diplomacy: The Making of Public Policy in Canada, (University of Toronto Press, 1972), p. 3.

¹⁸Banting, The Welfare State, p. 39.

the country as a whole.¹⁹ Political institutions also have a **direct** link with the substance of public policy. The most visible aspects of this direct link are the constitutionally delineated decision-making processes of the state, including the allocation of legal authority among its units. In setting these basic procedures, the institutional framework has a number of important consequences for the substance of policy that emerges from it. According to a review of federalism done for the Macdonald Commission, "the structure of the federal system has influenced the substance of public policy."²⁰ In the post-secondary sector, this has resulted in a very fragmented approach to federal involvement. Much as it has claimed that university education can be seen as a national interest, the federal government, especially since the 1960's, has been very cautious about increasing involvement, and in fact it has been backing away from it.

Atkinson has argued that institutions can be both constraining and creative. They provide or block opportunities for various actors to influence policy decisions, by setting the limits within which state and societal actors can operate. The reputation of federalism as a conservative factor in policy making, derives from impediments to decision-making. These impediments arise from a process that involves time-consuming bargaining among political

¹⁹The electoral system exaggerates regional differences in voting, while the Cabinet system of government with strict party discipline and secretive deliberations reduces the capacity of central governments to represent in a clear public manner the full diversity of regional interests, thereby further enhancing the role of provincial governments as spokespersons for regional interests, even in areas of federal jurisdiction. See Banting, The Welfare State, pp. 39-40.

²⁰Frederick J. Fletcher and Donald C. Wallace, "Federal-Provincial Relations and the Making of Public Policy in Canada: A Review of Case Studies," in Richard Simeon, (ed.), Division of Powers and Public Policy, (University of Toronto Press, Toronto, 1985), pp. 125-206, p. 193.

and administrative actors, which can exclude interest groups or public opinion. This is held up when looking at the federal role in the post-secondary education field. While the federal government is restrained by the constitution as far as the scope of its involvement, when the government has had the desire to act it has managed to muster the political will to do so (when supported by outside interests).

Federalism has permitted the provincial governments a level of creativity in developing their post-secondary education systems. This has led to a high level of diversity, and there are ten distinct provincial systems of post-secondary education in Canada. On the other hand, there is also a high degree of convergence as each has a binary system, or clearly defined university and non-degree granting sectors. Most universities offer comprehensive programs, including graduate and professional programs (although some are limited to undergraduate studies). Aside from two small religious affiliated institutions, all universities in Canada are public institutions incorporated by an act of the provincial legislature.²¹

Federalism shapes the "terms of the debate", of politics in Canada. Political and bureaucratic elites are absorbed with the questions of jurisdiction, and the right of governments to act in policy areas. This preoccupation with their own interests centres around relationships with other governments, encouraging the public to view these elites as self-regarding and unconcerned with popular needs and concerns.²²

²¹Michael Skolnik, "Higher Education Systems in Canada," in Alexander D. Gregor and Gilles Jasmin (eds.), Higher Education in Canada. (Association for Canadian Studies for the Department of Secretary of State Canada, Ottawa, 1992), pp. 15-17.

²²Kenneth McRoberts, "Federal Structures and the Policy Process," in Michael Atkinson (ed.) Governing Canada, p. 165.

Executive Federalism

The rise of the modern administrative state in Canada has led to larger and more powerful federal and provincial governments and bureaucracies, accompanied by a growing interdependence as each level of government attempts to realize its constitutional potential. What one government does will have implications for others, and frequently areas of government activity cut across formal divisions of responsibility (ie. welfare policy, economic policy and transportation policy). With governments sharing functions, and citizen demands not necessarily respecting constitutional lines of authority, the reality of policy making is that governments must attempt to coordinate policy in order to achieve the goals of efficiency and effectiveness. This means that governments will inevitably interact with each other. This is a more dynamic view of federalism than the classical legalistic view, one which understands it as a political process, characterized by bargaining.

The mechanism for adjustment in these negotiations is executive federalism which has been defined by Smiley as:

the relations between **elected and appointed officials** of the two orders of government in federal-provincial interactions and among the executives of the provinces in interprovincial interactions."²³

Executive federalism tries to resolve the conflicts arising from the Canadian attempt to blend the institutions of federalism and parliamentary responsible government. These two constitutional "pillars" are based on fundamentally different and contradictory premises.²⁴

²³Donald V. Smiley, Canada in Question, (3rd edition)(McGraw-Hill Ryerson Ltd., Toronto 1980), p. 91.

²⁴Federalism means that the Canadian territorial division of power takes the form of two distinct levels of government, each endowed with distinct yet often overlapping

Policy making in federal parliamentary states can be accomplished only where "effective joint action takes place between individual ministers and their administrations rather than between parliaments or between cabinets in any but a formal sense."²⁵ The addition of the Charter of Rights and Freedoms in 1982, has made political structures even more complex.

Federalism, primarily through the workings of executive federalism, ensures that the interests of governments assume an unusual importance in decision-making, and may insulate decision-makers from public wishes.²⁶ This insulation leads to the exclusion of interest groups from the policy process primarily because policy discussions frequently take place in negotiations between executives of different governments. Executive federalism has "technocratized" the policy process, making it necessary for citizens and interest groups to have knowledge of both constitutional jurisdiction and the complex structures of intergovernmental collaboration. If groups lack this knowledge or are not linked to well equipped groups that do have it, they can feel excluded from the policy discussion.²⁷

This is not to say that executive federalism is impregnable. For example during the

jurisdictions. Parliamentary responsible government means that executive and legislative institutions operate in such a fashion that the cabinet plays a key role within both the federal and provincial levels of government. Parliamentary practices have led to the prominence of the executives in each government and federal-provincial interdependence has required their interaction. Ronald L. Watts, Executive Federalism: A Comparative Analysis, (Institute of Intergovernmental Relations, Queen's University, Kingston, 1989), p. 4.

²⁵John Warhurst, "Managing Intergovernmental Relations," in Bakvis and Chandler, Federalism and the Role of the State, p. 259.

²⁶Pal, State, Bureaucracy and Class, p. 139, Banting The Welfare State, p. 42.

²⁷Kenneth McRoberts, "Federal Structures and the Policy Process", in M. Atkinson, Governing Canada, p.164.

constitutional debates prior to patriation both women's groups and aboriginal groups managed to break through the tight knit-wall of executive and administrative officials and get their agenda across.²⁸ Additionally, the failure of both the Meech Lake Accord and Charlottetown Accord were defeats for executive federalism. While these defeats on constitutional issues indicate a new found unwillingness to accept the outcomes of executive federalism in all instances, nonetheless, most important policy decisions are still made at the executive level.

Provincial premiers meet to discuss issues of mutual concern annually, and have done so since Premier Lesage of Quebec convened a meeting in Quebec City in 1960 and suggested ongoing conferences. While originally designed to examine provincial and interprovincial issues, a recent survey of Annual Premiers Conferences discovered that since 1976 federal-provincial fiscal relations have been one of the three dominant themes on the agenda.²⁹

There are also frequent meetings between regional premiers. Western Premiers meet annually, and the Maritime Premiers have established a regional council with its own permanent secretariat. Both the Western Council and the Maritime Conference issue press releases condemning federal economic policies or requesting federal funds for 'regional'

²⁸See for example Chaviva Hosek, "Women and the Constitutional Process", and Doug Sanders, "The Indian Lobby", in Richard Simeon and Keith Banting, (eds.), And No One Cheered, (Methuen, Toronto, 1983).

²⁹The other two dominant themes on the agenda at the Annual Premiers Conference have been the national economy and federal government policies, and constitutional questions. See Donald Savoie, The Politics of Public Spending in Canada, (University of Toronto Press, Toronto, 1990), p. 272.

projects such as highway construction, post- secondary education, economic development, health care, agriculture or fisheries.³⁰

Prior to 1968, Federal-Provincial Conferences or First Ministers' Conferences (FMC) as they have come to be known, dealt almost exclusively with fiscal and taxation matters, shared-cost programs, and constitutional amendments. However, the scope and frequency of these meetings has become more extensive. During the Trudeau era, 23 conferences were convened over a period of 16 years. Eight First Minister's Conferences were held between 1983-1987, an average of a two a year. In the Meech Lake Accord of June 1987, there was an attempt to institutionalize these meetings, by 'requiring' the Prime Minister to convene a FMC at least once a year to discuss the state of the Canadian economy and other matters deemed to be appropriate.

With the scope of the conferences expanded beyond fiscal and constitutional matters, FMCs are now major events in Canadian politics. They attract well over 200 government delegates and advisers, and are major national media events.³¹ One of the major criticisms of these Conferences is that the Prime Minister must assume roles which may conflict, as the head of government with interests to defend, and as leader of a national political party.³² The Prime Minister is viewed by the Premiers as just one of eleven participants in these conferences, a notion that was anathema to some Prime Ministers, including Pierre Trudeau. In addition, the federal government usually comes under criticism, and is publicly placed on

³⁰Loc. cit.

³¹Savoie, The Politics of Public Spending, p. 273.

³²Smiley, Canada in Question, pp. 99-100.

the defensive, and it is often difficult for the Prime Minister, as Chair of the meeting, to adequately defend the federal government's policies or positions. As a result many federal politicians and officials are less than enthusiastic about holding Conferences.

Within the post-secondary education sector, executive federalism is exhibited by interprovincial meetings of Ministers of Education. Prior to 1967, the provincial Ministers of Education had been meeting as an informal committee of the Canadian Education Association, they then established a formal, interprovincial organization: the Council of Ministers of Education of Canada (CMEC). This organization was created to facilitate interprovincial co-operation on education matters and to promote the development of education in Canada. In addition to the growth of formal council and conference meetings, executive federalism has also given rise to a number of informal agreements, and hundreds of day to day contacts. Along with machinery to accommodate the more extensive concerns of the two levels of government, there is a vast and complex network of federal-provincial interactions dealing with more specific matters. At this level, the interaction is more specific and because of the more limited scope of interaction, there is more likely to be agreement--based on the professional norms of bureaucrats involved whether they are engineers, foresters, social workers or public health specialists.³³

In a 1979 article Donald Smiley was critical of executive federalism, stating that it contributes to undue secrecy and low levels of participation in public affairs by citizens. Executive federalism has usurped the role of political parties in helping to shape public

³³Smiley, Canada in Question, and Warhurst "Managing Intergovernmental Relations"

policy. By shifting decision making from individual governments to executive intergovernmental conferences, it reduces the accountability of governments to their legislatures. Executive federalism "organizes into politics" the interests of governments and those private groupings which are territorially concentrated. In addition, it leads to continuing conflict among governments.³⁴

The Evolution of Intergovernmental Relations

The relationship between governments in Canada is "an active and complex relationship reflecting a high degree of inter-dependence."³⁵ This is inevitable since two orders of government are required to manage the federation. It has also become more important with the increase in government activity since WWII.

Between WWII and the 1950's, under co-operative federalism, relations were narrow, functional and program oriented, having little effect or interaction in other sectors. Federal-provincial interaction was limited to tax arrangements and cooperation with respect to specific services through shared-cost programs. The sharing of taxes and revenues was determined by finance and treasury departments who worked in relative isolation from officials and agencies of the two levels who were concerned with specific programs.³⁶

By the 1960's, the increased level of co-operation between government had led to

³⁴Donald Smiley, "An Outsider's Observations of Federal-Provincial Relations Among Consenting Adults," in Richard Simeon (ed.), Confrontation and Collaboration, (Institute of Public Administration of Canada, Toronto, 1979), p. 106-107.

³⁵Bruce G. Pollard, Managing the Interface: Intergovernmental Affairs Agencies in Canada. (Institute of Intergovernmental Relations, Queen's University, Kingston, 1986), p. 1.

³⁶Smiley, Canada in Question, p. 95.

executive federalism which is characterized by the concentration and centralization of authority at the top of each participating government. Under executive federalism, control and supervision of intergovernmental relations is achieved by politicians and officials with a wide range of functional interests. This shift from co-operative to executive federalism had two major implications for intergovernmental relations. First, the interactions were increasingly politicized, and were concerned with broader and higher profile issues. The other consequence was the development of new structures to liaise with other governments, previously handled within sectoral departments.³⁷

During the 1970's many federal-provincial contacts were between middle and lower level bureaucrats, discussing professional and technical considerations. Reflecting Prime Minister Trudeau's personal concern with federalism, there was a rapid development of administrative machinery in both levels of government for dealing explicitly with intergovernmental affairs. In particular the intergovernmental affairs manager was introduced, who was not involved directly with programs but with federal, provincial and interprovincial relations. Also during Trudeau's government the Federal-Provincial Relations Office was established in 1975.³⁸

As previously mentioned, some authors have stated that executive federalism increases conflict within government. Smiley placed some of this blame squarely on the shoulders of the inter-governmental affairs specialist.

The role of the intergovernmental affairs specialist is to protect and extend

³⁷Pollard, Managing the Interface, p. 3.

³⁸Smiley, Canada in Question, p. 97.

the powers of the jurisdiction for which he works, and an important element of this power adheres in its financial resources ... because his counterparts in other governments have the same motivations, conflict is inevitable.³⁹

John Warhurst is more sympathetic toward intergovernmental specialists. He feels that their importance and impact has been overestimated, while the positive contribution they have made to the efficient management of the system is neglected.⁴⁰

In most governments, intergovernmental affairs units were created in finance and treasury departments at a time when intergovernmental relations were almost exclusively concerned with fiscal matters. Although the range of concerns has expanded, fiscal issues remain near the top of the agenda. Therefore inter-governmental units in finance or treasury departments are powerful elements in the bureaucracies of all governments in Canada.⁴¹

The mandate of provincial finance and treasury departments includes the responsibility for funds coming from the federal government. Their key objective concerning fiscal and inter-governmental relations is the optimization of federal transfer arrangements, which underlie much of intergovernmental interaction. Departments of finance therefore play a central role in policy decisions especially in areas that are predominantly financial, such as fiscal arrangements and EPF. Other policy sectors are involved in negotiations such as health and education, but finance departments play the lead

³⁹Donald V. Smiley, "An Outsider's Observations of Federal-Provincial Relations Among Consenting Adults," in Richard Simeon (ed.) Confrontation and Collaboration, (Toronto, Institute of Public Administration of Canada, 1979, pp. 105- 113), p. 110.

⁴⁰Warhurst, "Managing Intergovernmental Relations," p. 267-268.

⁴¹Pollard, Managing the Interface, p. 11

role with respect to these issues.⁴²

According to Richard Simeon, the failure of traditional institutions at the national level (parliament, cabinet, senate and political parties) to effectively operate as sites for federal-provincial negotiation has led to the development of an *ad hoc* adjustment process outside of the prescribed institutional forms. The most noticeable of these is federal-provincial conferences. Inadequate national institutions is one reason why intergovernmental negotiations have taken the form of direct confrontation between governments.⁴³

Federal legislators are often frustrated by the increasing policy-making role of federal-provincial negotiations. The failure of Parliament to act as an arena for federal-provincial adjustment is an important reason for the negotiation process itself. The more important negotiations become, the more Parliament gets bypassed, and the less central it is in the adjustment process. This point was well illustrated in both the Meech Lake and Charlottetown Accords. The Meech Lake Accord was presented as a *fait accompli* to the House of Commons, and some provincial legislatures. The Charlottetown Accord was an exercise in participatory democracy with the agreement hammered out between federal and provincial officials going to a national referendum, but legislatures were no more involved in this process than they had been with Meech.

Intergovernmental relations also have an impact on interest groups and their ability to access the decision-making process. Simeon studied three cases, financial, constitutional and pension issues, and in not one of the cases did interest groups have a significant effect

⁴²Pollard, *Managing the Interface*, pp. 43, 85-86.

⁴³Richard Simeon, *Federal-Provincial Diplomacy*, p. 30-32.

on the outcome once the issue had entered the federal-provincial arena. Again Simeon was writing in the 1970's prior to the "citizen's constitution"⁴⁴ where both women and aboriginal groups were able to re-enter the arena after being in effect 'shuffled off the table' by government negotiators.

One important determinant of the frequency of government interaction is the formal constitutional division of powers. When the constitution allocates functions jointly to both levels, or is silent or ambiguous on important powers, or the financial resources assigned to governments do not permit them to carry out their assigned functions, then interaction will be more frequent. In addition, intergovernmental interaction is likely to be more frequent the less the institutional arrangements at the national level accommodate regional interests.⁴⁵

Because federal-provincial negotiation is so important, major issues tend to become defined as federal-provincial ones. When this happens, the status and prestige concerns of governments, which may be harder to resolve, are superimposed over simple policy differences. This tends to put governments in conflict with governments and thus adds an important dimension to the conflict.

Fiscal Federalism

Federal constitutions, along with delineating divisions of power, also set out the sharing of revenue sources between the two levels of government. Fiscal federalism refers to those "more permanent, institutional arrangements relating to the financing of each

⁴⁴See Alan Cairns, Government (Insiders), Citizen (Outsiders) in Canadian Journal of Political Science (S 1988).

⁴⁵Simeon, Federal-Provincial Diplomacy, p. 303.

component unit."⁴⁶ Fiscal federalism has been an important issue in Canada, since prior to Confederation.⁴⁷ Two of the key features of the Canadian federal fiscal system that distinguish it from other systems are the high degree of decentralization of fiscal responsibilities and the relatively high degree of harmony in the services provided by the provinces.⁴⁸

The high degree of interdependence necessary for the effective operation of federal states rests on two fundamental requirements; a recognition of the autonomy of each order of government, and a need for co-operation between the two orders. Failure to satisfy one or the other can, in the long run, result in complete disruption of the system.⁴⁹ Nowhere is the need for co-operation between the two orders of government more pressing than in the area of public finance. There are four broad public finance issues that must be dealt with in all modern federations, referred to as fiscal federalism issues. These are: revenue-sharing, or the achievement of fiscal balance; fiscal equalization; financing provincial programs deemed to be of national interest; and fiscal and economic co-ordination.

One major factor to consider in Canada is the fiscal gap caused by the constitutional mismatch in revenue raising capacity and program responsibility. The provinces have

⁴⁶R.D. Olling and M.W. Westmacott, "Fiscal Federalism" in Olling and Westmacott, (eds.), Perspectives on Canadian Federalism, Prentice Hall Canada Inc., 1988), p. 165.

⁴⁷Some provinces found the original Confederation agreement appealing, as it would erase their debt loads, and assist with the building in financing large-scale transportation and communication projects.

⁴⁸Robin W. Boadway and Paul A.R. Hobson, Intergovernmental Fiscal Relations in Canada, (Canadian Tax Foundation, Toronto, 1993), p. 3.

⁴⁹Parliamentary Task Force on Federal-Provincial Fiscal Arrangements, Fiscal Federalism in Canada, August 1981, p.30.

dominance in key (and expensive) social policy fields, while the federal government has greater revenue raising ability. Revenue sharing requires that a reasonable balance be attained between revenue needs and expenditure responsibilities for each government.⁵⁰ The fiscal gap in Canada is substantial and the response has been for the federal government to transfer funds to the provincial governments in a variety of ways, for equalization and shared-cost programs.

Fiscal equalization attempts to ensure that since all provincial governments have the same constitutional responsibilities, they have the same financial capacity to carry out these responsibilities.⁵¹ There are some instances in which federal financing in areas of provincial jurisdiction is desirable or warranted. Spillover is one such circumstance, where benefits arising from a provincial initiative tend to spill over into other provinces. This is particularly true in the area of post-secondary education due to the mobility of highly-skilled people.⁵²

Although federal transfers to the provinces have been ongoing almost since Confederation, the provinces have argued that the federal government has simply spent its way into provincial jurisdictions. Federal funding in areas of provincial jurisdiction has usually been based on the federal spending power, which although not explicitly discussed in the constitution, has been defined as "permitting expenditures in areas outside the

⁵⁰Ibid., p. 32-35.

⁵¹Ibid., pp. 35-36.

⁵²Task Force on Federal-Provincial Fiscal Arrangements, Fiscal Federalism in Canada, pp. 37-39. See for example a recent article by Susan Hiller, "Newfoundland's Brain Drain," Macleans, August 28, 1995.

legislative competence of the spending government."⁵³ Government powers to spend can perhaps best be understood if one thinks of government as having a dual personality. The first is the government as legislature and regulator, while the other

has all the attributes of a normal person; it can buy property, engage in business, give gifts, or hire employees. It is from this aspect of its personality that the spending power comes.⁵⁴

While it is sometimes suggested that federal spending could be limited with a more rigid adherence to constitutional strictures, this is unlikely to happen. The constitution has not historically inhibited provincial governments, municipalities, associations, or individuals from making demands on the federal government for new spending.

The federal government has successfully argued that the spending power is justified under a number of sections of the Constitution Act 1867. First under S. 91(3) the federal government is unfettered in its ability to raise money by "any mode or system of taxation", while S. 92(2) is more restrictive on the provincial ability to raise revenue through direct taxation for provincial purposes. In addition the preamble to S. 91 allows the federal government to make laws for the "peace order and good government of Canada". Under S. 106 of Constitution the federal government has the right to use its revenue for matters deemed to be in the public interest. The "peace, order and good government" clause gives a more general justification for spending measures that are meant to be in the national

⁵³Leslie Pal, "Federalism, Social Policy and the Constitution", in Jacqueline Ismael (ed.), Canadian Social Welfare Policy. Federal and Provincial Dimensions. (Institute of Public Administration of Canada, McGill-Queen's University Press, Kingston, 1985, pp.1-20), p. 11

⁵⁴Donald Savoie, The Politics of Public Spending. p. 287.

interest.⁵⁵ The federal spending power is important because it permits Ottawa to spend in areas which can be argued to be in the national interest, such hospital insurance, health, and post-secondary education.

Finally, although the funds come from the federal government, the ultimate legislative responsibility for the program in question is left to the provinces. Therefore, financial incentives offered through the spending power are assumed not to interfere with the ultimate provincial legislative power as long as the federal government does not directly engage in program provision.⁵⁶ The provinces administer the programs and are able to maintain considerable flexibility in many aspects of program design. For instance university systems differ across provinces, with Saskatchewan requiring 12 years of public school to enter a three year Bachelor of Arts program, while Ontario has 13 years of public schooling, but also has a three year Bachelor of Arts program.

The failed Meech Lake Accord would have legitimized the use of the spending power, by providing the provinces the option to "opt out" of any new federal social programs, with compensation. If it had been ratified, the federal government would have had full constitutional recognition to spend in areas of exclusive provincial jurisdiction.⁵⁷

The final fiscal issue is fiscal and economic co-ordination between the two levels of government. This is necessary to ensure that policy measures by one government do not

⁵⁵Robin W. Boadway, and Paul A.R. Hobson, Intergovernmental Fiscal Relations in Canada, (Canadian Tax Foundation, Toronto, 1993), p. 7.

⁵⁶Loc cit.

⁵⁷Donald Savoie, The Politics of Public Spending, p.287.

neutralize or offset measures taken by the other.⁵⁸ The establishment of the Continuing Committee on Fiscal and Economic Matters in 1955 was a breakthrough in the co-operation of federal provincial fiscal relations. This committee was a model of how executive federalism can work. According to A.R. Kear, it operated in a neutral, objective fashion, pursuing consensus and studying policy.⁵⁹ Composed of federal and provincial officials, it met periodically to exchange information and examine technical problems in the field of federal-provincial fiscal and economic relations. Fiscal relations were institutionalized further with the development, in 1964, of the Tax Structure Committee which established a machinery for fiscal cooperation. It consisted of Ministers of Finance and Treasurers, who were collectively to report on several important matters to the Federal-Provincial Conference early in 1966.⁶⁰

Government decisions to use certain powers to legislate in policy areas (such as the federal spending powers) are more complex than a simple consideration of constitutional jurisdictions might suggest. As our discussion of policy in chapter one pointed out, other factors may affect the decision such as public opinion, elite interaction, ideology, party competition, or class conflict.⁶¹ The justification for a federal role in social policy has by

⁵⁸Task Force on Federal-Provincial Fiscal Arrangements, Fiscal Federalism in Canada, p. 41.

⁵⁹For a more detailed study of this committee, see A.R. Kear, "Federal-Provincial Continuing Committee on Fiscal and Economic Matters", Canadian Public Administration, 1963.

⁶⁰Smiley, Canada in Question, p. 95.

⁶¹Leslie Pal, "Federalism, Social Policy and the Constitution," in Jacqueline S. Ismael (ed.) Canadian Social Welfare Policy. Federal and Provincial Dimensions. (Institute of Public

necessity had to go beyond constitutional arguments. Aside from political advantage and ideology Pal states there are three arguments. The first is that national standards in provincial programs or national programs provide a focus for citizenship and national unity. The second argument is that some local and provincial services might not be established or developed to the optimum level because beneficiaries might move elsewhere. Externalities are problems faced by sub-national units, not a national one, and thus Ottawa may have a role in subsidizing local services. Pal's final argument is that regional economic disparities might mean that services in some parts of the country would be greatly inferior to services in other parts. Federal government monies can thus serve to reduce these disparities.⁶² All of Pal's arguments are pertinent to the post-secondary education field. Education is frequently cited as a focus for citizenship, national unity and developing a national culture. As previously mentioned, spillover is a problem in this sector, due to the high level of mobility of graduates. Finally post-secondary education systems are expensive to operate, and without federal funding, it is unclear whether some of the smaller provinces would be able to maintain their system.

Federal Transfer Payments

A number of fiscal arrangements have developed in response to specific fiscal problems in Canada, using three main components; tax-sharing agreements, equalization payments and shared-cost programs. We are primarily concerned here with the federal

Administration of Canada, McGill-Queen's University Press, Kingston, 1985, pp. 1-20), p. 10.

⁶²Pal, "Federalism, Social Policy and the Constitution," pp.12-14.

spending power and its role in permitting Ottawa to participate in shared-cost programs.⁶³ Shared-cost programs have traditionally been important to the federal government for the reasons mentioned above, and have been delivered in one of three ways; conditional grants, unconditional grants, and tax abatements.

In the post-secondary education field shared-cost programs had been in existence since 1912 for vocational and technical training. A 1941 Order-in-council allowed for federal transfers for universities, in order to pay for the education of returning veterans. In 1951 as the "veteran's bulge" began to decline, the St. Laurent government, acting on the recommendations of the Massey Commission and at the behest of the National Council of Canadian Universities (NCCU), instituted direct grants to the universities based on provincial population. The attitude of the provincial governments to these grants was mixed. The universities needed the funds, and the provincial governments were not prepared to provide them. On the other hand the federal government had used its spending powers without consulting the provinces in an area that was exclusive provincial jurisdiction.

The period after the Second World War was a period of federal dominance in fiscal affairs, when the federal government was implementing a myriad of social programs such as old age security, pensions, unemployment assistance, and health and medical care. This was fuelled not only by fiscal capacity but also by the expertise of the federal bureaucracy and general public support.⁶⁴

⁶³Pal, "Federalism, Social Policy and the Constitution", p.12.

⁶⁴In spite of provincial objections, many Canadians then and now supported the spending of federal money and the rapid development of social programs, including those conditions that allowed these programs to take on aspects of national programs. See Thomas

Over the next few years, however, the provinces went through the process of "province building"⁶⁵ and began objecting to federal intrusion into their jurisdiction. Led by Premier Lesage, Quebec began demanding an end to shared-cost programs, and a tax abatement to the provinces to cover the amount of federal transfers. Using the precedent of a 1959 federal-Quebec agreement on university funding which transferred one percentage point of corporate taxable income to Quebec in lieu of federal payments to Quebec universities, he argued that well-established programs did not need federal involvement. In 1965, in response to provincial objections, Parliament legislated that all provinces could opt out of shared cost programs with compensation if desired. Only Quebec took advantage of the opportunity.

In 1967 the direct grants to universities were replaced with conditional grants, in a shared-cost program which combined cash and tax point transfers.⁶⁶ This funding was slightly less distasteful to the provinces as the funds went to the provinces, not the universities. In general, however, throughout the period of direct grants, (1951-1967), and the conditional grants (1967-1977), there were persistent complaints from the provinces that

Courchene, Economic Management and the Division of Powers, (University of Toronto Press, Toronto, 1986), p. 105.

⁶⁵The concept of province building is described by Paul Barker as the development of administrative skills in provincial governments, the more conscious use of the state by provincial governments, the formulation of explicit provincial objectives, along with the emergence of aggressive provincial leaders willing to use the levers of the state, and the growing importance of matters under the jurisdiction of the provinces. Paul Barker, "The Development of the Major Shared-cost Programs in Canada", in Olling and Westmacott, Perspectives on Canadian Federalism, p. 203.

⁶⁶Tax point transfer is a reduction in federal income tax with a corresponding increase in provincial income tax.

the federal government was using its spending powers and exploiting provincial fiscal weaknesses to interfere in their jurisdiction. The shared-cost programs were open-ended from the federal perspective (the government matched what the provinces spent), which made it difficult for the federal government to budget. The federal government was concerned that the provinces were exercising little restraint in spending "fifty-cent dollars", and costs for post-secondary education were escalating so quickly that in 1972 the federal government imposed a 15 per cent ceiling on the annual growth of its post-secondary education transfer.

In the mid 1970's the federal government sought to limit its liability to the provinces and to control its costs, which were to a large degree determined by decisions made by the ten provincial governments. In June 1976, during the Annual Conference of First Ministers, a new fiscal arrangement was suggested which would replace the conditional grants with unconditional grants for three "established" programs, post-secondary education, medicare and hospital insurance. The Established Programs Financing Act of 1977, provided federal support for these established programs through unconditional block grants to the provinces in a combination of cash and tax transfers, based on provincial population and the growth in national income, tied to the Gross National Product.

Both levels of government endorsed the change in funding. The EPF Act was designed to let provinces decide on priorities and expenditure levels for the established programs. It was also devised to put an end to the use of shared-cost programs as vehicles for developing and maintaining Canada-wide programs with national standards.⁶⁷ From the

⁶⁷Savoie, Politics of Public Spending, p. 279

federal perspective the new arrangements ensured a continued federal presence in both post-secondary education and health care while enabling the federal government to plan its own fiscal expenditures.

From the provinces' standpoint, the new block funding was almost ideal. They had long felt that provincial spending priorities were being distorted by the lure of fifty-cent dollars. The new funds came with no strings attached, to be spent as they pleased, or at least in a way that they could justify politically. On the other hand, while it did provide for greater autonomy for the provinces, there was some grumbling that the federal government had enticed the provinces into expensive federally designed programs (such as health care) and encouraged spending on post-secondary education using conditional grants during the expansion of the 1950's and 1960's and shifted to unconditional grants a decade later leaving the provinces to deal with three of the most rapidly increasing areas of expenditure.⁶⁸

While some authors maintain that the federal government never respected the spirit of unconditionality,⁶⁹ providing separate cheques to the provinces for health and post-secondary education and that it monitored provincial spending in these areas, it was evident at the time that the federal government fully intended the provinces to live up to the moral obligation of funding the established programs with the federal funds.⁷⁰ The federal government had assumed that the provincial level of funding would rise at the same level as the GNP. In announcing the EPF Arrangements Prime Minister Trudeau had stated that the

⁶⁸Ibid.

⁶⁹Thomas Courchene, Economic Management and the Division of Powers, p. 107.

⁷⁰Pierre E. Trudeau, "Established Programs Financing and Post-secondary Education".

federal government was not abandoning its interest in the established programs and that "... when funds are made available by Parliament under the spending power, there is a need to ensure that the funds are spent wisely."⁷¹

The EPF arrangements were an excellent example of executive federalism at work. The secrecy and complexity of the negotiations limited public awareness of the issues surrounding the arrangements. In addition the issues of intergovernmental concern such as jurisdiction, structure and finance were prominent in the discussions. On the other hand, EPF did prove to be an effective way to accommodate fiscal needs and constitutional rigidities.

Almost immediately the federal government appeared to have second thoughts with respect to the 1977 arrangements. In the summer of 1978, Ottawa attempted to renegotiate the financial package. In particular, the minister of finance served notice to the provinces that he wished to have the total payments escalate at a slower rate. By the early 1980's the federal government was complaining that they were getting no credit for financing the programs, and that provincial governments were not spending the EPF payments in the programs they were designed for and were in fact diverting part of these payments to other programs.⁷² This circumvented the federal government's accountability to the federal Parliament, as Parliament was approving the transfer of funds for specific reasons. Finally, the transfers to provinces are a large part of the federal expenditure budget, and the transfer

⁷¹Ibid.

⁷²Savoie, The Politics of Public Spending, p. 279. See also the report commissioned by the federal Secretary of State, by A.W. Johnson, Giving Greater Point and Purpose to the Federal Financing of Post-secondary Education in Canada, (1985).

payments came under review as part of the overall shift in priorities to fiscal restraint.

In the 1982 renewal agreement, the transfer was split, with health receiving 67.9% of the transfers, and post-secondary education receiving 32.1%. Also, the federal government dropped two income tax points that were added to the 1977 arrangement as a compromise for the termination of the revenue guarantee. In 1983-84 and 1984-85 the Liberal government applied its six and five anti-inflation programme to the post-secondary education portion of the EPF transfers. Growth was limited to six percent in 1983-84, and five percent in 1984-85. In 1986, the Conservative government partially de-indexed the EPF escalator to two percent below the rate of growth of the GNP. In 1989 the federal budget further de-indexed the escalator by one percent. In the 1990 budget the government proposed Bill C 69 which froze per capita EPF transfers for the 1990-91 and 1991-92 fiscal years, after which a further one percent de-indexing would take effect. EPF transfers would now grow at three percent below the rate of growth of GNP. The 1991 budget extended the freeze on per capita transfers for another three years to end in fiscal 1994-95, freezing the growth at three percent below GNP.⁷³

The EPF arrangements represent "a substantial disengagement"⁷⁴ of federal and provincial activity. With the changes in 1986 the federal government began a process of gradual withering away of EPF. Cash entitlements began to grow at below GNP rate while tax revenue from transfers continued to rise. In effect the cash transfers will disappear,

⁷³AUCC, Federal Support for University Education, p. 4.

⁷⁴Richard Simeon, "The Federal-Provincial Decision-making Process," in R.S. Blair and J.T. McLeod (eds.), The Canadian Political Tradition, (Methuen, Toronto, 1987), p. 433.

making it more difficult for the federal government to continue to have any leverage in the policy field. In addition EPF led to increased federal-provincial conflict and deteriorating federal-provincial relations, as each level blames the other for deteriorating levels of services.

With the new federal budget of 1995, the EPF arrangements, along with other transfers from the federal to provincial governments are being replaced with the Canada Social Transfer, an unconditional, no strings attached lump sum transfer to the provinces for all social programs. While the autonomy of provinces will be enhanced, the provincial premiers are almost unanimous in their condemnation of the federal government's unilateral move, as they were not consulted prior to the announced decisions. The new transfer, to be implemented on October 1, 1995, is designed to disentangle the federal government from a web of separate funding arrangements. It is designed to permit better accountability, and budgeting on the part of the federal government, but also is designed as part of its overall fiscal restraint package.

According to David Cameron, the evolution of the post-secondary education policy field exhibits both the best and the worst of Canadian federalism. The interplay of federal and provincial policies and programs demonstrates the benefits of effective cooperation, and shows the creative side of institutions such as federalism. The resulting turmoil of intergovernmental competition demonstrates the conflictual nature of executive federalism and intergovernmental relations. Professor Cameron feels that "heavy handed use of the

federal spending power"⁷⁵ illustrates federalism at its worst. It has caused a great deal of conflict between the two levels of government, and the legacy of provincial distrust caused by these actions continuous to pervade intergovernmental relations. This will be discussed in the next chapter as we discuss federal involvement and funding of post-secondary education in some detail.

Within the post-secondary education sector there are positive signs regarding the role of federalism. The funding of research is an area where both levels of government have managed to fulfil their objectives without stepping on each other's toes, and without formal definition of roles. There has been a degree of co-operation, with some provinces helping their universities compete for federal funding.⁷⁶

The Canada Student Loans Program is one which again shows how federalism can work creatively and within boundaries acceptable to both levels of government to achieve public policy goals. The federal and provincial constitutional jurisdictions are both respected and blended. The federal government participates by subsidizing interest rates through financial institutions, and student applications are reviewed and approved by provincial authorities. Provinces coordinate the federal programs with their own grant and bursary programs and present a coordinated package to the student.⁷⁷

In the following chapter we will examine the historical development of federal involvement in post-secondary education in more detail. This will familiarize us with the

⁷⁵David Cameron, More Than an Academic Question: Universities, Government and Public Policy in Canada, (Institute For Research on Public Policy, Halifax, 1991), p. 437.

⁷⁶Cameron, More Than An Academic Question, p. 438.

⁷⁷Cameron, More Than an Academic Question, p.438.

major players and historical justification for some of the actions taken by some of these players. This will in turn set the stage for Chapter Four, where we will examine the policy community surrounding the post-secondary education community, and attempt to discern the strengths and legitimacy of the federal government's role in post-secondary education.

CHAPTER 3
THE HISTORICAL DEVELOPMENT OF FEDERAL INVOLVEMENT
IN POST-SECONDARY EDUCATION

The notion that there is a relationship between statehood, nationhood, culture, and education is not new. Two thousand years ago Diogenes asserted that "the foundation of every state is the education of the youth".¹ The relationship between nationhood, culture and education has attracted the attention of interested groups of nationalists in Canada since confederation.

The nationalist founders of the Canada First movement in 1868, for example, wanted to promote a sense of national purpose and pride, and to lay the intellectual foundations for Canadian nationality.² While this movement was short lived, succeeding organizations recognized the potential of achieving national outlooks and goals through the education system. All failed however to enlist the support of successive federal governments who were dedicated to a narrow interpretation of S.(93) of the Constitution which clearly delineates education as a provincial responsibility. Exclusive provincial jurisdiction was diluted however by the constitutional responsibility given to the federal government for the education of Native Peoples, federal prisoners, military personnel and citizens living in the federally governed territories. Additionally the federal government was given the power to

¹John N. Grant, "The Educational Role of the Federal Government," in Ian Winchester (ed.) The Independence of the University and the Funding of the State: Essays on Academic Freedom in Canada. (Ontario Institute for Studies in Education, Toronto, 1989), p. 25.

²J.L. Finlay, and D.N. Sprague, The Structure of Canadian History. (Prentice-Hall Canada Inc. Scarborough, 1984), pp. 190-93.

intervene on behalf of provincial religious minorities.

Despite these mandates, the federal government tried to avoid becoming involved in the educational disputes of the late 1900's. This is perhaps best illustrated by the Manitoba Schools Question, when the Liberal government of Wilfrid Laurier subjugated its responsibilities to protect the educational rights of provincial minorities to the desire to reach a compromise with the Manitoba government. According to John Grant the federal government's abrogation of responsibility had two consequences. First, the courts have replaced it as the arbitrator of disputes concerning the constitution and education. Also, the failure of the federal government to constitutionally assert itself in the Manitoba case left it with little influence in the face of maturing and determined provincial governments.³

Direct Federal Involvement

While there is no constitutional federal presence in education, there are, according to the Organization for Economic Co-operation and Development, some basic elements of **national responsibility** pertaining to education present in Canada as in all modern states. National governments justifiably view education as a national interest for the following reasons:

- education is a right of each citizen, irrespective of their place of residence;
- standards maintained by educational institutions are of national interest due to the fact that the technical, economic, and social well being of society depends on them;
- unity of educational systems is a national interest, in order to maintain and guard the freedom of choice (via mobility) of citizens;
- the educational philosophy of an educational system and the principles underlying its operation are matters of national interest,

³Grant, "Role of the Federal Government," pp. 26-27.

because cultural and national consciousness depend on it.⁴

Each of these national interests necessitates some participation by the national government. In Canada federal involvement in education has grown since Confederation and can be examined by using the three justifications most often employed to defend it: education and employment, education and culture, and education and language.⁵

Royal Commissions and their impact on public policy

Before we begin our chronological examination, it is important to point out the importance of Royal Commissions and Parliamentary or Senate Task Forces on policy development in Canada. This chapter will demonstrate how important they have been to federal involvement in post-secondary education. One author refers to Royal Commissions as "an ancient and venerable executive technique for fact finding, information gathering, public-opinion sampling, policy initiative and policy delay."⁶ Commissions and task forces can provide background information and analyses on a particular sector of society to the government. They assist in raising public awareness about an issue and can convey the message that the government is taking a serious look at an issue. They have the power to conduct public hearings, call for papers and call witnesses. Royal Commissions have been either investigatory or policy oriented.

When commissions submit their recommendations they are filtered through existing political, administrative and societal structures, and therefore reactions can be conflictual.

⁴OECD, Reviews of National Policies for Education: Canada, (OECD, 1976), p. 90.

⁵John N. Grant, "The Educational Role of the Federal Government," p. 28.

⁶Audrey D. Doerr, The Machinery of Government in Canada, (Methuen, Toronto, 1981), p. 149.

Governments are therefore selective in accepting or rejecting individual recommendations. As we shall see, in the area of post-secondary education, governments have relied heavily on the reports of royal commissions, task forces and other reports from interested parties.

Chronologically, federal involvement can roughly be divided into three periods. The first period covers the years 1867-1910, and was a period of minimum federal participation; the second period covers the years between 1910-1950, which saw federal involvement grow; the third period covers the years from 1950 to the present which saw the greatest growth in both the post-secondary sector, and federal involvement.

While the first period involved minimum federal participation, it witnessed the first incursion by the federal government into the education field, justified by the link between education and employment. Although the constitution had defined education as a provincial responsibility, it was not entirely clear in the early years what the limits of this distribution would turn out to be. The federal government was not challenged in 1874 when under S.91(7), it passed legislation establishing the Royal Military College in Kingston, to train Canadians as army officers.⁷ Again in 1885 the federal government provided 150, 000 acres as a land endowment to the University of Manitoba "for capital expenditures and ... a permanent source of revenue for the university."⁸

The second period of involvement was ushered in shortly after the turn of the century. Increased urbanization and industrialization, along with a shortage of workers in

⁷David M. Cameron, More than an Academic Question: Universities, Government and Public Policy in Canada, (Institute for Research in Public Policy, Halifax, 1991), p. 20.

⁸Parliamentary Task Force on Federal-Provincial Relations, Fiscal Federalism in Canada, 1981, p. 55.

agriculture and skilled manufacturing workers, led to pressures on the federal government for educational support. The Canadian Manufacturers' Association (CMA), prompted by its concern for technical education, was one of the early supporters of federal involvement. The CMA and local trade boards believed that the federal government had both the financial resources to undertake such education, and the responsibility for providing the economic requirements for nation building, (under S. 91), which they interpreted to include a federal role in technical and vocational education.⁹ The federal government in the meantime had become concerned with agricultural education, which, as agriculture was a shared jurisdiction between the two levels of government, they felt they had an interest in it.

Royal Commission on Industrial Training and Technical Education

The combination of the demand for both technical and agricultural education, and their intimate relationship to the economic health and growth of the nation, led to the establishment of the Royal Commission on Industrial Training and Technical Education in 1910. Although established by the federal government, the Royal Commission had the support of all nine provincial governments. Not waiting for the Commission's report, the federal government introduced the Agricultural Aid Act in 1912 and the Agricultural Instruction Act in 1913. The latter of these Acts provided grants to the provinces, on a per capita basis to support instruction in agriculture. It was the first shared-cost program based on a per capita basis.¹⁰

Additionally, on the recommendation of the Royal Commission, the first Technical

⁹Grant, "The Educational Role of the Federal Government," p.29.

¹⁰Cameron, More than an Academic Question, p. 31.

Education Act was passed in 1919, under which Ottawa provided funding to individual provinces for technical education in their jurisdictions. Unlike the earlier Agricultural Acts which some constitutional justification, the Technical Education Act was ground breaking because it applied the principle of federal intervention in one constitutionally restricted area in order to fulfil its constitutional responsibility in another.¹¹

During World War I, the federal government moved into the related field of research. Primarily due to the desire to co-ordinate government research programs, the National Research Council was established in 1916 and was concerned initially with industrial research and development, but it quickly began to fund pure research in universities. From 1919 to the end of the Second World War, the federal government passed several pieces of legislation involving employment education, training, and vocational assistance, including the 1937 Unemployment and Agricultural Assistance Act, which was negotiated with the provinces on a cost-sharing basis; the 1939 Youth Training Act and the Student Aid Program; the 1942 Vocational Training Act, which provided for the training of discharged servicemen; and the 1945 Veteran's Rehabilitation Act, which paid the tuition of veterans who attended university or college.

The Rowell-Sirois Commission

With the onset of the Depression, the provinces had difficulties managing the social costs of the economic downturn. This led to the appointment of the Royal Commission on Dominion-Provincial Relations (Rowell-Sirois Commission). While the Commission was highly critical of shared-cost or conditional grant programs, it did suggest the possibility of

¹¹Grant, "The Educational Role of the Federal Government," p.29.

federal support for universities:

... even the provinces might welcome a small Dominion grant to their universities made contingent on the maintenance over a period of some years of the provincial grants to the same institutions and on the preservation of high academic standards.¹²

Rowell-Sirois expressed concern for equality of educational opportunity across the nation and suggested that the federal government address the existing disparity by a system of direct grants to universities, and scholarships and bursaries to students.

While the Commission was still deliberating, the federal government introduced the Dominion-Provincial Student Aid Program under the Youth Training Act 1939, which provided conditional grants to provinces for student loans. Within the year agreements were signed with five provinces under the Program: these were British Columbia, Alberta, Saskatchewan, Manitoba and Prince Edward Island. The other provinces soon followed, with Quebec joining in 1940, New Brunswick and Nova Scotia in 1942, Ontario in 1944, and Newfoundland in 1949. While the Program supported a variety of provincial student aid arrangements, including grants, loans or both, the federal government's assessment of the programme was that it was modest in scope, and had little impact on higher education during the early 1940's due to demands of WWII.¹³

As we have seen so far, the federal government became involved in the field of education at first hesitantly in the first phase of our analysis, and later with more enthusiasm

¹²Royal Commission on Dominion-Provincial Relations, Report, (Ottawa, King's Printer, 1940), Book II, p. 52.

¹³Canada. Department of the Secretary of State of Canada, Federal and Provincial Support to Post-Secondary Education in Canada. A Report to Parliament, 1984-85. (Queen's Printer, Ottawa, 1985), p. 2.

during the second phase. It is significant also to note that the provincial governments were willing participants in federal activities during these early initiatives. However, the federal government could defend its position by stating that involvement to this point had always flowed from either constitutional jurisdiction as in the military academies and agricultural colleges, or the connection between education and economic development and employment which economic groups were justifying on the grounds of section 91 of the Constitution.

World War II

The Second World War had a profound effect on education in Canada. During the war the **National Council of Canadian Universities (NCCU)** developed a close working relationship with the federal government relating to the war effort. The universities provided and trained technicians and professionals as well as performing scientific and military research. The federal government increased its involvement in science and research, establishing both the Defence Research Board and Atomic Energy of Canada, both spin offs of the National Research Council, during the war.

As the war drew to an end, the federal government at the urging of the NCCU, agreed to provide for the university education of returning veterans. A 1941 federal Order-in-Council provided extensive educational benefits for veterans. The 1945 Veterans' Rehabilitation Act further supported veterans' peacetime university education by paying not only the tuition fees but also an additional \$150 per veteran to the university concerned. These provisions marked the beginning of direct federal financial assistance to universities.¹⁴

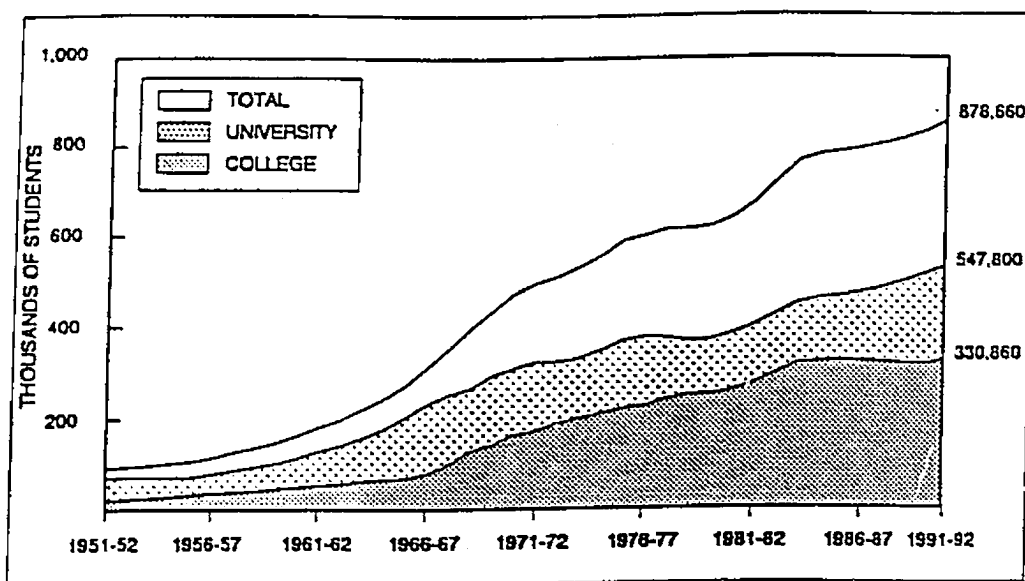
The "veteran bulge" substantially altered Canada's universities. Thousands of

¹⁴Secretary of State, Report to Parliament, 1985, p. 3.

returning veterans availed themselves of the opportunity and, in 1945-46 alone over 20,000 veterans entered the universities, a 46% increase in total enrollment. The following year veteran enrollment peaked, at 35,000, which represented 44% of total university students.¹⁵

As the table below indicates enrolment in the university system skyrocketed over this period of time.

Full-Time Post-Secondary Enrolments, Canada, by Level 1951-52 to 1991-92



Source: Secretary of State (1991), figure 1.1, page 1. Statistics Canada (1991a), table 2 page 19.

After years of poverty, the universities felt they had reached a degree of financial security, but this was short lived. Operating funds provided were intended to address the immediate needs of the veterans, and limited funds were available for building projects. Once the last of the veterans had passed through the system, the universities returned to their previous state of "genteel poverty."¹⁶ While the veterans' bulge was significant, civilian

Cameron, More Than an Academic Question p.44

¹⁶Paul Axelrod, Scholars and Dollars, p. 19-20.

enrollment was also rising rapidly, and was to a degree masked by the veteran influx. Civilian enrollment increased from 36,000 in 1941-42 to 61,000 in 1951-52, almost a 70% increase.¹⁷

Canadian universities in the post-war era were faced with renewed financial pressure. Veteran enrolment was diminishing, leading to a corresponding loss in federal assistance at a time of rising costs and rising civilian enrolment.¹⁸ The special relationship that had developed between the NCCU and the federal government led many university administrators, at least in English-speaking Canada, to seek a solution through continued federal support. The Royal Commission on National Development in the Arts, Letters and Sciences (Massey Commission) established in 1949 provided a convenient vehicle for promoting such a policy.

The Massey Commission

The Massey Commission's 1951 Report and the government response to it ushered in the modern era of federal support for post-secondary education. Government responses in this era were initially based on cultural grounds, as the Massey Commission reflected a growing concern for Canadian cultural awareness and national identity. It linked education to culture, and drew a strong connection between culture and the universities.

The universities are provincial institutions; but they are much more than that. ... They also serve the national cause in so many ways, direct and indirect, that theirs must be regarded as the finest of contributions to national strength

¹⁷Cameron, More Than an Academic Question, p. 45.

¹⁸Secretary of State, Report to Parliament, 1983, p. 3

and unity."¹⁹

The Commission lamented the financial crisis facing universities and concluded that a federal role was necessary to achieve equality of opportunity in the economic, social and cultural life of Canada. The Commission went on to advocate per capita federal grants to universities.²⁰

The federal government responded to the Massey Commission and appeals by the NCCU in June 1951 when Prime Minister St. Laurent announced in the House of Commons the provision of \$7.1 million in direct grants to universities on a 50 cents per capita basis. In reference to the new grants, the Prime Minister stated, "... it is in the national interest to take immediate action to assist the universities to perform functions which are quite essential to the country ..."²¹ The grants were intended as a supplement to, not a replacement of, provincial funding and were designed to

... assist the universities to maintain the highly qualified staffs and the working conditions which are essential for the proper performance of their functions--in other words, to maintain quality rather than to increase existing facilities.²²

Although initially accepted by all provinces, Premier Duplessis of Quebec instructed Quebec universities in 1952 not to accept the grants. His rejection of federal money was based on the grounds that both the Massey Commission and the federal grants were an

¹⁹Royal Commission on National Development in the Arts, Letters and Sciences, Report, (Ottawa, King's Printer, 1951), p. 132. (referred to subsequently as the Massey Commission)

²⁰Massey Commission, Report, p. 355.

²¹Canada, House of Commons, Debates, 4th session, 1st Parliament, p.4278.

²²Ibid., p. 4278.

unconstitutional federal intrusion into Quebec affairs. The Quebec government felt it would be more in keeping with the terms of Confederation if the federal government returned to the provinces all the direct tax fields which it had "rented" during the war.²³ Unhappy with the federal response of tax sharing, Quebec introduced its own individual income tax system. In addition, the province withdrew from the Dominion-Provincial Student Aid Program.

The direct federal grants did not conflict with provincial policy only in Quebec. Since confederation Ontario had refused public funding to church-related institutions. This policy was openly breached by the federal grants which were paid to **all** universities and colleges regardless of denominational status.

The cultural justification for federal activity was extended, as recommended by the Massey Report, to other educational or quasi-educational activities. This led to the establishment of the Canada Council (delayed until 1957) which would operate on behalf of the arts, humanities and social sciences, the way the National Research Council had done for the natural sciences and engineering since 1916. It also resulted in federal support for the Public Archives of Canada, the National Library, the National Museum, the National Film Board and the Canadian Broadcasting Corporation. Such institutions, including the Canada Council and National Research Council, according to John Grant, could be considered as forming a non-degree-granting national education system as they

... preserve and develop intellectual skills, protect and generate knowledge, produce and publish the results of their research and help to maintain the national culture, thus fulfilling many of the traditional functions of the

²³Grant, "Role of the Federal Government," p. 31.

university.²⁴

The development of culture continues to be an important reason for federal involvement in education.

Demand for post-secondary education continued to escalate throughout the decade of the 1950's, stimulated by a number of economic and social pressures. While the population in general was increasing, the participation rate in post-secondary education was also shifting upward, reflecting the higher value society had come to place on education and a highly qualified workforce. Projections of continued increases in enrollment, coupled with the fact that faculty and staff numbers, and wages, had not kept pace with enrollment caused increased concern. The consensus of university presidents was that more money was needed. As they prepared for their National Conference in 1956, the federal government was the principal target for funding appeals by the NCCU, based on past successes. The NCCU's approach showed a lack of sensitivity towards the universities in Quebec and the prohibition they faced regarding acceptance of federal grants. The NCCU also did not provide great insight into the constitutional implications of direct federal involvement in higher education or the political consequences of further isolating Quebec. The issue in Quebec was clearly spelled out by the Tremblay Commission, Quebec's Royal Commission of Inquiry on Constitutional Problems which stated in 1956:

No other federal move... has underlined to any greater extent the delicate situation in which Ottawa's repeated generousities for provincial purposes has

²⁴Grant, "The Educational Role of the Federal Government," p. 31

placed Quebec.²⁵

The National Conference organized by NCCU in November 1956 involved business, government and university leaders. At the conclusion of the conference Prime Minister St. Laurent made two announcements. The first doubled the federal funds for operating grants to universities from 50 cents to \$1.00 per capita and the second established the Canada Council (originally proposed by the Massey Commission), whose budget included funding for university capital construction. More importantly, the Prime Minister defended the constitutional legitimacy of federal grants to universities based on his interpretation of the spending power of the federal parliament.

The federal government has the absolute right to use indirect taxation for any purpose, and the right to impose direct taxation provided that it is destined to increase Canada's Consolidated Revenue Fund. With the approval of Parliament, it can then use this money to make gifts or grants-in-aid to individuals, institutions, provincial governments, or even foreign governments. This is a royal prerogative which our constitution does not limit in any way.²⁶

In an attempt to assuage the situation in Quebec, the federal government announced that operating grants would no longer be paid directly to universities, but to the NCCU as an intermediary agency, for distribution to member institutions. This would, it was felt, increase the capacity and incentive of Quebec's universities to put pressure on their provincial government, to allow them to accept the grant since they would not be accepting

²⁵Report of the Royal Commission of Inquiry on Constitutional Problems, (1956), p. 180, as quoted in Cameron p. 63.

²⁶Speech by Prime Minister St. Laurent, November 12, 1956, quoted in Pierre Elliott Trudeau, Federalism and the French Canadians, (Macmillan of Canada, Toronto, 1968), p. 85.

grants from the federal government, but from a "buffer agency" of their own constitution. The NCCU lacked the legal status to play this role and set up a separate executive body, the Canadian Universities Foundation. At the same time the NCCU became the National Council of Canadian Universities and Colleges (NCCUC). Once again as an appeasement to Quebec, any university which failed to accept funds would have them held in trust by the NCCU/CUF.

Prime Minister St. Laurent faced stiff opposition in Quebec over the grants, not only from Premier Duplessis, but also from a young university professor, Pierre Trudeau. Trudeau maintained that in attempting to allay fears that there was any "encroachment upon the provincial legislature's exclusive jurisdiction in the field of education"²⁷ and by administering the grants through the NCCU, the federal government was in fact taking great pains to make it clear that it did not wish to be responsible for universities at all. Trudeau also pointed out that in a speech given weeks before the conference, the Prime Minister had stated that provincial authorities have the exclusive right to legislate in matters of education.²⁸ The circumvention tactic did not placate Quebec and their share of funds was deposited by the NCCUC/CUF.

This was a period of virtual revolution for higher education in Canada as exhibited by its massive physical expansion, growing autonomy for junior and affiliated colleges, transformation of denominational colleges into public universities and community pressure

²⁷Pierre E. Trudeau, Federalism Canada and the French Canadians p. 83.

²⁸Ibid.

for new institutions in cities without either a college or university.²⁹ In the decade between 1957-1967 the Canada Council distributed over \$60 million under its University Capital Grants program, while during the same period the Canada Mortgage and Housing Corporation provided universities with loans for the building of student residences.³⁰

Enrollment figures continued to increase throughout the 1950's. From 1954-55 to 1959-60 enrolment increased 51%, combined with a 42% increase in faculty, which resulted in operating expenses almost doubling.³¹ The principal source of funds for these expansions was the federal government as the federal proportion of operating grants increased from 14% in 1954-1955 to nearly 22% in 1959-1960. Provincial shares on the other hand dropped from over 40% to just over 35%.³² The remainder of funding came from student tuition, corporate and private gifts, and alumni contributions.

The Quebec Problem

The growing dependence of universities on federal grants aggravated the situation in Quebec where universities were refusing grants. As mentioned previously, Quebec's arguments were based on a constitutional objection to the grants themselves. This had two consequences: first, Quebec residents had to pay both federal and provincial taxes, and secondly the universities and colleges could not keep up with their counterparts in other

²⁹Cameron, More Than an Academic Question, p. 68.

³⁰Senate Standing Committee on National Finance, Federal Policy on Post-Secondary Education, (March 1987) p. 4.

³¹According to David Cameron operating expenditures almost doubled in those five years from \$76 million to \$143 million. (pp.81-82).

³²Cameron, More Than an Academic Question, p.83.

provinces which received both federal and provincial funding. Premier Duplessis argued for a full abatement of federal taxes for Quebec, arguing the federal government could afford to forego additional revenue since it evidently had excess funds going to subsidize institutions within provincial jurisdiction. In the mean time the ability of the universities to continue to refuse the grants was weakening. In 1958 a small denominational college claimed its grant and again in 1959 another small college claimed its share.

In July 1959 the Federal Minister of Finance, the Honourable Donald Fleming, stated in reference to the way in which university grants were payable "... it must be recognized by all that the present situation cannot continue".³³ There must be some way to make grants intended for Quebec available to universities.

With the death in 1959 of Premier Duplessis, there was a new willingness in Ottawa and Quebec to find a solution to the intergovernmental impasse. The solution agreed upon would have profound significance for public policy responsibility for higher education in Canada. The federal government agreed to increase the tax abatement for corporate taxpayers in Quebec by one per cent beginning in 1960, and to terminate grants to the universities in Quebec. The revenue from the abatements would be topped up using equalization transfers to ensure Quebec would get the same funds as if it were receiving grants. In return Quebec reached an agreement with its universities whereby the universities would be free to accept the federal grants for 1959-60, but beginning in 1960 the province would provide grants to universities valued at \$1.75 per capita. The universities would accept the funds held in trust by NCCUC since 1957 (some \$26 million), but turn them over

³³Hansard, July 18, 1959, p. 6393.

to the provincial treasury. The province agreed to establish a capital fund of \$175 million with which to finance university expansion. The universities would also be entitled to accept entitlements from the Canada Council capital grants fund.

The resolution of the "Quebec Problem", according to David Cameron, signalled a dramatic change in the role of the provincial government. Historically, education, higher education in particular, had been left to the responsibility of private groups and the church in Quebec. The provincial state, after two hundred years, quite suddenly moved to centre stage. This development was not restricted to Quebec, as Cameron points out, every provincial government, was drawn into responsibility for managing and financing what would soon be viewed as provincial systems of post-secondary education.³⁴

The 1960's brought further increases in enrolment due in large part to increased participation rates for women. Economic reports claimed that enormous returns for both individuals and society as a whole could be expected from more investment in higher education.³⁵ Real economic growth seemed to confirm this relationship, which raised questions about federal responsibility for economic management and involvement in advanced education and training.

Provincial governments generally agreed that university capacity should expand to meet the increasing student demand. However this would require a more active provincial presence in the designing and financing of universities and colleges. In Ontario for instance,

³⁴Cameron, More Than an Academic Question, p. 86.

³⁵Economic Council of Canada, First Annual Review: Economic Goals for Canada, (EEC, 1960).

then Minister of University Affairs William Davis, stated that the provincial government would no longer be willing to allow respect for academic freedom and institutional autonomy to either dictate or frustrate public policy objectives. In a 1966 speech at York University, he stressed the need to balance university obligations to society, financial support from government and university autonomy, and called for greater co-operation and co-ordination among universities. This co-operation must also extend to intergovernmental relations. In recognizing a federal dimension to post-secondary education he cautioned that

...any federal action must be taken as part of an integrated approach to higher education--an approach in which provincial policy is paramount.³⁶

Table 1

FEDERAL PER CAPITA CONTRIBUTIONS AND PER STUDENT VALUES³⁷

Fiscal Year	Per Capita Contribution	Per Student Value
1951-52	\$.50	\$ 120
1956-57	\$ 1.00	\$ 221
1958-59	\$ 1.50	\$ 289
1962-63	\$ 2.00	\$ 299
1965-66	\$ 2.00	\$ 210

Federal grants continued to play a major and expanding role in support of universities. Over a decade the per capita value of the grants had quadrupled, while the per

³⁶Commission to Study the Development of Graduate Programmes in Ontario Universities, Report, (Toronto, Committee on University Affairs, 1966), p. 77.

³⁷Table composed from data in David Cameron, More Than an Academic Question, pp. 67 and 117.

student value had increased by a modest 43%.³⁸ In addition, the federal government had continued to be the principal source of support for university research since the establishment of the National Research Council, and by the 1960's was accounting for 60% of the total. Provincial support by 1965-66 was still only 15 per cent of the total.³⁹

Further federal involvement in post-secondary education began in 1964 when the Canada Student Loans Program (CSLP) replaced the Dominion-Provincial Student Aid Program of 1939, which as noted above was modest in scope. The purpose of the CSLP was to make financial help available to students who required financial assistance to obtain a post-secondary education. The Loan Program was a model of co-operation: the banks made loans, and the provinces administered the program, (eligibility requirements therefore were established by each province). It was an arrangement easily defended under sections 91(15) and 91 (19) respecting federal authority over banking and credit. The Act provided an opting out provision and equal compensation to those provinces with comparable provincial programs. Only Quebec took advantage of this provision. The Canada Student Loan Program is regarded as a model of governmental co-operation and accommodation. Federal funds have ensured a substantial degree of interprovincial equity and mobility, while a decentralized administration has recognized different provincial circumstances and priorities. Quebec's opting out, since the beginning, has been with equivalent federal transfer of funds and has not interfered with intergovernmental consultation and accommodation. This represents a more sophisticated accommodation of the realities of Canadian federalism than

³⁸Cameron, More Than an Academic Question, p.117.

³⁹Ibid., 119.

the extra-constitutional program of direct federal grants to universities, even with the belated contracting out provision for Quebec.⁴⁰

Perhaps as a legacy of the close relationship developed during and after WWII, or perhaps merely motivated by self interest, Canada's university community continued to favour increased direct federal participation. This opinion was not limited to university community as three major reports were issued in 1964-1965 which encouraged this view.

The first commission was the Royal Commission on Health Services, chaired by Mr. Justice Emmett Hall. It encouraged national financial assistance to provinces to accommodate the education of health professionals, and capital expansion of medical and dental schools.⁴¹ The second commission was the NCCU-appointed Commission on the Financing of Higher Education in Canada, chaired by Dr. Vincent Bladen. It reported in 1965, stating that governments must respond to public demands for education. "The people demand it; our economic growth requires it; our governments must take the action necessary to implement it."⁴² The commission concluded that the federal government was the only one able to provide the financial resources to cover the projected enrollment increases, and recommended massive increases in federal grants, both operational and capital.⁴³ It also recommended the appointment of a Minister of the Crown to be responsible for assistance

⁴⁰Cameron, p. 122

⁴¹Royal Commission on Health Services, Report, (Queen's Printer, Ottawa, 1964), pp. 68-75.

⁴²Vincent W. Bladen et al. Financing Higher Education in Canada. (Report of a Commission to the Association of Universities and Colleges of Canada, Toronto, University of Toronto Press, 1965), p 20.

⁴³Bladen Report p. 40.

to the universities.⁴⁴

The NCCUC, once again with a new name, the Association of Universities and Colleges of Canada (AUCC), not surprisingly endorsed the Bladen Report. The Prime Minister acknowledged the fiscal capacities of the provinces were not equal.

"In order that the opportunities for higher education should be adequately improved for all Canadians, ... federal financing must be brought to the assistance of the provinces. My government has already accepted this federal responsibility."⁴⁵

The third major study, the Deutsch Report was the second annual review of the Economic Council of Canada, and it reported in December 1965. Chaired by Dr. John Deutsch, this report set forth the most forceful case in favour of increased expenditures on higher education. Based on studies of the economic returns from investments in education the council estimated that "the returns on the 'human investment' in high school and university education in Canada are in the range of 15 to 20 per cent per year, with slightly higher rates for ... a university education."⁴⁶ It was these economic benefits that made education a matter of direct concern to the federal government, and education should therefore be a high priority for government.

Bolstered by these new reports, the federal government announced in January 1966 that it would increase the grants to universities from \$2.00 per capita to \$5.00 per capita. In July of the same year the federal government moved to implement one of the central

⁴⁴Bladen Report. p. 67.

⁴⁵Association of Universities and Colleges Canada, University Affairs, (7:2, December 1965), p. 6. Cited in Cameron, More Than an Academic Question, p. 126.

⁴⁶Economic Council of Canada, Second Annual Review: Towards Sustained and Balanced Economic Growth. (Ottawa: Queen's Printer, 1965), p. 90.

recommendations of the Hall Commission by creating the Health Resources Fund which would grant funds over a 15 year period for capital construction of health training and research facilities. David Cameron contends that in contrast to the Canada Student Loan Program, the Health Resources Fund stands as "a monument to the propensity of conditional grants to distort provincial and institutional priorities and to blur expenditures accountability."⁴⁷ He argues that while the increase in medical education at the time was critical for the federal government as it prepared to introduce publicly funded medical care, provincial and university priorities were skewed in favour of by far the most expensive programs.

There was increased concern among the provinces regarding direct federal support to universities. The provinces did not move to substitute increased federal grants for provincial grants. The shares of university operating expenditures borne by federal and provincial grants remained steady during the 1960-61 through 1965-66 period at 40 and 20 percent respectively, while students fees remained at 25% of operating expenditures.⁴⁸ The remaining fifteen per cent was covered by alumni gifts, investment income and private grants. The federal government, primarily as a response to the Bladen Report's recommendation for a federal minister responsible for higher education, established the Education Support Branch within the Department of the Secretary of State.⁴⁹

The prospect of a federal office of education was anathema to the provinces and they

⁴⁷David Cameron, More than an Academic Question, p. 128.

⁴⁸Cameron, More Than an Academic Question, p. 128.

⁴⁹Canada. Standing Senate Committee on National Finance. Federal Policy on Post-Secondary Education. (Minister of Supply and Services, Ottawa, March 1987).

were finally galvanized into action. The provincial ministers of education had for years constituted an informal committee of the Canadian Education Association. In response to federal actions they established a formal interprovincial organization: the Council of Ministers of Education, Canada. The council would enable provincial ministers of education to consult and cooperate on matters of common interest.

The Secretary of State administered the last of the per capita payments to universities in 1966-67. At a conference of First Ministers in 1966 Prime Minister Pearson acknowledged provincial constitutional responsibility for education. He also however reiterated the federal government's commitment to the importance of education:

...education is obviously a matter of profound importance to the economic and social growth of the country as a whole. ... Apart altogether from the general interest in fostering equality of opportunity for Canadians ... the federal government has specific and particular responsibilities to which higher education is relevant.⁵⁰

There was a recognition on the part of the federal government that direct grants had provided little incentive for the provinces to expand their own support for post-secondary education.⁵¹ Under the 1967 Federal-Provincial Fiscal Arrangements Act, payments would be made directly to the provinces, on a shared-cost basis. Federal transfers to the provinces amounted to either \$15 per capita of provincial population or 50 per cent of eligible operating expenditures, whichever was greater. Fiscal transfers consisted of a transfer of taxing power

⁵⁰Statement by the Prime Minister at the Federal-Provincial Meeting (October 24, 1966) as quoted in the Standing Senate Committee on National Finance, Federal Policy on Post-Secondary Education, p. 6.

⁵¹James Cutt, Universities and Government: A Framework for Accountability, (Institute for Research on Public Policy, Halifax), p. 64.

and a cash adjustment payment to bring the total transfer up to each province's entitlement.⁵²

This arrangement was an attempt to increase expenditure on post-secondary education, while acknowledging provincial jurisdiction. The provinces had the advantage of asserting their constitutional jurisdiction and were assured of substantial revenue gains. The payment of 50 per cent of the costs by the federal government "recognised implicitly the concept of a national interest or purpose."⁵³ However, the federal government soon discovered it had lost control over its own expenditures. Costs under the cost-sharing rose rapidly, averaging over 20 per cent per year for the first three years.⁵⁴ Another hazard of the program was that per capita payments were greater to the "have" provinces who could afford to expand their post-secondary education systems more quickly. The Act was revised in 1972 limiting the national rate of annual increase of the total federal contribution to 15 per cent. The Act was extended through 1976-77.⁵⁵

Education and language, the third major basis for federal involvement in education emerged in the 1960's. Language is usually considered part of culture, but it has so dominated the politics of Canada that it has acquired both a separate and special status. Once again acting on the recommendations of a Royal Commission, the Official Languages in Education Directorate was established in 1970 within the Department of the Secretary of

⁵²Secretary of State, Support to Education by the Government of Canada, (Minister of Supply and Services, 1983), p. 10.

⁵³James Cutt, Universities and Government, p.66.

⁵⁴Standing Senate Committee on National Finance, Federal Policy on Post-Secondary Education, p. 7.

⁵⁵Standing Senate Committee, p. 8.

State, in response to the recommendations of the Royal Commission on Bilingualism and Biculturalism. The Official Languages in Education program was established in 1970 to provide financial support to provinces and territories for minority official language education and second official language instruction at the elementary, secondary and post-secondary education level. This was part of Prime Minister Trudeau's attempt to appease Quebec and offset the rising nationalism within the province. Language has remained an important factor in the federal governments role in post-secondary education.

By the 1970's expansion of post-secondary education had moderated. The passing of the 1977 Federal-Provincial Fiscal Arrangements and Established Programs Financing Act (EPF) changed the principle of federal financial support for post-secondary education, hospital insurance and medical care. Funding was now in the form of unconditional block grants to each provincial government, based on a complicated formula of tax points and transfer payments with increases tied to GNP, and not to costs.

The change from shared-cost programs to the conditional grant system was instigated because the existing program served the needs of neither government. Faced with the escalating costs of higher education and the persistent provincial resistance to the shared-cost program, the federal government proposed replacing the conditional grant with the block grant. Established Program Financing allowed the federal government to minimize provincial dissatisfaction and at the same time to control its expenditure on post-secondary education.⁵⁶

⁵⁶Terry Yuk Shing Wu, "Federal Contributions to Postsecondary Education Under the Established Programs Financing: Trends and Implications," Canadian Journal of Higher Education. (15:1, 1985), pp. 19-20.

The Act had to be renegotiated every five years, and by the end of the first term there was already some dissatisfaction. While the unconditional nature of the grants meant that the provinces were not tied to spending a specific amount on post-secondary education, in the federal government's eyes, about one third of the monies were to be used for education. However under EPF the incentive for provinces to contribute to post-secondary education was greatly reduced. This has led one scholar to comment that the:

role in federal education since World War II is one of rising expenditures coupled with diminishing visibility and diminishing impact. Since 1967 ... the provinces have been firmly in control. The 1977 amendment to the intergovernmental fiscal transfer arrangements accentuated the trend begun ten years earlier.⁵⁷

This lack of visibility and accountability inherent in EPF, has led the federal government to "tinker" with the EPF formula. In 1982, Bill C-97 amended the original 1977 Act which resulted in a net decrease in the transfers. Again in 1984, the legislation was amended and the post-secondary education portion was limited under the Trudeau government's six and five anti-inflation programme.

Once again there was a multitude of commissions and reports which provided justification for the federal government's actions. In 1985, A.W. Johnson produced a report prepared for the Secretary of State which demonstrated that the federal share of total costs of post-secondary education had risen, while the province's share had fallen. In fact the Johnson Report points to five provinces where federal transfer payments actually exceeded

⁵⁷Peter Leslie, Canadian Universities 1980 and Beyond: Enrolment, Structural Change and Finance, (AUCC Policy Study No. 3., September 1980), p. 146.

the total amount of provincial grants to post-secondary education.⁵⁸ In these provinces, according to James Cutt, the partnership between the two levels of government in support of post-secondary education had been replaced by federal funding, and the balance had been seriously eroded in the other provinces.⁵⁹

Table 2

Federal Contributions to EPF
Post-Secondary Education Portion
Cash Transfer and Tax Points, 1987/88-1992/93⁶⁰
(millions of dollars)

Year	Cash Transfer	Tax Transfer	Total
1987/88	2, 199	2, 882	5, 081
1988/89	2, 223	3, 151	5, 374
1989/90	2, 259	3, 463	5, 722
1990/91	2, 126	3, 629	5, 755
1991/92	1, 873	3, 983	5, 856
1992/93	1, 912	4, 062	5, 974

The Parliamentary Task Force on Federal-Provincial Fiscal Arrangements (the Breaux Committee), recommended the separation of EPF transfers for health and post-secondary education, setting a formula of 67.9% for health and 32.1% for post-secondary education.

⁵⁸Albert W. Johnson, Giving Greater Point and Purpose to the Federal Financing of Post-Secondary Education and Research in Canada, (Department of the Secretary of State of Canada, February, 1985), p. 33.

⁵⁹James Cutt, Universities and Government: A Framework for Accountability, (Institute for Research on Public Policy), p. 66.

⁶⁰R.A. Jennes and M.C. McCracken, Review of the Established Programs Financing System, (Prepared for the Ministry of Intergovernmental Affairs, Government of Ontario by Infometrica Limited, October 1993), p. A-9.

This was accomplished in 1984. The 1985 Macdonald Commission was highly critical of the EPF funding arrangements and recommended a variety of options for the federal government to consider in its place, including a student voucher system, and tying future federal increases to matching provincial increases.⁶¹ The Standing Senate Committee on National Finance concluded that

federal support in respect of post-secondary education through EPF no longer is beneficial; indeed, because EPF tends to blur responsibility it ought to be terminated.⁶²

The Committee went on to recommend the termination of the post-secondary portion of EPF and the transfer of tax points to the provinces. At the National Forum on Post-Secondary Education held in 1987, there was broad if not unanimous agreement on the need for continuing partnership between both levels of government in supporting post-secondary education. There was an obvious reluctance on the part of the federal government to increase contributions without some determination of how the money should be spent, and accountability for the monies.

In 1986 the Conservative government partially de-indexed the EPF escalator to two percent below the rate of growth in the GNP. In 1989, the federal budget further de-indexed the escalator by one percent. In the 1990 budget the federal government proposed Bill C69 which froze per capita EPF transfers for the 1990-91 and 1991-92 fiscal years, after which a further one percent de-indexing would take effect. The 1991 budget extended the freeze

⁶¹See the Macdonald Commission, volume 2, Chapter 18.

⁶²Standing Senate Committee on National Finance, Federal Policy on Post-Secondary Education, p. 101.

for three years until 1994-95, freezing growth at three per cent below GNP.⁶³ The result of these freezes is that the value of tax transfers continue to grow at a much greater rate than the value of cash transfers. It has been predicted that by the year 2000 Quebec will receive no further cash transfers, and a decade later the other provinces will receive little or no cash payments. This is an unfortunate result as it will leave the federal government with no "powers of persuasion" in the post-secondary education field.

Indirect federal involvement

The rather lengthy overview provided above focused on the direct involvement of the federal government in post-secondary education. The federal government however is involved in a myriad of educational programs through a host of other departments other than the Secretary of State. Educational material offered by bilingual, bicultural and multicultural programs, the National Film Board, the CBC and the National Library, Museums, and Archives, are just the beginning. Add this to material and services offered by the Departments of Consumer and Corporate Affairs, Agriculture, and National Health and Welfare, along with such agencies as Statistics Canada and the National Research Council, and it all adds up to an impressive federal contribution to the nation's education. If we include the federal government's involvement in citizenship education, second language instruction, student housing, school construction, adult education, student loans, travel and exchange programs and its contribution is overwhelming. It is apparent that there exists a largely hidden educational function performed by the federal government that has the

⁶³AUCC Federal Support for University Education, p. 4.

potential to influence students in elementary, secondary and post-secondary education.⁶⁴

Conclusion

While many interest groups and the provinces have welcomed federal financial support for education, many have claimed that the provincial authorities should set policy and control the spending of federal dollars. In 1951 when the federal grants system was initiated there was virtually no consultation with the provinces, and funds were given directly to each institution. Since the introduction of the 1966-67 shared cost arrangements, federal financing of universities has increasingly reflected provincial sensitivities, first by ending direct funding to universities, and then by allowing the provinces to determine their level of spending through shared-cost arrangements. The 1977 arrangements further altered the relationship between the federal government and post-secondary funding by increasing the autonomy of the provinces. Since the 1982 renegotiation of EPF, provincial authorities have been hungry for federal funding, but are vigilantly guarding provincial control of education. The federal government on the other hand, would like to cut its expenditures, increase its visibility in this area, and receive some form of accountability for the spending of federal funds.

Provincial objections to federal involvement really began in 1952 with Premier Duplessis' refusal to permit universities to accept federal funding "fearing they might cost us our language, our faith, our traditions."⁶⁵ Quebec has always felt that education and culture were linked, but national culture for Quebec was, by definition, a provincial

⁶⁴John Grant, p. 34.

⁶⁵Grant p. 37.

responsibility.

Higher education has long served as a kind of weather-vane of Canadian federalism, signalling the direction in which the winds of intergovernmental relations are blowing. It was in relation to agricultural education that the first federal-provincial shared-cost program was introduced, and it was federal grants to universities that gave rise to the first instance of opting out. The 1959-60 agreement between Quebec and Ottawa, with its opting out ability was initially a singular status of Quebec rather than a general decentralization of fiscal power and spending responsibilities, but it was nonetheless a groundbreaking agreement. Higher education would play a central role when this trend surfaced again.

To return to the beginning of this chapter, our three major justifications for a federal role in education - employment, culture, and language - can each be argued as the legitimate concern of a national government because each crosses provincial boundaries and thus cannot be dealt with completely within provincial jurisdictions. In 1981 Francis Fox, then Secretary of State, acknowledged that the delivery of education is an area of provincial primacy, but he reaffirmed the principle of federal involvement in education, while espousing accountability, visibility and national goals.

In 1983, a Secretary of State publication listed ten objectives for federal involvement in education including general support, educational opportunity, mobility, employability, research, official languages in education, citizenship and cultural identity and the needs of the federal government as an employer. This list of objectives was dropped in the 1985 Report to Parliament by the Secretary of State. It is interesting to note that in the same year, the Council of Ministers of Education, Canada published a much shorter list of principles

to govern interaction between the two orders of government. The federal government has been disengaging itself from post-secondary education responsibilities, as indicated by the Honourable Benoit Bouchard, who as Secretary of State in 1986, stated that the real issue with respect to federal support "is to redefine the federal presence in a way that balances respect for provincial responsibilities with a need to reflect the importance of post-secondary education to Canada as a whole."⁶⁶

In the final chapter of this thesis, we will examine the policy community and policy networks surrounding the post-secondary education sector. After a close examination of the actors and their interaction, hopefully we will be able to draw some conclusions about the strength, commitment and legitimacy of the federal role in education.

⁶⁶Proceedings of the Standing Senate Committee on National Finance, First Session, Thirty-third Parliament, 1984-85-86, Issue No. 50, p. 6, as quoted in Standing Committee on National Finance, Federal Policy on Post-Secondary Education, p.10.

CHAPTER 4

POLICY COMMUNITIES

THE POST-SECONDARY EDUCATION SECTOR: A CASE STUDY

In the previous chapters we have examined theories of public policy and how to analyse policy decisions. We have discussed, according to Simeon's framework, the changing environment surrounding post-secondary education in Canada, brought about by increasing demands in enrolment, which itself was a result of the two World Wars, the Depression, industrialization and the increasing technological needs of society and the economy. Along with these environmental changes there have been attitudinal changes, such as attitudes towards women and their role in society, and to education itself. We have examined the role of federalism and how it can through legalistic interpretation constrain government action, while at the same time it can free governments to be creative in their attempt to work within constitutional strictures.

In this chapter we will examine the concept of policy communities and policy networks, and the community specifically surrounding the federal government and post-secondary education. Part of this discussion will include the major actors, both governmental and societal, within this sector and their interaction with each other.

The policy community approach is very appropriate for this sector, as it involves bringing the state in, and analysing its abilities and political will to act. The final section of this chapter then will include a brief discussion of the strong state/weak state approach, leading us to a conclusion about the federal government's role in post-secondary education, its strength, commitment and the feasibility and advisability of continuing its presence.

Policy Communities and Policy Networks

The policy community approach is indeed the "key to understanding the bulk of policy making", for as Paul Pross has defined it, the policy community is "that part of a political system that has acquired a dominant voice in determining government decisions in a field of public activity."¹ These communities, populated by government agencies, pressure groups, individuals, academics and the media, are generally permitted to create public policy in that field. This responsibility stems from their functional responsibilities, specialized knowledge, and vested interests.² For this thesis Coleman and Skogstad's definition of policy community will be used primarily because it is more specific and allows for actors with varying degrees of influence. Coleman and Skogstad define policy communities as

those actors or potential actors with a direct or indirect interest in a policy area or function who share a common 'policy focus' and who, with varying degrees of influence shape policy outcomes over the long run.³

The use of the policy community/policy network approach to study the relations between groups and the state has several advantages. This approach permits comparative analysis within a particular sector over time, to examine changing relationships and environmental characteristics that affect these relationships. It also permits cross-sectoral comparison of group-state relations. In addition, because government actors are included within the policy community analysis, the behaviour of the state is examined, to determine

¹Paul Pross, Group Politics and Public Policy, (2nd ed.), (1993), p. 119.

²Ibid., p. 116.

³William Coleman and Grace Skogstad, "Policy Communities and Policy Networks: A Structural Approach", in Coleman and Skogstad, (eds.), Policy Communities and Public Policy in Canada, (Mississauga: Copp Clark Pitman, 1990), p. 25.

the degree of political will employed in the development and implementation of policy alternatives. The inclusion of state actors, interacting within a community has made this framework a much improved analytical tool over the society-based theories of interest group activities, because it is more inclusive and more explanatory.⁴

The concept of policy network is used to describe the relationships among a set of actors that forms around a particular issue important to the policy community. So while the community denotes the actors, network refers to the processes of interaction between actors.⁵ Policy networks are dependent upon both the characteristics of the policy community and the actions of the state. It is a reciprocal relationship: if either the state or community changes, then the existing network possibly will change.⁶ Most policy communities consist of two segments, the sub-government and the attentive public. The **sub-government** is the policy making body of each community and consists of government agencies and institutionalized interest groups, as these alone have the incentives and resources for sub-government work. Because of the exhaustive nature of government-sub-government work, sub-governments "consist of very small groups of people".⁷ Policy communities, tend to limit rather than enhance opportunities for the public to achieve major policy changes. The

⁴Joan Price Boase, Shifting Sands. Government-Group Relationships in the Health Care Sector, (Institute of Public Administration of Canada, McGill-Queen's University Press, Kingston, 1994), p. 21.

⁵Coleman and Skogstad, Policy Communities in Canada, p. 26

⁶Boase, Shifting Sands, p. 6.

⁷Government-sub-government work according to Pross involves almost daily communication between government agencies and groups, involvement on advisory committees, invitations to comment on draft policy, participation in long range policy review and continual formal and informal access to agency officials. Pross, Groups Politics, p. 120.

goal of the sub-government is to keep policy making at the routine or technical level, thereby minimizing interference.⁸

The **attentive public** lacks the power of the sub-government but still plays a vital role in policy development. It is not generally tightly knit or clearly defined, possessing a greater degree of mobility, or fluidity than the sub-government. Members include actors, government or societal, who are affected by, or interested in, policies of specific agencies. Generally the attentive public follows, and may even attempt to influence those policies, but they do not participate in policy making on a regular basis. They may, in fact, be excluded from it, especially if they are opposed to the general direction of policy in existence.⁹ The attentive public maintains a perpetual policy review process, introducing an element of diversity inhibited at the sub-government level by the need to maintain consensus.¹⁰

Attentive public and sub-government concepts parallel what Coleman and Skogstad have labelled "advocacy" and "participatory" roles of groups in policy formation. Policy advocacy parallels the attentive public, and occurs when groups lobby the state, in an attempt to influence policy decisions. Effective lobbying is accomplished through the groups capacity to generate knowledge and information about specific policies, mobilize support, and maintain internal cohesion. A participatory role, on the other hand, parallels the sub-government, requiring that associations develop their capacity and formalize their internal

⁸Boase, Shifting Sands, p. 6.

⁹Pross, Group Politics, pp. 121-125.

¹⁰Pross, Group Politics, p. 122.

structures.¹¹

The policy community surrounding post-secondary education consists of government and societal actors. Provincial governments and their Ministers of Education and Finance are the main agencies for discussion regarding education in Canada, including post-secondary education. The Council of Ministers of Education, Canada is an intergovernmental institution of provincial premiers, who meet to discuss common concerns, and to which the Secretary of State is occasionally invited. The Secretary of State and Minister of Finance are the major actors at the federal level. The major non-governmental actors include the Association of Universities and Colleges of Canada (AUCC), the Canadian Association of University Teachers (CAUT), and the Canadian Federation of Students (CUS). We will discuss each of these actors in some detail below.

Interest Groups

Paul Pross emphasizes the importance of interest groups and interest intermediation in the formation of public policy. As governments expanded their activities after the Second World War, they "... developed a warm regard for the diverse skills of pressure groups."¹² This has led to a tension between sectoral and spatial representation of interests. As legislatures are organized along geographically defined boundaries, neither they nor the party system upon which they depend, are effective vehicles for considering the needs of those whose interests cut across geographic barriers. Interest groups, because of their concern with specific or sectoral interests ally themselves with bureaucracies concerned with

¹¹Coleman and Skogstad, Policy Communities, p. 21.

¹²Paul Pross, Group Politics, (1993), p. 3.

these interests. This has become so commonplace that main public agencies often treat interest groups as constituencies similar to the geographical constituencies represented in the legislatures.¹³

For our purposes an interest group will be defined as an "organization whose members act together to influence public policy in order to promote their common interest."¹⁴ Interest groups have three general characteristics. First, interest groups try to persuade government to pursue policies that they advocate. This is dependent on a degree of organization, the quality of which distinguishes the interest group from the mob or movement. Organizational capacity permits the groups' third characteristic, the articulation and aggregation of group demands.

The concept of influence is also useful in discussing interest groups, as the perception of influence affects how groups are treated by the media, other groups, politicians and officials and the public. Interest groups must also possess the capacity to influence policy which is dependent on its knowledge and capacity, its ability to mobilize resources, to form coalitions with other institutions and interest groups and its position as either an advocate or participant in a policy community.

Interest groups perform a number of essential functions within a political system, including providing a vehicle for the articulation of members' interests and the presentation of these interests to government.¹⁵ As previously stated in Chapter 1, Pross identifies such

¹³Ibid., p. 24.

¹⁴Ibid., p. 3.

¹⁵Paul Pross, Group Politics and Public Policy, (Oxford University Press, Toronto, 1986), p. 87.

articulation as a systemic function and points out that interest groups must attempt to justify this self-interest by performing functions that are useful to the system at large. He identifies four other 'systemic functions' performed by interest groups, that meet the needs of the community, including communication both within their own group, with other groups and with government. This is a valuable function for government, for without this flow of communication the government would not be able to respond effectively to its environment. Interest groups also perform a legitimizing function, and in some sectors administrative and regulatory functions.¹⁶

To perform these four functions groups must possess the attributes of organization; formal structure, clear definition of roles, a system for generating and allocating resources, a collective memory, rules governing behaviour and most important, procedures for reaching and implementing decisions. Using this concept of organization, Pross develops a typology of interest groups which on a continuum are bounded by issue-oriented groups on one extreme and institutionalized groups on the other.¹⁷

Institutional groups possess a stable membership which permits organizational continuity and cohesion, so necessary for the monitoring of long term policies and the development of new policies. A clearly defined division of responsibilities and channels of communication exist which require an elaborate organizational structure. This permits the group to perform such functions as preparing briefs, sitting on advisory boards, rallying

¹⁶Pross, Group Politics, pp. 88-92.

¹⁷Pross' typology is elaborated at length in his chapter "The Analysis of Pressure Groups", in Group Politics pp. 108-129, especially pp. 114-119.

membership support and public relations. In addition institutional groups need to possess an awareness of how government operates, which sectors of government affect their clients, and procedures to access these government officials.

Issue-oriented groups are on the other end of the continuum and therefore have limited organizational continuity and cohesion, and are usually poorly organized. Their knowledge of government is minimal and frequently naïve. Membership tends to be fluid rather than stable. They usually have difficulty in formulating and sticking to short-range objectives. Their primary advantage is their flexibility, as they develop quickly and are not hampered by a heavy organizational structure. Living on the periphery of the policy community as they do, they are a means of generating new ideas into the community and testing public reaction. In this way they enhance the adaptive capacity of the overall system.¹⁸

By way of contrast, institutional groups hope to achieve their goals by influencing the responsible agencies in their policy community. This can be a slow and cumbersome process as not all government agencies are equally powerful, and individual agencies often merely reflect the attitudes and priorities of the government of the day.

Major Players

Education, as previously stated is clearly delineated as a provincial jurisdiction. Nonetheless, the federal government has long been involved in funding post-secondary education primarily as a result of the fact that the allocation of the spending power and access to revenue sources are not aligned in the Constitution. Since the resolution of the

¹⁸*Ibid.*, p. 119.

Quebec-Ottawa impasse over federal grants to universities in 1960 (see Chapter 3), there has been a dramatic change in the role of the provincial governments in the post-secondary education field. Combined with the 1967 changes in financing from direct grants to the university to shared cost conditional grants, the provincial state moved to centre stage in the policy community. Every provincial government was drawn into an increased role in managing and financing what would soon be viewed as provincial systems of post-secondary education.¹⁹ The provincial governments are now quite centralized in their control over education, many of them having ministries that deal specifically with post-secondary education. There is no doubt that government power in this sector is firmly rooted with the provincial governments. While acknowledging this, we still want to examine the policy community surrounding **federal involvement** in post-secondary education. The federal government has no formal minister of education and its input into the system is scattered across a variety of departments and ministries. There are two primary actors at the federal level, the Secretary of State and the Minister of Finance.

Government Actors

Secretary of State

With no Federal Minister to act as a lead agency, the Secretary of State has been assigned the "co-ordination" of federal policies and programs related to education. It takes the lead with other departments and agencies on education matters requiring coordinated federal action, and it cooperates with other federal departments and agencies to ensure effective federal-provincial consultation in all areas related to education. The Secretary of

¹⁹Cameron, More Than an Academic Question, p. 68.

State is also responsible for the dissemination of information on Canada's education system through an annual Report to Parliament and other publications. It also advises Foreign Affairs and International Trade on international education matters and participates, with provincial and other delegates, in representing Canadian interests abroad.²⁰

This requires the Department to have many intra-departmental contacts. In addition however, there is an intergovernmental relations factor to consider as, under the Federal-Provincial Fiscal Arrangements legislation introduced in 1977, the Secretary of State has a responsibility to "consult with the governments of the provinces with regard to the relationship between the programs and activities of the governments of Canada and of the ... provinces that relate to post-secondary education."²¹ The Department of the Secretary of State established the Education Support Branch in 1963 to assist the Secretary of State in advising the Cabinet on post-secondary education. In 1967 the branch became responsible for administering cash payments under the Federal-Provincial Fiscal Arrangements Act. It currently is responsible for co-ordinating federal government activity in post-secondary education and must provide an annual Report to Parliament on fiscal transfers to provinces in respect of post-secondary education. This Report covers the expenditures of each province on post-secondary education along with the federal programs in support of, or involvement in post-secondary education. It also reports on the relationship between federal

²⁰Canada. Department of the Secretary of State. Federal-Provincial Support to Post-Secondary Education. A Report to Parliament 1990-91, pp. 9-10.

²¹Canada. Department of the Secretary of State. Federal and Provincial Support to Post-Secondary Education in Canada. A Report to Parliament, 1984-85. (Minister of Supply and Services, 1985), p. 62.

contributions and Canada's educational and economic goals. It also outlines to Parliament, the results of any consultations by, or on behalf of, the Secretary of State with the Council of Ministers of Education, Canada, relating to the definition of national purposes to be served by post-secondary education and the means by which the governments of Canada and the provinces will achieve those purposes.²² In addition the department is the focal point federally for the development of policies and the delivery of programs respecting student financial assistance at the post-secondary level. In co-operation with External Affairs and International Trade Canada, the department contributes to the effective participation of Canada in international fora and activities.

The Department of the Secretary of State administers three principal programs in this field Post-Secondary Education Financing, Canada Student Loans, and Official Languages in Education. The Official Languages in Education Program, was established in 1970-71 at the recommendation of the Royal Commission on Bilingualism and Biculturalism. This program is administered by the Official Languages in Education Branch, of the Department. It provides financial support to provinces and territories for minority official-language education, as well as second official-language instruction at the elementary, secondary and post-secondary levels.²³ The Intergovernmental Consultative Committee on Student Financial Assistance within the Education Support Branch works in collaboration with the Secretariat of the Council of Ministers of Education, Canada, and attempts to co-ordinate

²²Canada. Department of the Secretary of State for Canada. Report to Parliament 1990-91. p. 2.

²³Ibid. p. 11.

federal and provincial activities and programs in the area of student financial assistance. Activities include exchange and analysis of information; the development of joint or co-operative responses to the financial needs of particular client groups and measures to enhance federal-provincial/territorial co-operation in the planning and administration of programs of student financial assistance.²⁴

As part of the reorganization of the federal government in 1993, the responsibilities of the Secretary of State for student assistance and support to post-secondary education programs were transferred to the Minister of Human Resources Development. The Official Languages in Education program was transferred to Canadian Heritage. This further fractures the federal government's role in post-secondary education, and decreases its capacity to act in a co-ordinated fashion.

In 1992-93 the expenditures on post-secondary education in Canada totalled roughly \$16 billion representing 2.25 per cent of the Gross Domestic Product. This includes expenditures by the post-secondary institutions, government expenditures on scholarships and aid to students. The federal government's support for education totals roughly \$8 billion a year, which is almost half the total expenditure. By far the largest portion of federal support is through the Established Programs Financing transfers, \$3.5 billion in tax transfers (1993) and \$2.6 billion in cash transfers.²⁵ The Natural Sciences and Engineering Research Council, the Medical Research Council, The Social Sciences and Humanities Research

²⁴Programs and Activities p. 27-

²⁵Minister of Human Resources Development, Improving Social Security in Canada, (Summary of discussion), (Minister of Human Resources Development, October 1994), p.18.

Council and the National Research Council together provide the major source of funding for research in Canadian universities. Federal support for student assistance involves loans under the Canada Student Loan Program as well as scholarships, bursaries, grants and fellowships. The federal government spends roughly \$500 million annually on student loans out of a total of nearly \$1 billion in loans and grants to students. In addition the federal government through the Department of National Defence is responsible for the education of Armed Forces personnel. Post-secondary courses are also offered to Canadian Coast Guard personnel by Transport Canada. Funding is also provided to provincial and territorial governments for minority official-language education and second official-language instruction, a portion of which relates to the post-secondary level.²⁶

The recent discussion paper by the Minister of Human Resources Development, acknowledged the fact that cash transfers were falling and that although they currently stand at \$2.6 billion they are falling and will disappear within 10 years. He went on to state that "the government would like to explore options with the provinces for a better use of these funds".²⁷ This brings us to the other major government actor, the Department of Finance.

Department of Finance

The Minister and Department of Finance occupy a position of prominence and influence in many policy decisions, stemming from their role as "keeper of the public purse".

²⁶Minister of Human Resources Development, Federal and Provincial Support to Post-Secondary Education in Canada. A Report to Parliament 1992-93, (Minister of Supply and Services, Ottawa, 1994).

²⁷Minister of Human Resources Development, Improving Social Security in Canada, (Human Resources Development, Canada, October, 1994).

Finance officials cover a whole range of governmental activities, from fiscal policy, federal-provincial relations, government expenditures, tax policy, international trade and finance, as well as social and economic policy programs. Finance has an evaluative impact on departmental proposals in both economic and social policy fields. Its role in the post-secondary education sector is a result of its heavy involvement in the Established Programs Financing, through its Federal-Provincial Relations Division.²⁸

In the 1970's the federal government had proposed the EPF Arrangements based on the assumption that the provincial level of funding would rise along with the GNP, and that a forum would be established to deal with post-secondary education issues that transcend provincial boundaries. Both assumptions were incorrect. The provincial levels of funding declined after the implementation of EPF, and the CMEC rebuffed any attempts by the Secretary of State to reform itself into a national forum. This led the federal government to consider two alternatives. The first was to accept that EPF transfers served no federal purpose (making them easy targets for expenditure reductions), or try to re-introduce a federal purpose into the transfer. The choices parallel the portfolio interest of the two departments principally involved, namely the Department of Finance and the Secretary of State.²⁹

While various Secretaries of State have attempted to argue for a federal role in post-secondary education, and the moral obligation of the provinces to spend EPF transfers on

²⁸Donald Savoie, Politics of Public Spending, (University of Toronto Press, Toronto, 1990), pp. 73-80.

²⁹Cameron, More Than an Academic Question, pp.234-238.

post-secondary education, Ministers of Finance as early as 1978 began looking at these transfers as areas of possible expenditure savings.³⁰ Once again the federal government's decision was buttressed by a number of Task Forces and Reports. The Parliamentary Task Force on Fiscal Relations called for equalizing the transfers in EPF, and requiring that "the responsible federal ministers must answer in Parliament for the disposition and use of funds transferred to provincial governments."³¹ This led to the requirement that the Secretary of State report to Parliament on funds allocated for post-secondary education. Coupled with the 1983 decision to limit post-secondary transfers to the "6 and 5" restraint program, the EPF transfers had to be split and each portion identified. This was accomplished when the deal was re-negotiated in 1984.

The Minister and Department of Finance appear to be successful in their interpretation of what needs to be done regarding the EPF transfers. Contrary to the Minister of Human Resources Development's recent Report, there was no exploration of options with the provinces to find better ways to spend the money. This was illustrated in the recent budget decision to do away with EPF Arrangements and replace them with the Canada Health and Social Transfer (CHST). The Minister of Finance stated that the "restrictions attached by the federal government to transfer payments in areas of clear provincial responsibility should be minimized."³² The CHST will be a lump sum unconditional transfer

³⁰Cameron, More Than an Academic Question, pp. 234-237.

³¹Parliamentary Task Force on Federal-Provincial Fiscal Relations, Fiscal Federalism in Canada, p. 196.

³²Canada. Department of Finance, Budget 1995, (Department of Supply and Services, Ottawa), p. 17.

that will cover the programs previously covered under EPF and Canada Assistance Plans (CAP). Clearly neither the Minister of Finance nor the Prime Minister wish to re-introduce a federal purpose to the transfers; rather their major concern appears to be the buzz word for the 1990's, fiscal restraint. The upcoming transfers (they begin in October 1996), are aimed at increasing provincial autonomy, reducing inter-governmental friction, and most importantly, controlling the costs to the federal government.

Societal Actors

National Conference of Canadian Universities (NCCU)/ Association of Universities and Colleges of Canada (AUCC)

The National Conference of Canadian Universities was created in 1911 as an organization of university presidents. Initially, as the title implies, it was an annual conference of executive heads held to discuss common problems. With the advent of World War II, and the question of funding, a "special relationship" developed between the NCCU and the federal government, related to the war effort. This would lead to an increase in power and influence of universities and the NCCU at the national level. This is best illustrated by the NCCU's role in securing funding for returning veterans in 1945 and its successful appeal to the federal government for funding in 1951. The NCCU established its Finance Committee in 1951 which met periodically with the Prime Minister to press its case for federal support. In addition, it was a NCCU commissioned report (the Bladen Report) that called for the appointment of a Minister of the Crown responsible for education, which led to the creation in 1963 of the Education Support Branch within the Department of the Secretary of State.

The same changes that affected the government and the universities as institutions after the Second World War also affected the NCCU/AUCC. It witnessed a rapid growth of its substructure "and the creation of national groups to represent business offices, graduate deans, deans of various faculties, research officers, and the like."³³ The NCCU, which by 1965 had changed its name to the Association of Universities and Colleges of Canada, (AUCC) considered itself to be the voice of the entire university community: administration, faculty and student.

The special relationship with the federal government changed in the 1970's. One of the first indications was the 1974 First Ministers Conference where a Task Force was established between the Council of Ministers of Education, Canada, and the Ministry of State for Science and Technology to discuss the direct and indirect cost of university research. A formal structure was established, the Committee on Financing University Research, from which the AUCC was noticeably absent. In addition, the association expressed its concerns about EPF, the interprovincial mobility of students, support for programs of national importance, and the monitoring of provincial expenditures. In a 1977 letter to Prime Minister Trudeau, the President of AUCC outlined these concerns and expressed the hope "that a forum will develop through which the members of the AUCC may assist provincial and federal authorities in their discussion of appropriate policies."³⁴ The response was cool,

³³Donald C. Savage, "Higher Education Organizations," in Alexander Gregor and Gilles Jasmin (eds.) Higher Education in Canada, (Association for Canadian Studies, for the Research and Information on Education Directorate of the Department of the Secretary of State of Canada, 1992), p 30.

³⁴AUCC, Proceedings, 1977, v.2, pp.34-35, as quoted in Cameron, More Than an Academic Question, p. 218..

and designed to keep the AUCC at a distance. The Prime Minister stated that while the federal government was interested in the concerns expressed by the AUCC, it would be within the framework of the Council of Ministers of Education, Canada or the Canadian Committee on Financing University Research that it would examine them.³⁵ The 1967 federal-provincial fiscal arrangements had shifted the centre of gravity or power within this sector to the provinces, leaving the AUCC at odds, as its special relationship with the federal government quickly evaporated.

By the 1980's the federalization of interest groups was clearly evident in the sector, possibly as a result of the growing provincial dominance. National organizations like the AUCC had to adjust and realign themselves. The AUCC accepted the fact that it did not represent entire university communities, and reconstructed itself so that it represented the university presidents and administrations. Provincial and regional organizations had come into existence, the Conference des recteurs et des principaux des universités du Québec (CREPUC), the Council of Ontario Universities in Ontario (COU), the Council of Western Canadian University Presidents (COWCUP) in the West, and the Association of Atlantic Universities (AAU) in the East. These new organizations contributed to the new structure of the AUCC, but not to the exclusion of individual universities.

Canadian Association of University Teachers (CAUT)

After WWII, not content to be represented by the NCCU/AUCC, university faculty formed their own association, the Canadian Association of University Teachers (CAUT), which sought influence as an independent voice of the university teaching profession at the

³⁵Cameron, More Than an Academic Question, p. 218.

local and national level. The CAUT saw itself as a professional corporation similar to medical and legal associations. The CAUT began challenging the university administration to share power and spent a great deal of energy on internal issues, such as tenure and faculty representation on Senate. It also began publishing policy papers on areas of concern to faculty. In line with the growth of government activity, the CAUT developed a more elaborate organization, for instance it appointed a full-time government liaison officer, which reflected the growing importance of lobbying to the group.³⁶

The faculty organization also faced changes in the 1980's. It first lost its Quebec affiliate, then practised sovereignty-association for a few years, and finally amended its constitution ensuring a veto in the case of language and French culture. Here too, federalism has left its mark, as there was a growth in provincial organization, which became part of the overall structure of the organization.³⁷

Canadian Union of Students/Canadian Federation of Students

The exploding number of students at a rapidly expanding number of institutions created a situation where many students felt powerless, and decided to organize to do something about it. In 1963, the existing National Federation of Canadian University Students transformed itself in the Canadian Union of Students (CUS). CUS originated as a collection of student council presidents which provided a forum for the discussion of educational issues.³⁸ For five years CUS along with its parallel organization in Quebec, the

³⁶Pross, Group Politics, (1993), p. 68.

³⁷Savage, "Higher Education Organizations", in Gregor and Jasmin, Higher Education in Canada, p. 33.

³⁸Steven Langdon, "Bissell as High Priest", Saturday Night, Sept. 1971, p. 25.

Union general des étudiants du Québec, participated actively in social debates. CUS collapsed in 1969, a victim of its own mistrust of organizational and structural foundations. There was still a recognized need for a national organization to represent students, therefore students in English speaking Canada formed the National Union of Students, for lobbying and representing the general interests of students, and also the Association of Student Councils to provide services such as a travel agency and programmes for students. These two groups merged in the early 1980's to form the Canadian Federation of Students which is today, the national body for students outside of Québec. CFS provides a common framework within which students can communicate, exchange information, skills and ideas. In common with other groups in this sector, CFS has struggled and debated the role of provincial student federations within its structure. They have organized along provincial lines, with each province having a caucus. There is also within CFS a national branch for Graduate Students, as well as corresponding provincial organizations for Graduate Students.

Now that we have identified each group, what about their capacity to affect policy decisions? What is their level of organization, their level of knowledge, and continuity of membership? Beginning with the AUCC, it is fairly obvious that in the immediate post-war era, the association was extremely successful in affecting policy decisions, and in fact participated in some historic decisions not only for post-secondary education, but for the history of social programs and fiscal federalism in Canada.³⁹ It can be argued that the early federal involvement in post-secondary education (through agriculture and technical

³⁹One of the first shared-cost programs involved agricultural education, and the 1959-60 agreement with Québec was the first provincial "opting out" of a federal program with compensation.

education), made it easier for the federal government to continue, and expand its involvement. This was also precipitated by the involvement of the national associations of both university presidents and administrators, as well as faculty.

The AUCC, is an organization with a stable membership, for although the Chair may change every few years, membership as a whole and within its committee structure is fairly stable. By virtue of the positions that they hold, its members are highly educated. The organization is fairly well structured with a well developed staff and committee system. More importantly however, the membership is knowledgeable about how government operates and which agencies they need to address. It is interesting then to note that a highly organized, institutional, knowledge capable group has not been successful in getting its agenda adopted.

During lobbying attempts in the 1970's to maintain the 1967 shared-cost funding arrangements, rather than the EPF arrangements the Council of Ontario Universities, one of AUCC's provincial members, in a brief presented to the Canadian and Ontario governments, acknowledged the ineffectiveness of the national group. In their brief, the COU stated that the universities were very interested in the negotiations, and objected that these negotiations had been dominated by the financial officers of the respective jurisdictions. This, they maintained, made it difficult for the voices of the universities to be heard. In an attempt to be included in the negotiations, the brief went on to state that the AUCC had not had adequate access to the Canadian Government nor to the group of provincial ministers of

Education that was becoming increasingly influential.⁴⁰ While they may have at one time been members of the sub-government at the federal level of policy decisions, changes to the policy community have moved the AUCC to the periphery of the sub-government and into the role of attentive public. This is not to say that the government would not or has not invited them into participatory role on occasion, but when the major decisions regarding funding have been made in the last two decades, the AUCC has not been at the table.

The case is similar for the CAUT. While it has been successful in achieving much of its early agenda within the universities, the CAUT, another well organized, resource rich, policy capable group has not been successful in getting what it has been calling for, increased funding from the federal government. The CAUT is a member of the attentive public, for most major decisions. The occasion may occur where it is consulted on specific policy initiatives, but it is predominantly ineffective in achieving its singularly most important goal, increased funding. In confirming this reality a lobbyist with one of their provincial organizations has admitted recently that considering the current climate of fiscal restraint, "lobbying the government is basically useless."⁴¹

The CFS is lacking most of Pross's criteria for an institutional group. It does have an organizational structure that has some continuity provided by its employees, but the major players change yearly, which limits its organizational continuity and cohesion. It also has

⁴⁰Council of Ontario Universities, Brief to the Canadian and Ontario Governments on the Financing of Higher Education in Canada. (Council of Ontario Universities, Toronto, 1976), p. 3.

⁴¹Interview with lobbyist from Ontario Council of University Faculty Associations. University of Windsor, April 1995.

limited resources for communication or legitimation functions due to its fragmented structure and its inability to speak for all students. The principal weakness of the student organization is their inability to speak for such a diverse and transient membership. Students as a group are not focused, and tend to react to issues that affect them today, giving the organization the air of a permanent issue group. The CFS exhibits some of the characteristics of both issue oriented and institutional groups. Also as previously stated, actors in the attentive public may be excluded if they are opposed to the general direction of policy in existence. The CFS has made many demands in the past that other actors in the sector consider to be unreasonable, which further weakens their participation in the policy community.

There has been a splintering of the student organizations in the last few years. In 1992 a number of Ontario Universities left the CFS and formed a new group, the Ontario Undergraduate Student Alliance. While it is not a national body (and the President claims it does not aspire to become one) it is in direct competition with CFS for members in Ontario. The Graduate Students are also split between the National Graduate Council branch of the CFS and another splinter group, the Canadian Graduate Council. There are 15 large university student bodies who do not belong to CFS, and many part-time organizations on many campuses also are not members of, nor affiliated with CFS. In addition, the national organization for part-time students, the Confederation of Part-time University Students, languished for several years, before becoming defunct in 1995. With the student movement so fragmented, there is a danger of being pushed further out of the realm of influence as other actors choose not to have to deal with so many players. Also organizations competing for support of an interest have less credibility and may fall victim to the divide and conquer

strategy.

Strong States/Weak States

Policy communities as an analytical tool are useful because they allow for an examination of the state, therefore any discussion of a policy community must take into account the notion of strong and weak states. Michael Atkinson and William Coleman assert that in evaluating the weakness and strength at the sectoral level it is critical to determine first, the degree to which ultimate decision making power is concentrated, and to what degree these individuals or agencies can act autonomously. The state is weak in a given sector when authority is dispersed and no one group of officials can take the lead in formulating policy. Authority is typically diffused among several bureaux and between levels of government resulting in overlapping jurisdictions.⁴²

Coleman and Skogstad elaborate on this analysis of state strength. They distinguish between state autonomy to act and state capacity to act. Autonomy is exhibited by state actors who formulate policy, independently of societal groups. The ability of state actors to control access by others to the policy network and through this to control the policy agenda is an important indicator of state autonomy. This control over access and the agenda also illustrate a state actor's autonomy from other government actors who attempt to enter the policy network and seize control of its agenda. The Department of Finance would be an example of other such actors. By linking state autonomy to control over access and agenda within a sector, the close relationship between the strength of the state and the strength of

⁴²Michael Atkinson and William Coleman, "Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies," British Journal of Political Science, (v.19, 1989), p. 51.

organized interests is highlighted.⁴³

The capacity of a state to act depends on its ability to design and implement policies that meet its objectives. Capacity, like autonomy, is greatly affected by the skill of bureaucratic officials, amount of resources available and the ability to coordinate or concentrate the actions of participants in the policy process. State capacity to co-ordinate policy is enhanced when a single agency or bureau dominates a given sector.⁴⁴

An autonomous state is not necessarily a policy-capable state, nor is a state with financial, jurisdictional and bureaucratic capability to execute its own goals and programs necessarily willing to do so.⁴⁵ State capacity and autonomy may not occur together. A state agency may have sufficient autonomy to define its own policy goals but lack the capacity to design policy instruments or implement policy in the face of stiff societal opposition. On the other hand capable state actors may devise policy initiatives whose successful implementation necessitates accommodating sectoral interests.

According to Atkinson and Coleman's definition of strength, which centres on the centralization or dispersal of authority, the "lead agency" of the federal government, the Secretary of State (Ministry of Human Resources Development) in the post-secondary education sector is weak. The Secretary of State has been assigned the responsibility of reporting on federal spending on post-secondary education, as well as the provincial expenditures on post-secondary education and intergovernmental meetings between the

⁴³Ibid., p. 6.

⁴⁴Coleman and Skogstad, "Policy Communities", p. 16-17.

⁴⁵William Coleman and Grace Skogstad, Policy Communities and Public Policy in Canada. (Copp Clark Pitman, Mississauga, 1990), p. 6.

Secretary of State and the Council of Ministers of Education, Canada. As the primary institutional element in post-secondary education policy, the Secretary of State is weak because its primary function is the co-ordination of many programs involving several other departments.

While the Secretary of State does possess a high degree of autonomy from societal actors, it has been unable to control access to the policy network by other government actors, and to consequently control its agenda. The Department of Finance has repeatedly "invaded" the sector and dominated the agenda, currently setting the spending on post-secondary education. This indicates a lack of autonomy on the part of the Secretary of State, primarily because federal involvement is precipitated by financial considerations. Nonetheless, the dominance of this sector by finance officials is a situation countenanced by the Prime Minister. Around the Cabinet table the Minister of Finance is outnumbered by "spending Ministers" and could not get acceptance for a budget that slashes federal spending in a number of politically sensitive areas, without the support of the Prime Minister. In periods of spending cuts the support of the prime Minister for the initiatives of the Minister of Finance has been evident.

Paradoxically, while the Secretary of State is weak, overall the federal state possesses both the autonomy and the capacity to act. This is primarily due to the strong central role played by the Department of Finance. The department is free to formulate policy without interference from outside societal actors. Also it has the capacity, and more importantly the political will to use this capacity to act. Over the courses of this thesis we have seen examples of the federal governments unilateral action beginning with the introduction of

direct grants to the universities, the introduction of EPF, along with unilateral amendments to EPF in 1977, 1982, 1984, 1986 and subsequent budgets, culminating in the decision by the current Liberal government to eliminate the EPF arrangements in favour of the Canada Social Transfer. The strength of the federal state in this sector is evident if one reviews the historical development of its involvement. While it has faced constitutional constraints to involvement, it has been able to circumvent these through the use of first its constitutional responsibility and later through its spending power. Also, when the federal government has chosen to disengage itself from provincial responsibilities, it has successfully and at times unilaterally acted in its own best interests. The current Liberal government is continuing the pattern set forth by previous Conservative and Liberal governments, concentrating on fiscal restraint. The lack of political will to improve the lot of Canada's universities is fairly well entrenched, due primarily to the problems inherent in the EPF system. The federal frustration over the lack of accountability (both by the provinces, and the universities) as well as the absence of national standards and the hesitancy of provincial governments to discuss any, quite possibly played a role in the federal government decision to cut spending.

While the federal government has no constitutional role to play in education, we have discovered in our analysis of this policy community, that it does indeed play a substantial role in post-secondary education, primarily through its financing, but also through its role in official language and second language education, student loans and funding of research.

Our examination of the actors in the policy community have demonstrated that organized, institutionalized groups are not necessarily effective in a state-directed policy sector. The AUCC has fallen victim to the shift in power within the post-secondary

education field, which in part may have been precipitated by the phenomenon of province building and the rise of educational bureaucracies in each province. Thus a national body would hold less sway in dealing with provincial governments, or with the CMEC. The AUCC continues to lobby the federal government for increased federal funding and support, both in terms of indirect transfers, and in terms of increased funding to university research.

The CAUT, similar to the AUCC, has not been successful in achieving its agenda, again despite organizational capacity and structure. The CAUT has occasionally joined with the AUCC to lobby for similar positions, such as increased funding, but to no avail.

Student groups are the least effective, and in fact border on the issue oriented side of the organizational continuum. The fragmentation of societal groups within this sector, into administration, faculty and student organizations, can only aid the federal government's position of strength. It faces little concerted effort from the three organizations, who frequently want the same result, but seldom co-ordinate their efforts. The student organizations are seen as too radical by many in the AUCC and to a lesser degree by some in the CAUT to be considered as plausible allies. This fragmentation within the societal groups - with each group having a narrow specialized domain representing only a particular sub-sector - reflect what Coleman and Skogstad have labelled a "weak associational system". Unless there are substantive changes in the direction of federal policies regarding both fiscal restraint and decentralization, societal groups in this policy community will continue to have their pleas fall on deaf ears.

CONCLUSION

The end of the Second World War, and the return of veterans began a period of dramatic change in Canada. Federal involvement in the post-secondary education sector increased as a response to its constitutional commitment to the education of military personnel. Other environmental changes encouraged the continued involvement by the federal government even after the "veterans bulge" had passed through the system. Increased participation rates in general, and especially for women, led to massive increases in enrollment that put enormous strain on the ability of universities to operate. The "baby boom" continued this trend. Economic justifications for federal involvement included the need for a more educated work force to meet the increased technological needs of society. Increased federal involvement was then a by-product of wartime centralization and its post-war legacy, the expansion of the welfare state.

The attitudes and policy stance of the federal government as it pertains to post-secondary education is a good illustration of the 'swing of the pendulum' of federalism. Involvement increased during a period of increasing centralization from the 1940's through the mid-sixties. The introduction of shared-cost agreements in 1967 for post-secondary education, signalled a shift to co-operative federalism. Both the 1967 and 1977 rounds of fiscal arrangements highlight the need for co-operation on fiscal matters and also illustrate the rising importance of executive federalism.

Of equal importance however, is the demonstration of the flexibility of federalism in Canada to solve issues of fiscal federalism (fiscal gap) by circumventing constitutional strictures by pragmatic agreement, without recourse to constitutional amendment. In

addition, it was in the policy field of post-secondary education that asymmetrical federalism was first used as a solution to Quebec's unique position and concerns for language and culture. As previously stated, language and culture are intimately tied to education, and it would have been unreasonable to expect the new nationalists in Quebec to accept direct federal involvement in post-secondary education. The 1960 agreement between Lesage and Diefenbaker allowing Quebec to "opt out" of direct grants to its universities, with compensation was a 'defining moment' in the evolution of Canadian federalism.

While co-operation has been a necessary component of fiscal agreements, they have in the long run engendered conflict between the federal and provincial governments. The provinces objected to federal grants to universities, but were unwilling to substitute provincial funding, and therefore they acquiesced. In later years the provincial governments objected to the use of shared-cost agreements, and the use of the federal spending power, citing invasion of their autonomy and skewing of their priorities by "fifty-cent dollars". Conflict is an ongoing feature of Canadian federalism and fiscal relations, evident in the federal objections to provincial spending of funds for post-secondary education under the EPF agreement. Recent comments from provincial premiers about their distaste for Finance Minister Paul Martin's cuts to social spending through the Canada Health and Social Transfer, because there was no consultation with the provinces, illustrate that conflict will continue to be a feature of federalism for the foreseeable future.

The recent federal budget merely continues the trend of federal disengagement of the federal government from provincial areas of jurisdiction. This is in line with the general shift to decentralization in Canada which began with the 1967 cost-sharing agreement.

While both the Meech Lake Accord and Charlottetown Accord were failed attempts at de jure decentralization the new Canada Health and Social Transfer is a de facto decentralization of the federation.

An examination of the policy community surrounding federal involvement in post-secondary education has revealed that changes in the community have a reciprocal effect on policy networks. After 1967, there was a shift in power within the policy community as a result of the ascendancy of the provincial governments. While it was not discussed in detail in this thesis, the concept of province building had a major impact on this policy sector, as it was one of the defining reasons for the trend to decentralization. This had a detrimental effect on the ability of the AUCC to continue as a main actor in the community. The federal government turned increasingly to the inter-governmental approach, liaising with the CMEC, and developing its fiscal responses in house.

What the effect on the AUCC reveals to us is the fact that highly organized, institutional groups, with valuable knowledge and skills useful to the government, do not necessarily succeed in making their way into the sub-government and having their agenda addressed.

The federal government has been backing away from further involvement in post-secondary education, based on its desire for fiscal restraint and inter-governmental harmony. This development will result in policy that benefits governments: their agendas will be met, but it does not necessarily result in good policy. There are sound economic and social reasons for a national presence in post-secondary education, including the high mobility rates of educated labour, the economic benefits of an educated work force, and the high

technology needs of the national economy as we continue into the "information age". In addition, unlike most other OECD countries, the bulk of Canada's research and development is not funded privately but is funded by the federal government through its granting councils (see chapter3). While there are economic benefits accrued by an individual obtaining post-secondary education, the nation as a whole also benefits. In addition, post-secondary graduates have lower levels of unemployment across the country, and are also higher wage earners, which means that they ultimately will pay more taxes. Social justifications for continued federal involvement include the maintenance of accessibility for students. Decreases in federal funding, combined with most provincial governments embracing the philosophy of fiscal restraint, tuition rates will almost certainly rise. Equality of funding across the provinces is also a factor to be considered.

With a reduction in its funding of social programs, and no earmarking of funds, there is no longer a moral argument to be made for the spending of certain funds to be used for post-secondary education. The lump sum super transfer payment to the provinces is a totally unconditional grant. Under the CHST, the five tenets of the Health Care Act must be met, and no residency requirements for social benefits is to be installed, there are no minimum requirements for the maintenance of post-secondary education. This leaves universities in Canada in the very unenviable position of lobbying for funds from the provinces, in direct competition with health care and social benefits. In the current era of fiscal restraint and concern over the deterioration of the social safety net, this is not a competition that the universities can hope to win.

The rise in executive federalism in Canada, as previously stated has politicized

issues. It has also meant that issues are discussed at a higher level. There is less discussion taking place between bureaucrats with similar concerns and areas of expertise, and more going on between actors with much broader scopes such as intergovernmental affairs officials and finance officials. This has also contributed to the lack of effectiveness on the part of interest groups, who do not have the opportunity to develop special links or relationships with these departments in a way they would with a lead agency within their policy community. This politicization of issues such as post-secondary education, and the propensity to deal with it predominantly through the Department of Finance is truly short-sighted on the part of the federal government. Aside from the effect it will have on access to education to students, it will also have a profound effect on the amount and kinds of research, as universities will have to turn increasingly to private industry to fund its research facilities. As the level of research and development in Canada is already quite low, funding cuts could have an even greater impact here than on access. There is a strong argument to be made for a federal presence, indeed a **policy** on post-secondary education, for without it, the university system in Canada, along with social, industrial, agricultural, economic and governmental agencies which benefit from the system will suffer.

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