

Bringing Cities to the Table: Child Care and Intergovernmental Relations

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Executive Summary

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Executive Summary

At a time when over 80 percent of Canadians live in urban areas, and several Canadian cities are larger than almost half the provinces and territories, cities are now the places where many of the most pressing challenges of economic and social development are located. Yet, Canadian municipalities exist in a set of intergovernmental relations that were designed in the 19th century. Constitutional arrangements deem city governments “wards” of the province. They also include, however, the quite modern notion that municipal government has the best knowledge of the needs of local populations, and is the level at which participation can most easily occur. For these reasons, municipal government should be as democratic as possible.

In practice, the tension between provincial stewardship and local knowledge has meant that municipal governments are often caught between two “masters” – the province and the voters. This is a situation that confuses the lines of *democratic accountability*. Moreover, all three levels of government have policies and programs in major policy domains with important impacts on urban areas, including transportation, health, education, and social policy, just to name a few. To date, however, there is no coherent agenda and little systematic intergovernmental collaboration or coordination around these issues that aim to renew *intergovernmental governance practices* for the new times.

There is no denying that these are complicated issues. But it is no longer possible to retreat behind the often-heard position that intergovernmental arrangements designed for the 19th century, or social policy imperatives devised for the final decades of the last century, must be maintained simply because reform is hard to achieve. Thorny as the issues of accountability and intergovernmental relations are, the time to confront them has come.

This Discussion Paper takes up this challenge, using *child care* as a lens to examine governance relations, both democratic and intergovernmental. Customarily, urban analyses focus on issues relating to the physical infrastructure of cities. When used as a window on the growing importance of place in public policy, *child care services* provide a very instructive point of entry for considering how modernized governance relations might better promote the sustainability of the *social infrastructure* of cities.

1. Children’s Services – Patterns and Practices of Accountability

The first section describes the patterns and responsibilities of governments in Canada with respect to early childhood initiatives and education, both in general and then in more detail from the perspective of three cities: Toronto, Hamilton and Vancouver.

Until the 1960s, most public involvement in child care came from municipal authorities. Then in 1966 the establishment of the shared-cost Canada Assistance Plan (CAP) brought both the federal and provincial governments into the field. Over time, and as demand for child care increased dramatically, most local governments *lost* the capacity to intervene and to be a partner in these areas. Some provinces continued to seek local partners from the non-profit sector, to be

sure, but the municipal level of government, except in Ontario, now has *no claim* to participate, despite the importance of child care services for the country's future well-being and capacity to meet the needs of its citizens.

Seen from the standpoint of many cities, current intergovernmental arrangements create dilemmas, as well as policy blockages and democratic deficits. The Social Union Framework Agreement may have opened a new chapter in federal-provincial arrangements and in social policy design, but it has done nothing to modernize the full set of intergovernmental relations.

Yet, achieving this modernization means confronting a real puzzle. Local governments do have access to local knowledge about citizens' needs and preferences. They also have democratic commitments to respect and fiscal responsibilities to meet. However, from the 1960s on, provinces have centralized services because they – quite correctly – recognized that equity was being undermined by the existing decentralization. Not all municipalities have the same resources and therefore the same possibilities to deliver services to their citizens. Moreover, provincial governments also have promises to live up to, promises that may be at variance with the preferences of a sub-section of the population living in a particular city. This may lead them to centralize.

As policy goals, respect for diversity and equitable provision of services are sometimes in competition, as are the mandates derived from different elections and electoral jurisdictions. The result is no false problem, but a real political conundrum that needs to be confronted and resolved. The first section concludes that there are no easy answers to the thorny issue of balancing decentralization of services and equity. More thought is needed.

2. *The Balancing Act of Central-Local Governance Relations*

The need to go beyond simplistic assertions to analysis led us to search both in Canada and abroad for ways of addressing this conundrum. This section focuses on three exemplary cases to demonstrate some lessons about the dilemmas of governance, and particularly intergovernmental relations. The cases have been chosen because each calls into question the *universal validity* of three common assertions about the dangers of decentralizing authority in the Canadian system of governance. In so doing, the cases also demonstrate the *possibility of avoiding* the dangers implied in the following three assertions:

- That decentralization will automatically foster more integrated services.
- That decentralization will necessarily undermine equity.
- That Canada's constitutional arrangements make it impossible for municipalities to have a direct relationship with the federal government.

The first case study provides a brief examination of the United Kingdom's recent efforts to expand the availability of child care services. It serves as an example of a unitary state, albeit one which is now engaged in significant devolution, that has decided to take an active role in ensuring that early childhood development services, including child care, will be available, both as a targeted program and as a universal entitlement. Responding to the diversity of local needs is a key goal. Our conclusion after reviewing this case is that giving local governments greater space to act is *not enough*. Decentralization will not automatically foster more integrated services. Adequate mechanisms for integration and co-ordination must also be in place, in addition to reliable sources of funds. Partnerships work where there is energy and entrepreneurial skill, but where these qualities are absent, program implementation and success are less forthcoming.

Many skeptics fear that decentralization of responsibility for social services will lead to weaker commitments to equity as a principle of social policy, and such fears are not without foundation. Nonetheless, the second case study provides an example of an experience of decentralization where equity was not undermined. The Swedish case is one in which the use of block grants and significant fiscal autonomy for municipal governments has been promoted in order to allow local authorities to make choices addressing the needs of their voters and citizens. Nonetheless, through judicious use of three governance instruments, the central government has been able to maintain a national level commitment to equity across social groups and across space. These instruments are legislation, regulation and the structuring of financial transfers.

The third set of case studies demonstrates that Canada's constitutional arrangements do not render impossible a direct relationship between cities and the federal government. In the years of the Canada Assistance Plan some municipal governments in Alberta received the federal government's share of funding for child care, and then used their own funds to match that contribution, because the provincial government did not wish to do so. The province was willing, however, to be flexible, and to allow such "flow through" funding to occur. More recently, in other social policy areas, there have been examples of municipal authorities being brought into inclusive governance processes. The *Supporting Communities Partnership Initiative* (SCPI), directed at combating homelessness, provides only one example among several.

This second section demonstrates that the oft-repeated generalizations about the dangers of rethinking relations of accountability and intergovernmental decision-making may hold true, but they are not always valid. The most important factor in determining whether a "danger" or an "impossibility" exists is *political*, not constitutional or institutional.

3. Moving Forward in Governance Arrangements: Bringing Cities to the Table?

This last section draws out lessons from the analysis developed in Sections 1 and 2.

The *first lesson* is that a workable policy mix is one that ensures equity. The results of the 2001 Organisation for Economic Co-operation and Development study of twelve participating countries, on which this Discussion Paper draws, assigns the task of finding the necessary balance between diversity and equity to central governments. So, too, do businessman Charles Coffey and the Honourable Margaret McCain in their report on child care services prepared for the City of Toronto in 2002. That an international organization focused on economic development, and the government of Canada's largest city, see a commitment to equity as a necessary investment in the future is telling. They are joined by many others – in the European Union, the United Kingdom, and across Canada – who agree that ensuring access to services for all children today, in the name of equity, is an investment that will pay dividends in the present and future for us all.

According to such arguments, any governance process that sacrifices equitable standards across geographical space simply to achieve local preferences (whether provincial or municipal), or to solve financial challenges (such as deficit reduction), will actually weaken the capacity of Canada's cities to succeed in the new economy and the future.

The *second lesson* is that there is a trade-off between equity across space and local knowledge of needs. This is a real conundrum. Too much movement in either direction could provoke either fragmentation or excessive control by the centre. The only way to arrive at a sustainable equilibrium is through careful discussion followed by implementation, rather than empty promises left unfilled. The United Kingdom example also demonstrates that commitments at the centre, no matter how excellent, can falter when the capacity of the local actors is not supported by sufficient funding or sustained leadership. Too much belief in the mythical power of “local knowledge” can have unfortunate results.

A *third lesson* from the cases reviewed here is that a variety of instruments are needed to achieve a useful balance between equity and decentralization. If the Canada Assistance Plan ultimately resulted in provincial dominance over municipal governments in all provinces, a number of cases of territorial experimentation did work, at least for a time. One such experiment was permitted by a province unafraid of some measure of municipal autonomy, and it provides a useful example of how a direct “flow through” relationship between federal and municipal governments might work. Sweden provides a second example of a strong central government that uses a variety of instruments to achieve national goals, while leaving room for local authorities to exercise both real financial autonomy and policy choice.

The *fourth lesson* to be derived from this analysis is that “cross-silo” thinking – that is, thinking that goes beyond the established parameters of relationships and bridges different policy fields – is most likely to produce situations in which governments are willing to engage with a range of partners. The experiences of Vancouver and the cities of the United Kingdom demonstrate that

forward motion is possible when all levels of government act with good will and a shared commitment to the same goal, irrespective of constitutional limits to powers or funding constraints.

Finally, the *fifth lesson* suggested by this overview of governance relations is that trust among governments is key. In multilevel governance situations, whether in countries with federal or unitary systems of governance, elected officials “share” voters. A real democracy therefore demands that each level of government take into account the democratic commitments of the others, as well as the fact that commitments made by smaller communities might weigh on larger ones, and the “majority” does not always hold truth in its hand.

Indeed, reconciling the different democratic mandates of municipal, provincial and federal governments may pose the greatest challenge for those seeking more effective governance relations. As the case of child care policy in Canada and Europe shows, much depends on taking into account the growing importance of “place.” In the end, finding a way to bring cities to the intergovernmental table may well be a necessity for us all.

Key Words: intergovernmental relations, federal-provincial relations, municipalities, child care, democratic accountability, governance practices, equity, cities.