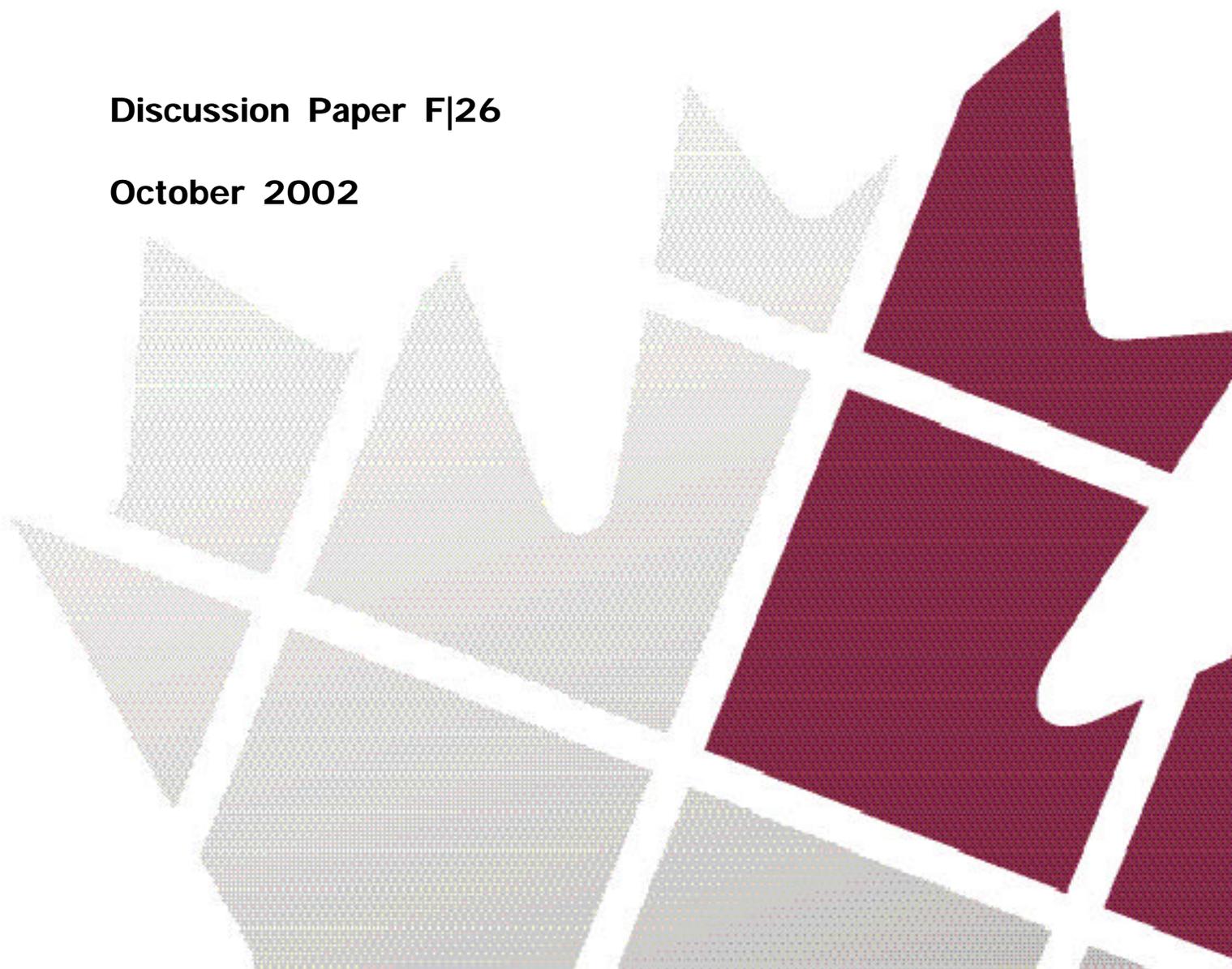


Bringing Cities to the Table: Child Care and Intergovernmental Relations

**Jane Jenson
Rianne Mahon**

Discussion Paper F|26

October 2002



Canadian Policy Research Networks Inc. (CPRN)

600 – 250 Albert Street, Ottawa, Ontario K1P 6M1

Tel: (613) 567-7500 Fax: (613) 567-7640

Web Site: <http://www.cprn.org>

**Bringing Cities to the Table:
Child Care and Intergovernmental Relations**

By

Jane Jenson

and

Rianne Mahon

Foreword

The growing interest and concern about Canada's urban areas has provoked a recent wave of research papers and policy conferences in and about our cities. CPRN has chosen to contribute to this lively discourse by playing an integrative role – linking research and policy communities across Canada, across jurisdictions, and across disciplines.

The first paper in the CPRN series by Neil Bradford (*Why Cities Matter: Policy Research Perspectives for Canada*, June 2002) reviewed a wide range of literatures to conclude that policy and government challenges are both vertical and horizontal. They are vertical because city-regions are strongly influenced by municipal, provincial, and federal governments, as well as international institutions. They are horizontal because it is important to link city-region networks from inner city to suburbs to rural hinterland.

This paper continues the series, providing an applied perspective. By examining the experience with the design and delivery of child care services, the paper draws on both the Canadian situation and findings from other countries. The policy puzzle is how to ensure a measure of equity in access and quality of service across the broad population, while ensuring that services are responsive to local needs and preferences. In more abstract terms, this presents classic challenges to democratic accountability and intergovernmental governance practices.

The core of this challenge is the trade-off between equity across space and local knowledge of needs and preferences. The diverse jurisdictions examined in this paper have grappled with this trade-off in different ways. Taken together, they demonstrate that a variety of instruments can be used to balance these two conflicting goals. A major lesson from these experiences 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.” To achieve this mutual respect, Canada and the provinces must bring cities into policy making, hence the title of the paper: “Bringing Cities to the Table.”

I wish to thank Jane Jenson and Rianne Mahon for the way in which they have explored the experiences of other jurisdictions as well as providing an overview of the Canadian context, in order to draw out the five key lessons listed in their conclusion. I also wish to thank the Social Development and Administration Division and the Children's Services Division of the Community and Neighbourhood Services Department, City of Toronto, for their support for a study in 2001. That work allowed these researchers to build on and extend their analysis and produce this new study.

Judith Maxwell
October 2002

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.

Contents

Foreword	i
Executive Summary	ii
Contents	vii
Tables	vii
1. Children’s Services – Patterns and Practices of Accountability	4
1.1 Intergovernmental Relations Under CAP: Squeezing Out the Cities	5
1.2 Still in the Shadow of CAP: Intergovernmental Relations and Child Care since 1995	7
1.3 The Tension between Stewardship and Local Democracy Seen through the Eyes of Three Cities	12
<i>Toronto</i>	12
<i>Hamilton</i>	14
<i>Vancouver</i>	15
<i>The Issues Catalogued</i>	16
2. The Balancing Act of Central-Local Governance Relations	18
2.1 United Kingdom – Decentralization is Not Enough	18
2.2 Sweden – Decentralizing within an Equity Agenda	21
2.3 Thinking Outside the Box – Spaces for Canadian Municipalities?	24
<i>“Flow Through” Funding: Federal-Municipal Relations under CAP</i>	24
<i>Some Examples from Other Policy Domains</i>	25
3. Moving Forward in Governance Arrangements: Bringing Cities to the Table?	27
Bibliography	29
CPRN Funding Sources	33

Tables

Table 1. Responsibility for Child Care in Canadian Provinces	9
--	---

Bringing Cities to the Table: Child Care and Intergovernmental Relations

Numerous actors in the public, private and voluntary sectors are beginning to reassess the contribution of cities to economic and social innovation, as well as to social justice. Urban regions, and the cities in them, are increasingly seen as primary locations for building well being. There is therefore a good deal of concern about the sustainability of their infrastructures, the challenge of governing them, and the quality of their democratic health. At a time when over 80 percent of Canadians live in urban areas, and several Canadian cities are larger than several provinces and house a significant proportion of their own province's population,¹ cities are now the places where many of the most pressing challenges of economic and social development are located.

Canadian municipalities exist in a set of intergovernmental relations that were designed in the 19th century, when many more people lived in rural than urban areas. Although these constitutional arrangements deem city governments "wards" of the province, they also include the quite modern notion that municipal government, as the level that best understands the needs of local populations and where participation can most easily occur, should be democratic. In practice, this tension between provincial stewardship and local democracy 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*, especially as provinces compel cities to deliver programs and spend in particular ways.

Federal-provincial relations have continued to develop since the modern social policy was put into place in the 1940s, but the significance of Canada's overwhelmingly urban population growth since the 1960s has yet to translate into renewed *governance practices* that include municipal governments. All three levels of government have policies and programs in major policy domains that have important impacts on urban areas. These include 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.

A consensus is nevertheless emerging that, in order to ensure the sustainability of urban Canada, the federal-provincial table must make room for the representation of municipal governments. At the opening plenary of the Policy Research Initiative Conference in December 2001, for instance, Anne Golden of the Conference Board of Canada argued that "a national agenda for cities" that revisits current financing practices is needed because the "the current model is unsustainable."² In a similar way, the Interim Report of the *Prime Minister's Caucus Task Force on Urban Issues*, reporting in April 2002, called for a new relationship among the orders of

¹ According to the 2001 Census, the cities of Toronto and Montreal are larger than each of the four of the Atlantic provinces. Indeed, the City of Toronto, at 2.4 million people, is larger than all four *combined*. The City of Toronto is home to 20 percent of Ontario's population, while 24 percent of Quebec's population lives in one city, Montreal. Fully 16 percent of the Canadian population lives in the GTA (Greater Toronto Area).

² See *Horizons – Sunrise Issue* available on http://policyresearch.gc.ca/docs/horsunrise_3_01_e.htm

governments that would see “elected officials working together to meet their objectives and responsibilities.”³

It is no longer possible to retreat behind the position that intergovernmental arrangements designed for the 19th century and social policy imperatives devised for the final decades of the last century must be maintained into the future, 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 the issues of democratic accountability and governance practices, placing them squarely in the context of this emerging notion that Canadian intergovernmental relations need to be modernized so as to ensure the sustainability of both the social and physical infrastructures of cities. According to Neil Bradford (2001: 17), adaptations of decision structures represents an important shift away from the “Keynesian space” that dominated Canadian public policy making from the 1940s through to the 1970s. That “Keynesian space” was one in which:

the social knowledge underpinning this postwar settlement contained a number of specific assumptions about the spatial dimensions of public policy. Most fundamental was the emphasis on the national scale as the crucial arena for policy development. The tragedies of the worldwide Great Depression were understood to have been amplified domestically by political fragmentation and constitutional rigidities.... The formerly fractured economic regions, quarrelsome provinces, and hapless municipalities could be drawn together, and reinvented for policy purposes by robust country-spanning administrative structures and authoritative federal institutions.

The goal in these decades was ensuring some degree of equity across space, under federal leadership and direction (Jenson, 2001: 9-10). Local knowledge was considered less important. Since the 1970s, ideas have shifted significantly, and there is both a greater value placed on “the local” and an ongoing search for better intergovernmental practices.

This Discussion Paper uses *child care* as a lens to examine governance relations, both of democracy and intergovernmental. This represents a departure from customary urban analyses, which have typically focussed on issues relating to the physical infrastructure of cities, such as land use, transportation, and housing. Yet, 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 intergovernmental relations might better promote the sustainability of the *social infrastructure* of cities.

³ Interim Report of the *Prime Minister's Caucus Task Force on Urban Issues* (Sgro Report), April 2002, p. 8. See <http://www.liberal.parl.gc.ca/urb/>

As a policy field in which current pressing needs intersect with efforts to lay the groundwork for successful innovation in the future, child care occupies a central position in the widening spectrum of policy themes focussed on cities, including innovation in the knowledge-based economy under conditions of globalization; the need for new patterns of governance; building partnerships between public and private actors that include the voluntary or third sector; social inclusion; and so on.

In recent years, issues around services for children have become key drivers in the process of rethinking relations between the federal and provincial orders of government in Canada, as well as a litmus test for the proposition that “place matters.”⁴ For example, a central feature of the National Child Benefit (NCB), as well as the Social Union Framework Agreement (SUFA), is a commitment to the decentralization of policy choices. The NCB represents an agreement among federal, provincial and territorial governments on the broad parameters of reform, but leaves to each province decisions as to how to design and implement new child benefits and services. Such an approach explicitly recognizes the diversity of circumstances, values and ways of doing things that exist across the country, and represents a decisive move away from earlier notions about the advantages of common standards and oversight by the federal government.⁵

Even so, recognition of the local has not automatically translated into a place for municipal government at the tables where intergovernmental arrangements are made and remade. Jurisdictional decisions made for 19th-century Canada, and governance practices developed in more recent times to eliminate deficits, account in part for this pattern of exclusion. Outmoded relations of subordination to provincial governments, or lack of fiscal capacity, also hamper the full participation of municipalities as democratically-elected bodies representing citizens. Yet, without proper attention to relations among *all three* levels of government, and to issues of local democratic accountability, promising initiatives such as the NCB and SUFA may not realize their full potential.

Therefore, in order to contribute to the current discussion, this Discussion Paper uses the *example of child care* to shed some light on possibilities for the redesign of intergovernmental relations and responsibilities, as well as of policies.⁶ It proceeds in the following way. The first section describes the patterns and responsibilities of governments in Canada with respect to early childhood initiatives and education. It then considers these arrangements from the perspective of three cities: Toronto, Hamilton and Vancouver. The second section looks at other jurisdictions – Canadian and non-Canadian, contemporary and historical – to draw out comparative perspectives. Finally, the third section suggests some possible directions for the way forward.

⁴ Of course, they also represent a lot more, including an explicit trade-off, in which “in exchange” for cutting income transfers to the provinces, the federal government “allowed” greater decentralization in decision-making.

⁵ This might be considered an example of practices occurring elsewhere. For example, one of the conclusions of a systematic comparison of four national histories of recent child care reforms was that “decentralization” characterized all of them – from Sweden through France, Belgium and Italy (Jenson and Sineau, 2001: Chapter 9). Martin *et al.* have termed this “territorial experimentation” (1998: 166).

⁶ That we are at a moment of *redesign* and not simply cut-backs or retrenchment, is proposed by Jenson and Sineau (2001: Chapter 1). As such, it is a concept that goes beyond those of “recasting” social policy (Ferrara and Rhodes, 2000) and is closer to the notions Bruno Palier (2000) treats as “defrosting.”

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

While services for children may be an unusual entry point into discussions of governing cities, it is not a random choice, precisely because of the consensus that exists about the importance of such services. An accord has emerged over the last decade on the need for high quality child care, as part of successful early childhood development. Educationally appropriate early childhood education is key to achieving the future possibilities of a knowledge-based economy, as much as is it is needed in the present to foster healthy child development and allow parents to balance work and family life.

Everyone from experts on brain development to economists, sociologists, human relations experts, and child development specialists and educators recognize that child care services form a vital part of our social infrastructure. Governments in many countries and many jurisdictions have come to this recognition (Mahon, 2002: 5ff). The Organisation for Economic Co-operation and Development (OECD) has also advanced this agenda with its 2001 report, *Starting Strong: Early Childhood Education and Care*. For its part, in writing of risks of social exclusion, one of the main institutions of the European Union says: "There is a considerable body of international research which demonstrates that subsequent performance in education is strongly influenced by early developmental experiences and that well targeted investment at an early stage is one of the most effective ways of countering educational disadvantage and literacy problems" (European Council, 2001: 72). Canadian governments as well have been working for several years on the National Children's Agenda, which is identified as a foundation stone of the *Learning Agenda* for the knowledge-based economy (Canada, 2002: 8-9 and Chapter 2).⁷

Such social knowledge has generated, in its turn, an alternative paradigm for thinking about the division of labour between the family and the community. Alongside the "family responsibility" paradigm of the post-1945 years, is a second one that proposes sharing responsibility for children's well-being between families and public authorities. As the OECD (2001: 40) puts it: "There has been a shift ... toward a view of children's early care and education as a shared responsibility between the family and the state, and not just for the family alone to bear."⁸

Intergovernmental responsibilities have also been altered. In this section, we briefly describe the ways that the provinces came to organize their relationships with municipalities and regional bodies around child care services when a pan-Canadian regime – the Canada Assistance Plan (CAP) – was in place. Even though it has been dismantled and replaced by the Canada Health and Social Transfer (CHST), provincial-municipal relations for child care are relatively unchanged from the last years of CAP. Most changes had occurred earlier. Second, we look at these arrangements as they appear from the standpoint of policy-makers at the municipal level, whose participation in the federal-provincial discussions that produced them was limited.

⁷ In addition to these governmental statements, see the influential studies done for Quebec (MSSS, 1991), Ontario (McCain and Mustard, 1999) and Toronto (Coffey and McCain, 2002).

⁸ This notion of two different paradigms has been developed in Beauvais and Jenson (2001). Ruth Lister (2002: 10) points out that the recent changes to child care policy in the United Kingdom "represents the first time that government has accepted that childcare is a public as well as a private responsibility."

1.1 Intergovernmental Relations Under CAP: Squeezing Out the Cities

Neither the federal nor provincial governments were involved in the financing, provision and regulation of child care until relatively recently. From the 19th century on, non-parental child care arrangement, in the form of “day nurseries,” were the responsibility of local charities, both faith-based and secular, sometimes with the support of local governments. They were often designed to educate children of immigrants to “Canadian values” and often were employment agencies, arranging for the mothers to take low-wage employment or work as domestics while providing for their child care needs. In early 20th-century Vancouver, for example, a City Creche served as both a child care centre and an employment agency (Atkin, 2001: 37, note 5 and *passim*).

During the Second World War, the federal government briefly became involved in order to facilitate recruitment of married women into the labour force as part of a wider effort to expand the country’s labour pool depleted by war. In 1942 it set out the terms under which funding would be available in the wartime manufacturing centres, especially the cities of Toronto and Montreal. In Quebec, where the Union Nationale government and the Catholic Church were hostile to non-parental care, it was primarily voluntary agencies in the anglophone Protestant and Jewish communities that provided child care services (Desjardins, 1992: 34). In Ontario, however, “all three levels of government were drawn into child care funding and provision, without any level having clear or primary responsibility” (Prentice, 1993: 66; see also Pierson, 1986).

When the federal government terminated its financial support at war’s end, only in Ontario were child care advocates able to persuade the provincial government not to abandon the field completely.⁹ The 1946 *Ontario Day Nurseries Act* established a regulatory framework and rules for cost-sharing with local authorities that were prepared to offer child care services. This would remain the only legislation in any province for two decades.¹⁰ Once again, child care was, at best, a local concern.

The lack of involvement by federal and provincial governments was consistent with the dominant paradigm guiding policy. The “family responsibility” paradigm assumed that parents were responsible for all decisions, *unless* they put their children at-risk. In the early postwar decades, moreover, it was also assumed that a particular kind of family – with fathers as breadwinners and mothers as homemakers – was capable of shouldering such responsibility. The second key idea was that the state would intervene to provide services only under a limited set of circumstances, in particular to aid individuals and families in need. It was a “residual” actor.

⁹ On the politics of child care at the national level in the immediate postwar years, see Finkel (1995).

¹⁰ In 1965 the BC government established a voluntary registry of family child care providers. In 1966 the Alberta government passed the *Preventive Social Services Act* which supported and encouraged municipalities to establish services such as child care. In 1967 Nova Scotia passed its *Day Nurseries Act* and in 1968 Newfoundland’s *Welfare Licensing Act* allowed the provincial government to license child care facilities (Pence, 1992: relevant provincial chapters).

In the 1950s and 1960s, services offered by local charities were considered sufficient to meet the child care needs of those few mothers who had *no choice* but to work or of children deemed “at-risk.” In this way, *some* women were enabled to work and *some* “disadvantaged” children were helped. By the 1960s, however, Social Planning Councils in several cities shared a growing awareness that demand for non-parental child care was outpacing the capacity to supply it.¹¹ At this time, too, several of the provinces had launched provincial inquiries that documented, *inter alia*, a growing need for welfare services (including child care) that was taxing the capacities of municipal and local voluntary agencies.¹²

The 1966 Canada Assistance Plan (CAP) was a major move to involve provinces in the provision of basic services; it offered 50-50 federal-provincial cost-sharing in order to ensure a “fair and equitable” measure of comparability in service provision across the country. Although the intent of CAP was not to displace the municipalities from social service provision, because it involved only the “senior” levels of government, eventually it resulted in almost all province’s taking over control of social services, including day care subsidies for low-income families.

From 1966 on, then, direct public financing of child care *services* was clearly defined within a “welfare” framework.¹³ Federal and provincial governments would only directly subsidize the child care services of those “in need or in danger of becoming in need” (Mahon and Phillips, 2002: 191-92). In other words, child care subsidies covered with CAP funds were targeted only to low-income families. Moreover, because “the CAP system left the initiative to the provinces, [it] allowed a very uneven development of child care across the country, in coverage as well as form” (Mahon and Phillips, 2002: 192).

Under CAP, provincial governments could choose whether and how to support local welfare services. Initially, all three levels of government were involved in Alberta, Manitoba and Ontario. Then, with its Child Day Care program in 1975, the Manitoba government took over responsibility for monitoring and financial support for daycare (Friesen *et al.*, 1992).

¹¹ Studies by several Social Planning Councils documented the growing need for non-parental child care. The Family and Child Welfare Division of the Canadian Welfare Council formed a national network linking these local activities (Finkel, 1995; Mahon, 2000). In other countries as well, the 1960s brought increased attention to child care, not only for children “at-risk” but also for the growing number of children whose mothers were joining the paid labour force (Jenson and Sineau, 2001).

¹² When large numbers of women entered the workforce in the 1970s and demand for child care services increased, the federal government’s response challenged neither the welfare paradigm of child care for the needy few formalized through CAP, nor the family responsibility paradigm that had shaped attitudes toward child care services for the majority for most of the century. In 1971 the Child Care Expense Deduction (CCED) was included in the *Income Tax Act* to offset some costs of non-parental care. Finding and paying for a child care service remained parents’ responsibility, as did the decision about whether it would be licensed care or informally provided. The CCED could be used to pay for any quality of care, regulated or unregulated. The only requirement was that the provider issue receipts for tax purposes.

¹³ The OECD’s *Starting Strong* (2001) is only the most recent study to insist on the importance of initial decisions about whether to treat child care as a welfare or as an educational program. Its location in one policy sector or another had significant consequences for the families served as well as for the content of the programs.

While Alberta's 1966 *Preventive Social Services Act* encouraged and supported the growth of municipal child care services, the provincial government had assumed control of child care for pre-school children by the early 1980s (Langford, 2001). The dominant model became and remains centralization of regulatory and financial responsibility *in the hands of the province*, as Table 1 shows.

The result has been that since the 1960s – the period in which demand for child care has increased dramatically and full recognition has spread of the importance of quality care in pre-school years – most local governments have *lost* the capacity to intervene and to be a partner in these areas. Some provinces continue to seek local partners from the non-profit sector, to be sure, but the municipal level of government, except in Ontario, has *no claim* to participate, despite the importance of the service for future well-being and capacity to meet the needs of its citizens.

1.2 Still in the Shadow of CAP: Intergovernmental Relations and Child Care since 1995

The centralization to the provincial level that characterized the CAP era continues, although CAP was replaced by the Canada Health and Social Transfer (CHST) in 1996. Currently in British Columbia a few municipalities can plan and develop child care services. In Alberta the cities have discretion over programs for school-age children.¹⁴ In Quebec and Alberta (for all age groups) the province sets standards and transfers funds, while regional bodies establish priorities, develop service plans, and allocate funds to programs. Only in Ontario does child care remain a shared provincial-municipal responsibility.¹⁵ And in that province, as we will see, the municipalities¹⁶ are significantly constrained in the choices that they can make about how to spend the portion assigned to them.

When the federal government cancelled CAP and instituted the CHST, fundamental changes in intergovernmental relations occurred. In particular, the federal government offered a *de facto* “swap.” It cut the funds transferred to the provinces for social and health services and, in exchange, offered provinces greater discretion over how to spend the funds. This amounted to a significant increase in the amount of policy space for decentralization, and for “territorial experimentation.” The National Child Benefit (NCB) instituted in 1998 and the Early Childhood Development (ECD) Initiatives that received an infusion of funds from the federal government in September 2000 have been the laboratory for territorial experimentation in social policy.

¹⁴ If a municipal government chooses to become involved in school-age programs, they may be provided as contracted services and up to 20 percent of the cost may be contributed by municipal governments. The provincial government allocates some funding to municipalities to be used for out-of-school subsidies under the Family and Community Support Services Program. Although there are no provincial regulations for school-age child care, several municipalities have developed their own.

¹⁵ Until recently in Ontario, however, municipal provision remained discretionary so there were areas of the province where municipalities were unable or unwilling to contribute their 20 percent. In those cases, the province could bypass the municipality by designating licensed programs “provincially approved corporations.” The latter then assumed the municipality’s share of the costs (Kyle, 1992: 389).

¹⁶ Formally, it is Consolidated Municipal Services Managers that have this responsibility but, for the larger cities, their jurisdiction corresponds to municipal borders.

The NCB and ECD Initiatives have the same structure. After initial intergovernmental agreement, and basic decisions about areas of action, provincial and territorial governments are responsible only for reporting their program choices and spending decisions to the others. They must report annually on their “reinvestment” plans under the NCB, that is, how they are spending their money.¹⁷ There is no compulsion, however, in this new social union to follow the same road to meet common goals. Provinces have complete latitude to develop their strategy and to institute the policies and programs that they judge will achieve these goals.¹⁸ As Charles Coffey, an executive Vice-President of the RBC Financial Group, and the Honourable Margaret McCain, a former Lt.-Governor of New Brunswick, point out in a recent study, the notion of a pan-Canadian equity-based model has practically disappeared (Coffey and McCain, 2002: 19):

Child care became a casualty of the accord when Ottawa stepped back from its original position to require spending in all four target areas. Only six of Canada’s 13 jurisdictions put any federal money toward child care, accounting for less than 10 per cent of the first \$300-million portion. The multiple-choice nature of the agreement allows the funding to dissipate rather than encouraging an all-inclusive approach to early childhood development that would produce measurable outcomes.

Some provinces retain the “welfare” orientation that underpinned the family responsibility model, with consequences for access to services. Ontario’s perspective, for example (Coffey and McCain, 2002: 17) is the following:

Provincial policy makes a clear distinction between “child care” and “child development.” Care is seen as a parental responsibility with government intervening only to support the labour market participation of low-income families. Targeted payments – such as those available to offset the costs of nonparental care for Ontario Works recipients or the Ontario Child Care Supplement for Working Families - are the products of this viewpoint. The availability of care, or its quality, tends to be marginalized, particularly when the objective is the employment of single parents.

Children’s services, including child care, *have* provided a policy domain in which the 14 governments involved in federal-provincial-territorial relations have been able to experiment with new policy patterns and practices over the last six years.¹⁹ Yet cities – the places where the vast bulk of child care is delivered and other early childhood services are provided – have not been at the table for the social union discussions. Just as in the older intergovernmental arrangements governed by CAP, municipalities remain “creatures of the province.” SUFA has not modernized the patterns of responsibility *within* provinces, that is between the provincial and municipal governments.

¹⁷ In Ontario, because municipalities are responsible for 20 percent of costs, they share in the responsibility for developing “reinvestment” plans.

¹⁸ The wide latitude available is seen in the reports of the first year of the ECD Initiatives. Every other province but one signaled its intention to invest at least some ECD money to enhance child care services. Ontario, however, chose other routes, and promised no new money for child care. Ontario has opted to use ECD money for provincial programs in health (\$20 million to autism programs, for example), and then to distribute funds across a wide range of other provincial programs. Conspicuous in its absence on this long list of provincial programs is child care (HRDC, 2001).

¹⁹ Quebec is not a signatory to many of these agreements but does participate in policy discussion through its observers.

One result is that city governments are increasingly unhappy about the limits on their decision-making authority and their lack of policy capacity to provide the kind of services and urban environments, including those in which healthy diversity exists, that will take them successfully into the globalized world. Many municipal governments have promised their voters they will lead the city into the global environment by providing all the necessary tools for success. Quality child care services are, among others, key to ensuring that the population is prepared for the future as well as a way to maximize the advantages and minimize the threats to social cohesion of a diverse population base. Yet, the municipal governments have been unable to deliver on this aspect of their promises; they lack the policy space to do this.

**Table 1
Responsibility for Child Care in Canadian Provinces**

Province	Municipal Role	Administration
British Columbia	There is no legislated municipal role. The City of Vancouver and some other municipalities play a role in planning and developing child care. Municipalities may choose to invest in child care.	The Ministry of Community, Aboriginal, and Women's Services has responsibility for coordination of child care policy and funding for child care programs. The Ministry of Human Resources administers the Child Care Subsidy program, delivered regionally by local Financial Assistance Workers. Ministry for Children and Family Development manages the Supported Child Care Program. The Ministry of Health is responsible for licensing, monitoring and enforcing compliance with the regulations, certifying early childhood educators, approving early childhood training programs, and developing policies and procedures specific to program licensing and certification of early childhood educators. Licensing and monitoring is done through regional health boards.
Alberta	Until 1980, municipalities paid 20 percent of the cost of subsidized care. In 1980, the province took over full funding of subsidies as well as the administration of child care for children up to 6 years. Under the Family and Community Support Services Program (FCSS), local FCSS Boards or municipal councils may choose to provide funding for out-of-school program subsidies in their communities. One of the key principles of the FCSS Program is local autonomy in priority setting and resource allocation. The provincial government provides 80 percent funding to municipalities for preventive social services programming, wherein municipalities are required to match the province's 80 percent share with a 20 percent municipal contribution. Currently, there are no provincial regulations for school-age child care. However, several municipalities have developed their own.	In April 1999, Alberta established 18 regional Child and Family Services Authorities (CFSAs). The authorities assumed responsibility for the delivery of provincial social services including child care. A community board appointed by the Minister of Children's Services to oversee the work of the Authority in each region manages each CFSA. Alberta Children's Services allocates funding to each CFSA that, in turn, funds local service delivery and provides accountability for expenditure of public funds to the Ministry. The Children's Services Ministry regulates the standards for delivery of day care centres, nursery schools and drop-in centres. Program standards are also established for the operation of a contracted family day home agency system.

Table 1, continued
Responsibility for Child Care in Canadian Provinces

Province	Municipal Role	Administration
Saskatchewan	Saskatchewan legislation provides for child care centres administered by municipalities. As of 1998, only one centre had been licensed under this provision.	The Child Day Care Branch in the Department of Social Services administers the legislation and is responsible for initiating new child care services, providing consultation, and developing standards and training. Monitoring, licensing, and consultation are provided regionally through two regional offices and five sub-offices.
Manitoba	There is no legislated municipal role for the delivery or operation of child care.	<p>Child Day Care, Manitoba Family Services and Housing, oversees the operation of child care in the province. Specifically, the Child Day Care office:</p> <ul style="list-style-type: none"> • Licenses and monitors child care centres and family day care homes according to <i>The Community Child Day Care Standards Act</i> and Regulations; • Provides grants and program assistance to eligible child care facilities; • Works to place children with special needs into child care settings through the Children with Disabilities Program; • Classifies all early childhood educators who work in licensed child care facilities; • Assigns a day care coordinator and subsidy clerk to work with each licensed facility; and • Provides subsidies for child care fees to licensed facilities for families who qualify. If a family qualifies, the Child Day Care program will pay part of the child care fees to the child care facility and the family will pay the rest. <p>The Child Day Care Branch, Department of Family Services, is responsible for licensing group and family child care and providing fee subsidies and operating funding to eligible centres and homes. The Winnipeg office and eight regional offices are responsible for monitoring and licensing programs.</p>
Ontario	Responsibility for managing the delivery of child care has been transferred to 47 delivery agents known as Consolidated Municipal Service Managers (some delivery agents in the north are known as District Social Services Administration Boards). Municipalities also operate services.	<p>The Ministry of Community, Family and Children's Services, is responsible for developing policy and legislation, coordinating planning, licensing programs, determining compliance with the regulations, and funding on a cost-shared basis with CMSMs. Forty-seven Consolidated Municipal Service Managers (which in most cases are the municipalities) and Native Bands administer fee subsidies. Delivery agents are responsible for 20 percent of the approved costs of fee subsidies. Delivery agents determine the rates and may allocate a specified number of subsidized places to a particular program.</p> <p>The Ministry of Community, Family and Children's Services is a decentralized ministry. Licensing and monitoring of programs is the responsibility of nine Regional Offices. The Early Years and Healthy Child Development Branch is responsible for policy and legislation development. Consolidated Municipal Service Managers are required to develop local service plans, including service targets and levels, according to provincial guidelines on local service planning.</p>

Table 1, continued
Responsibility for Child Care in Canadian Provinces

Province	Municipal Role	Administration
Quebec	There is no legislated municipal role for the development or delivery of child care. Municipalities may no longer hold licenses to operate child care facilities.	The <i>Ministère de la Famille et de l'Enfance</i> is responsible for setting standards and regulations, the administration of legislation and grants, and the coordination of the child care system across the province. The Ministry of Education is responsible for child care services for school-age children. These are provided by school boards for children attending kindergarten or elementary school. Quebec uses a province-wide planning process, in <i>Conseils régionaux de développement</i> , through which representatives from municipalities, social services, and child care organizations set priorities by region.
New Brunswick	There is no legislated municipal role for the development or delivery of child care.	The Family and Community Social Services division in the Department of Family and Community Services is responsible for the provincial coordination of the Day Care Services Program. Regional offices approve and monitor child care programs.
Nova Scotia	There is no legislated municipal role.	The Early Childhood Development Services Section of the Family and Children's Services Division of the Department of Community Services is responsible for the licensing and monitoring of full- and part-day child care facilities and family child care agencies; program consultation to current and new child care facilities; the administration of funding initiatives, inclusive of grants and the child care subsidy program; the coordination of early intervention programs; the approval of early childhood education institutions' training programs; and the approval of early childhood training of early childhood educators.
Prince Edward Island	There is no legislated municipal role for the development or delivery of child care.	The Department of Health and Community Services Agency is responsible for the regulation of child care services and the management of governments funds allocated to child care. The Child Care Facilities Board is responsible for standards and regulations, monitoring, setting qualifications, and the certification of child care staff. The Board includes a Chair who is a public official and six members who represent the health and social services system, the Department of Education, the Early Childhood Association, and the public at large.
Newfoundland and Labrador	There is no legislated municipal role.	The Department of Health and Community Services establishes standards for licensing child care services. Health and Community Services Regions are responsible for licensing. The Department allocates public funds to licensees, early childhood educators and families who are eligible for subsidized child care.

Source: Adapted from Childcare Resource and Research Unit (2000). See <http://www.childcarecanada.org/pt98/index.html>. Various provincials Web sites.

1.3 The Tension between Stewardship and Local Democracy Seen through the Eyes of Three Cities

The absence of cities from the negotiations over the National Children's Agenda and the Early Child Development initiative reflects the traditional view that municipalities are wards of the provinces. It also reflects the impact of decisions made during the CAP era in most provinces, when concerns about equity and fiscal control prompted a centralization of responsibility for social services, including child care.

In this section, we look at the intergovernmental arrangements governing child care seen through the eyes of three cities: Toronto, Hamilton and Vancouver. All three cities face similar challenges in designing child care programs that accommodate large numbers of low-income families and the growing ethno-cultural diversity of their populations, which include Aboriginal families. In Ontario, where the province has assigned responsibility for planning and paying for local services to cities, their ability to make autonomous decisions is nonetheless limited. In British Columbia the province retains control of planning and paying for services, a situation that leaves cities room only to supplement directions chosen by the province.

Toronto

In the City of Toronto, the Children's Services Division leads the coordination of an integrated planning system for all municipal services for children, including child care. Children's services have been identified as a priority by elected officials, such as the Children and Youth Advocate, who is a member of City Council, and by members of the Child and Youth Action Committee. In its *Children's Strategy* released in November 1999, for example, the City of Toronto committed itself to implementing an equitable system of early childhood education and care as an integral part of a comprehensive system of children's services. The City's 2001-2003 Service Plan, developed through an intensive community consultation process and approved by Council, spelled out the implications of that commitment, including the need for substantial numbers of new spaces and improved financing for the program as a whole.

Toronto's *Children's Strategy* reflects the influence of the new "investing in children paradigm" (Beauvais and Jenson, 2001). This paradigm recognizes that society shares with families responsibility for children and that *all* families "will likely require some measure of support during their children's development years" (Toronto, 1999a). At the same time, some families need more support than others. Of particular concern is the fact that many of the neighbourhoods "where risk factors are high lack the services and facilities that would be effective in mitigating those risks..." (Toronto; 1999b: 2). The City is committed to increasing licensed child care facilities in areas with a higher share of families with incomes below Statistics Canada's Low Income Cut-Off (LICO), as well as to supplying appropriate child care options to francophone and Aboriginal families.

It is here that intergovernmental relations become the sticking point. The Children's Services Division is responsible for drawing up a Child Care Plan which, once approved by Council, is submitted to the provincial government along with its associated budget for review. It is therefore the province, rather than the City, that actually decides how many spaces will be funded. For example, in 2000, Toronto asked for 2,000 new child care spaces to reduce waiting lists and budgeted accordingly to cover its share of the cost. The province did not agree, however, so the new spaces were not forthcoming. Provincial budgetary caps also forced the City to freeze the rates paid to licensed child care providers between 1993 and 1999, resulting in a growing gap between rates paid and the actual cost of services.

Therefore, in promising to commit more funds to areas of low-income or ethno-cultural diversity, the City faces several dilemmas. First, unless the province raises the funding ceiling and allows Toronto to spend where it sees the greatest need, such a shift can only come at the expense of other communities where demand also remains high (Toronto, 1999b: 25 and 28).

Second, the City is constrained by provincial control over how municipalities use their own money. This generates two further dilemmas, one that concerns principles and the other spending.

For example, Toronto's Consolidated Municipal Services Manager is responsible for the child care provision associated with *Ontario Works*.²⁰ The City's principle for allocating subsidized child care spaces has always been "first-come, first-served" for those who qualify. The province has, however, decided that *Ontario Works* participants are to be given priority. Thus the City's choice of principle is displaced by provincial preference. Moreover, as the City notes, "the child care system's ability to accommodate a large number of Ontario Works clients depends upon the availability of funding to offset the user revenue that is lost when a regular subsidy client is displaced (approximately \$1,300 per client)" (Toronto, 2001: 35). In 2001, the City was forced to allocate \$2.2 million of its NCB funds to Children's Services so as to offset the loss of revenue associated with spaces being used by *Ontario Works* clients.

Third, the City must balance costs against principles. The province allows *Ontario Works* participants a set sum (up to \$390 per child per month) for unlicensed care arrangements. But the City's child care policy reflects our deepening social knowledge, derived in part from the McCain-Mustard (1999) *Early Years Study*, about the important role played by quality child care in overcoming disadvantage associated with low income. The children of *Ontario Works* participants are often from the most disadvantaged homes, or have teenage parents with limited parenting experience. The City of Toronto has made a commitment, as have most governments in the OECD, to providing quality care to such children.²¹ For this reason, it seeks to limit to three months the amount of time parents will have to leave their children in unlicensed care. This commitment also puts great pressure on the system, if new spaces cannot be created.

²⁰ *Ontario Works* is the "welfare to work" program that links receipt of social assistance to participation in work.

²¹ This social knowledge is based, in part, on research on human development. As the OECD (2001: 14) wrote: "Brain research and learning sciences suggest that there are valuable opportunities for stimulating development and learning in these early years."

These are, then, three examples of the ways that current intergovernmental relations, in which provincial authority predominates, limit the capacity of the City to provide services that reflect its own assessment of budgetary priorities, its commitment to the investing in children paradigm and the promises it has made to the citizens of Toronto in municipal elections and other consultations.

Hamilton

The approach of the City of Hamilton to child care remains within the “family responsibility” paradigm, and therefore this municipal government is closer to the provincial government in its policy thinking than is Toronto. Service delivery focuses on the needs of low income and “at-risk” families. Hamilton has also taken a different stance from Toronto with regard to *Ontario Works*. It “supports the funding of the informal child care registry and supports activities for informal providers to enhance their skills in providing care that fosters early child development” (Hamilton, 2001: 22). For this reason, Hamilton agreed to be a pilot project site for *Ontario Works*’ “Intake Screening Unit” and new service delivery model (Hamilton, 2001: 75). Nearly 10 percent of its child care budget goes to *Ontario Works*.

Nevertheless, the City shares many of Toronto’s concerns, as its May 2001 Child Care Service Management Plan reveals (Hamilton, 2001: x):

Some of the needs identified are unique to this community but many are consistent with those identified by other Consolidated Municipal Service Managers across the province. Many of the pressures and needs are historic. Under-funding of the system was evident prior to the responsibilities of system management being transferred to the municipality in 1999. The Ministry of Community and Social Services has indicated that no new provincial monies are currently available to address the critical pressures which have been identified throughout the development of the local child care plan.... Critical pressures have been identified in all areas and without the infusion of further significant funds, very little progress will be made to meet the essential demands of the child care system.

The Plan goes on to identify areas of pressing shortfalls. Like Toronto, Hamilton has not been able to offer daily fee subsidies at a rate that comes close to covering real costs. The Plan therefore includes an ultimatum: either the province loosens the purse strings enough to permit an increase of 13.8 percent in the daily rate or the City will be forced to cut 217 subsidized spaces. The Plan also laments the elimination of provincial contributions to major and minor capital funds, since many child care centres require renovation, especially if they are to meet the province’s new guidelines for playground equipment.

Accordingly, despite the concordance between its philosophical positions and those of the “senior” government, the City of Hamilton feels as hamstrung by the intergovernmental arrangements governing child care as does its megacity neighbour. The City also perceives this dilemma as a crisis of local democracy since, in public consultations, the citizens of Hamilton have urged the City “to assume leadership in pressing for change at the Federal and Provincial levels of government with regard to legislation affecting the provision of child care services” (Hamilton, 2001: 88).

In looking for alternative models, the Hamilton *Child Care Service Management Plan* mentions Quebec and British Columbia. As the next case study shows, however, this may be no more than an example of the “grass is greener” thinking.

Vancouver

Looked at from the viewpoint of the City of Vancouver, existing intergovernmental arrangements still are not ideal. Vancouver is an example of the way that one municipality has acted to promote its own goals for children and families, as well as for building strong and innovative urban communities. But, at the same time, the experience of this City also illustrates how a lack of formal responsibility limits the capacity of municipalities to act.

Although cities in BC do not have the same cost-sharing responsibilities as Ontario local governments, some municipalities have been actively involved in child care issues. By the late 1980s, municipal child care task forces or advisory committees had been established in Burnaby, Prince George, North Vancouver, Richmond, Surrey and Victoria as well as Vancouver (Griffin, 1992). In October 1990, Vancouver City Council passed its ambitious *Civic Child Care Strategy*, one that was clearly informed by the “investing in children” paradigm. In Vancouver, a city where the majority of women with children under 12 were in the paid labour force, quality child care was identified by the City as a core community need. The Strategy also recognized that “investment in high quality early childhood programs will have positive social and economic returns. Such programs can be beneficial for all children and provide a positive form of contemporary family support” (Griffin, 1992: 96).

Following its adoption of the Strategy, Vancouver established the position of Child Care Coordinator and allocated capital as well as some operating funds. It used revenue from development levies and community amenity contributions to supplement provincial funds.²² Between 1990 and 2000, child care spaces expanded by 22 percent. Funds were invested in portable facilities and a land inventory was developed to tackle the problem of finding appropriate sites. Grants were used to support the development of a city-wide network of providers that was designed to facilitate collaboration and city-wide planning. Pilot programs provided training for family child care providers in Punjabi, Spanish and Cantonese, as well as English as a second language (ESL) training materials to many child care providers. City Council also funded the development of an Aboriginal family child care training model (Griffin, 1992: 59).

²² An interdepartmental committee designed procedures for assessing, collecting and spending development cost levies which were initially collected (and designated for) particular areas. Council recently approved the shift to city-wide levies. In addition, child care was included as part of the “community amenity contributions” negotiated in re-zonings. The latter has helped to cover operating costs of child care in a number of areas.

These initiatives were all *supplements* to the main action, however. The provincial government retained control over the policy area and, therefore, the City of Vancouver and other municipal governments had little if any say in key policy decisions, no matter what they might have promised their own constituents in local elections. For example, in spring 2001 a change of provincial government resulted in an abrupt U-turn in policy, and a step back from the “investing in children” model that both Vancouver and the province had been developing. The newly-elected Liberal government rescinded the promise of providing more generous subsidies for child care spaces for pre-school children, a policy that had inspired the City of Hamilton in May 2001 to hail the virtues of the “innovation friendly” BC child care model.

But even before the provincial election, Vancouver had to deal with a fragmented and changing bureaucratic structure at the provincial level (Young, 2001: 26).

With the transfer of the provincial child care mandate from the Ministry of Women’s Equality to the Ministry for Children and Family and then most recently to the Ministry of Social Development and Economic Security, the City Child Care Co-ordinator has spent a great deal of time bringing regionally based provincial staff up to date on child care issues in Vancouver and ensuring that any transition difficulties are addressed properly so as to minimize the negative impacts on local child care operations.

In other words, child care planners and advocates in Vancouver also have had to contend with the lack of administrative coordination and policy integration at the provincial level.

The Issues Catalogued

Seen from the standpoint of these three quite different cities, all of which have worked closely with their local communities, 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 as well as in social policy design, but it has done nothing to modernize the full set of intergovernmental relations.

Doing so will mean 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, ones 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 bases. The result is no false problem, but a real political conundrum that needs to be confronted and resolved.

There are, in other words, no easy answers to these governance issues. It is *not* helpful to *deny* that balancing decentralization of services and equity is a thorny problem. As the OECD (2001: 76) writes, the need for balance is an issue for all countries in its purview: “The trend toward decentralisation of responsibility for ECEC [early childhood education and care] has brought diversification of services to meet local needs and preferences. The challenge is for central government to balance local decision-making with the need to limit variation in access and quality.”

Having acknowledged the tension between decentralizing services and maintaining equity, the next question is how to resolve it. Fundamental reform of the existing set of intergovernmental relations is needed. This conclusion emerges from the dissatisfaction and concerns expressed by both officials in the cities we have surveyed and experts in social policy.

But the conundrums of balancing centralization and decentralization and of respecting different electoral mandates are not the only ones that exist. The best thinking about governance today points to the importance of developing cross-silo capacities, so that policies and programs are coherent and integrated, and designed to meet the real needs of parents and young children. And this co-ordination is needed at all levels of government. Thus, the first of eight “key elements” of quality early childhood education and care identified by the OECD in *Starting Strong* (2001: 11) is: “A systemic and integrated approach to policy development and implementation calls for a clear vision for children, from birth to 8, underlying ECEC policy, and co-ordinated policy frameworks at centralised and decentralised levels.”

Earlier research by CPRN also suggests the need for integrated services, so that parents can more easily access information and services for their children.²³ Providing such integration, in a situation of divided jurisdictions such as exists in Canada, implies a need for intergovernmental as well as cross-sectoral co-operation.

Canadian children are not divided into “three parts” with federal needs, provincial needs and municipal needs. Of course in Canada we often hear that such co-ordination is impossible because of constitutional arrangements. There is an assertion that “Canadian federalism prohibits direct contact between cities and the federal government.” The argument is that the municipalities fall within the provincial sphere of responsibility, and therefore it is impossible for the federal government to develop any direct relationship with the cities. The starting point of this paper is to question this assertion, but it exists as a wide-spread belief nonetheless. Therefore, it can not simply be dismissed; it merits attention.

Nor is there a simple choice between “to decentralize” or “to centralize.” These matters are often expressed as assertions, such as “it is impossible to provide equity when policy design is decentralized,” or “if only local communities were given options they would provide integrated services.” Experience shows that the solutions to these problems are not so straightforward. For example, inequities due to differences in distribution of resources across space are real, but so is the value of local knowledge. Co-ordination is not automatic, even when only one level of government is involved.

²³ This was a significant conclusion in both Stroick and Jenson (1999: Chapter 2.4) and Valentine (2001).

These kinds of simplistic assertions merit further analysis, not more repetition. The next section takes up these issues, and examines the record – both in Canada and abroad – in search of helpful lessons.

2. The Balancing Act of Central-Local Governance Relations

This section focuses on three exemplary cases to demonstrate some lessons about the dilemmas of governance, 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.

Again, we will use the area of children’s services and especially child care to assess these assertions and to open the way to a discussion of possibilities for new forms of governance in Canada’s urban regions.

2.1 United Kingdom – Decentralization is Not Enough

Until recently, government in the United Kingdom has been a laggard in the provision of child care (Siim, 2000: 92; Lister, 2002). This reflects the United Kingdom’s long-standing commitment to the “family responsibility” policy paradigm, a commitment that was reinforced strongly by successive governments led by Margaret Thatcher. In the mid-1990s, Sheila B. Kamerman and Alfred J. Kahn, two well-known international experts on family policy, argued that (Ringen, 1997: 97):

Current family policy in Britain can be characterized as reluctant. Family problems are defined as government responsibility less than in some other European countries. Prevailing ideology is prone to emphasize constraints on potential government action, including budgetary constraints, and regards the scope of effective government action as limited. In political rhetoric, the balance between government and family responsibility has shifted to a stronger emphasis on the responsibility of the family in society and of family members for each other. This profile of family policy, and the shift in ideological emphasis towards family responsibility, is entirely intentional. It is seen on one side of the political divide as desirable and rational, and on the other side as rolling back the values and practices of the welfare state.

This situation is starting to change. Again, as in Canada, the balance is shifting in favour of the “investing in children” paradigm and therefore moving more closely toward the positions of other European countries (Lister, 2002). The Blair government unveiled a National Childcare Strategy in 1998, with the aim of creating one million new child care places by 2004 (although many fewer have actually been created). The government has invested significant amounts of money in the *Sure Start* strategy, which is a national design that requires all local programs to work towards its objectives as part of the fight against poverty and disadvantage. While the mix of specific programs is locally determined, all must provide “support for good-quality play, learning and childcare experiences.” The central government has also launched 21 pilot schemes for “Early Excellence Centres” in England. Currently, 55 percent of three-year-olds enjoy a free place in pre-school education, and the government has announced that, by September 2004, all three-year-olds will enjoy this entitlement.

Where the United Kingdom still differs markedly from Canada, which has only come recently to the “investing in children” paradigm, as well as from Sweden, which has long had generous family supports, is in the relationship between central governments and local authorities.

Although no powers were constitutionally reserved for local governments²⁴ (known as local authorities) prior to the 1970s, they traditionally had considerable autonomy in financial matters and discretion in the delivery of social services, including child care. Under the Thatcher Conservatives, however, the central government set out to curb the spending practices and powers of local authorities. The directly elected metropolitan county councils were abolished and many functions were given to centrally-mandated joint boards and committees. Grant programs were reduced and redesigned to discourage spending, and penalties for “overspending” were introduced (McMillan, 1997: 10-11). Centralization of control over local government expenditure, combined with increasing fiscal austerity, made it difficult for even the best intentioned local authorities to fund child care. The number of places in English local authority day nurseries actually fell from 28,437 in 1980 to 27,039 in 1991 (Randall, 2002: 224).

When the Conservative era ended, it is not surprising that reform of governmental structures was front and centre on the agenda, or that there was pent-up demand for action in the area of child care. The New Labour government also faced the fifth highest child poverty rank among the 23 OECD countries (UNICEF, 2000: 4). It has therefore made “investing in children” one of its top priorities for fighting poverty and social exclusion, and for fostering a learning-based economy (Jenson and Saint-Martin, 2002). It has done so by emphasizing local partnerships and coalitions.

Its commitment to devolution of power to the legislatures of Scotland, Wales and Northern Ireland has also opened up new room for territorial experimentation with child care at these levels, as the new legislatures were given responsibility for, among other things, developing policies toward children. At the same time, the Blair government’s child care policies have also involved new relationships between central governments and local authorities.

²⁴ This is because the United Kingdom has no written constitution. The constitutional roots of Canadian cities’ dependence on the provinces are both from its inherited British tradition *and* from the *British North America Act* of 1867.

Commitment to decentralization means Early Years Development and Childcare Partnerships in local authority areas; these arise out of the *National Childcare Strategy* launched in May 1998. Partnerships bring together local authorities and include representation from statutory agencies such as the Education Service, Social Services, and Health Authorities. They may also include churches and other groups with an interest in early childhood learning. The partnership must produce an annual plan, based on an annual audit of existing early learning and child care services.

A decentralized program design has not brought adequate services, however. Nor has it achieved equity. As the United Kingdom report to the OECD noted: “Some local authorities have tried to provide for children under two, while others have not; some have supported family based provision over group care, and in some areas, care has been primarily state-supported, while, in others, it has mainly been privately funded” (OECD, 2000: 10). Funding structures contribute to this variation. There is no national planned capital expenditure program for child care. Early Years Development and Child Care Partnerships may apply for infrastructural funding, but much of it tends to be short-term. Long-term planning is therefore hard to achieve, and expansion relies on the entrepreneurial ability of key local personnel.

A second key funding instrument is a tax credit available to working parents. This indirect funding approach adds further uncertainty. The supply of services in low-income neighbourhoods depends on income generation from poor parents and they are likely to be particularly affected by the unpredictability of “demand,” as unemployment goes up or down, and salaries rise or fall.

The example from United Kingdom provides 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.

Assessing the place and role of local governments in these new initiatives is difficult, in part because the initiatives are quite recent and in part because the examples are so variable. The project and its funding is a national commitment, whereas the design and delivery are local. National targets must be met for the education component but no similar guarantee of equitable outcomes in the area of child care has been provided, either in the form of resources or guidelines. The actual program depends more on the particular kinds of partnerships constructed in each case rather than on the use of any single model of child care or governance. Indeed, the very diversity of programs is sometimes a problem, making the task of the local partners who “struggle to meet the regulatory and funding requirements of the different initiatives in order to provide coordinated services for young children and families” (OECD, 2000: 34) very difficult. Just as the Vancouver child care authorities have to deal with shifting provincial authorities, so too do persisting program divisions and variations complicate the work of the local partnerships in England.

Examination of this experience with decentralization lends support to the conclusion of the OECD's (2000: 83) in *Starting Strong* that:

there is a role for the national (and state) government in ensuring that local and regional authorities secure adequate resources to implement their policies. In sum, while in some cases decentralisation and devolution have been associated with increased local involvement, democratic structures and matching provision to local needs, in others it has led to regionally diverse levels and standards of provision. These differences are found within and across countries. The challenge is for central government to foster decentralisation and promote local discussion and negotiation, while retaining the authority and capacity to monitor fair access to ECEC and maintain quality across regions and forms of provision.

Giving local governments greater space to act is not enough; adequate mechanisms for integration and co-ordination must also be in place, in addition to reliable sources of funds. Partnerships can work where there is energy and entrepreneurial skill, but where there is not, program implementation and success are less forthcoming. Therefore, the strong commitment which New Labour has made in elections and by making funding available is sometimes watered down by the limits on capacity of local partners and authorities.

2.2 Sweden – Decentralizing within an Equity Agenda

Many are the skeptics who fear that decentralization of responsibility for social services will lead to weaker commitments to equity as a principle of social policy. Such fears are not without foundation, as the United Kingdom case demonstrates. Moreover, several governments, in Canada and elsewhere, have responded to fiscal constraints and the political power of neo-liberalism by “off-loading” and “down-loading” responsibility to lower levels of government that in many cases have neither the resources nor the capacity to meet needs. Yet, there are also the advantages of local knowledge to consider.

For its part, the OECD identifies both a general trend toward greater decentralization and a generic difficulty of balancing equity with decentralization (see also Jenson and Sineau, 2001: Chapter 9). In the view of the OECD, central governments are principally responsible for ensuring a balanced mix (OECD, 2001: 81):

In several countries, there has been a trend across the social and educational services toward decentralisation and devolution from the central government to the municipalities. This shift has been motivated by efforts to bring decision-making and delivery closer to the people being served and to adapt services to meet local needs and circumstances. It is hoped that decentralisation will facilitate the development of services that are more “client-oriented,” address individual needs, and reinforce diversity of choice. Decentralisation and devolution have facilitated the diversification of the types of provision, and in some cases the privatisation of services. Countries with more decentralised systems now face the difficult task of balancing power and responsibilities between the national and local (and in some cases regional) authorities, which is particularly challenging when it comes to issues of funding, access, and quality monitoring.

The example of Sweden is instructive, because it is a country in which the authors of social policy have long recognized that, in the interests of social equity, all families need support in fostering the full development of their children. Since the 1970s, governments have treated access to quality child care as part of a more general commitment to equity. In recent years, two other goals have been added. The first goal is to permit more choice in the system, so that parents and governments can develop a range of services that meet local needs or desires (Mahon and Daune-Richard, 2001). To this end, territorial experimentation is encouraged, but within the limits set by clear national standards. The second goal is consistent with the “investing in children” paradigm. While Swedish child care has always had a pedagogical component, this has recently been highlighted even more, as a result of the shift of responsibility for child care from the Ministry of Social Affairs to the Ministry of Education.

Sweden is a unitary, not a federal, country but it does have two levels of sub-national government. Counties are responsible for hospitals, primary health care and mental health care, as well as transportation within the region. Counties derive 70 percent of their revenue base from local personal income taxes, with road user fees, social insurance contributions, and very modest patient user fees accounting for the rest. Municipalities, the other sub-national level of government, are responsible for social services, schools, and planning, but under national oversight. Social programs account for the lion’s share of expenditure, followed by education. Municipal governments also collect income taxes, which amount to about one third of their revenue.

Traditionally, Swedish municipalities have enjoyed considerable local autonomy, that is constitutionally guaranteed. Local authorities play a key role in delivering social services which account for over 40 percent of all public social expenditures – an unusually high share compared to other OECD countries. The municipalities’ autonomy is founded on their taxing capacity, as Melville McMillan (1997: 17) notes: “The fact that social programs have remained a local function, ... must be attributed to Swedish local governments having access to a major revenue source based on ability to pay.”²⁵

Their role in delivering expensive social services makes municipalities dependent on some transfers from the central government. Since 1991 such transfers have been in the form of block grants, however, just as in Canada with the CHST. These block grants have maintained and even strengthened the municipalities’ capacity to decide how to allocate spending. This change came as part of a broader national strategy of increasing the scope for choice and experimentation. Thus, in Sweden as in Canada and the United Kingdom, territorial experimentation has become part of recent social policy redesign. However, here the similarity ends. Sweden’s ongoing commitment to country-wide equity has led to the national government using a range of policy instruments to ensure that all citizens have access to similar services, including high quality child care.

²⁵ The national government may influence local rates, as it did when it stepped in during the mid-1990s and put a freeze on municipal tax increases.

Legislation is one important policy instrument. A 1985 law guarantees that all children aged one to six have a right to child care if their parents are working or studying.²⁶ The law was sharpened in 1995, to require municipalities to provide such places without unwarranted delay. Despite increasing fiscal restraint, the vast majority of local authorities have met the objective.

On its own, however, legislation would not be enough. The Swedish government has also used the lever of *financial transfers* to induce municipalities to supply child care spaces. When the national government embraced centre-based models as the most desirable form of care in the mid-1970s, it structured funding formulas to reward municipalities that expanded centre-based care. When it became apparent that, to do so, municipalities were increasing parental fees – and that fees varied significantly from one municipality to another – the central government again used a financial lever. It offered additional funding to municipalities that agreed to cap the fee schedule.

Regulation is the third instrument used by the Swedish government to ensure equitable social policy across the country. Initially, the national government exercised considerable control over child care through the issuance of guidelines regulating everything from qualifications of personnel to group size. Today, the primary mode of regulation of centre-based child care is “goals-led steering” via the new national curriculum. Being stated in quite broad terms, this curriculum allows a variety of different approaches to flourish in municipal and private centres.

Diversity is present in the Swedish child care regime, despite the preference for centre-based care, the legislated right to a space, and the regulation of program. Municipalities may purchase child care services from private, mainly non-profit, providers. If they choose this route – and currently, some 15 percent of Swedish preschoolers are served by such forms of care, primarily in parent cooperatives – municipalities have to provide essentially the same level of grant support to the private centres as to the public ones. Private providers have to meet the same standards of care, adhere to the national curriculum, and the fees charged cannot deviate substantially from those charged by municipally-run centres.

The Swedish example provides the lesson that there is no inherent incompatibility between local diversity, recognized and fostered through decentralization of responsibility and resources, and a commitment to equity embodied in national standards.²⁷ Neither concerns about equity nor fears about costs prevented Swedish authorities from rethinking the instruments by which they seek to achieve their goal of increasing respect for diverse choices. But perhaps the chief lesson to be drawn from this example is the importance of *political* choices. The strong commitment of the Swedish central governments to the value of equity led it to develop a range of complementary instruments that would guide local authorities, while respecting their choices.

²⁶ The vast majority of children under 12 months were being cared for by a parent on parental leave. Swedish legislation entitles parents to 450 days of compensated leave.

²⁷ Indeed, equity and developmental concerns have expanded. As of July 2001, all children aged three to six have the right to attend preschool, even if their parents are unemployed. In January 2002, children with a parent who is on parental leave for a sibling will similarly have a right to keep their place and, in 2003, all four- and five-year-olds will be guaranteed at least 525 hours of preschool without charge. Grants will enable municipalities to meet these national objectives.

The example of Sweden suggests, in other words, any movement toward decentralization requires careful leadership, managed in ways that maintain coherence as well as respect local knowledge available to governments at the municipal level.

2.3 Thinking Outside the Box – Spaces for Canadian Municipalities?

This subsection reviews two examples of “out of the box” thinking about intergovernmental relations and urban issues drawn from the recent Canadian past. The lesson is that the situation may be more fluid than policy-makers, caught up in the constitutional trenches of social policy debate, may be prepared to believe. The first case is an example from Canada’s past, in which a federal-provincial agreement was permitted to open sufficient space for municipalities to exercise programmatic discretion. This is the provision within the Canada Assistance Plan (CAP) that is sometimes termed “flow through” funding. The second case reviews some intergovernmental experimentation involving municipal governments, in sectors other than child care.

“Flow Through” Funding: Federal-Municipal Relations under CAP

The Canada Assistance Plan was a shared-cost program involving the federal and provincial governments. In contrast to its replacement, the Canada Health and Social Transfer (CHST), which provides block funding, and therefore has no mechanism for tracing where money goes, CAP provided designated funds for specific programs, including some child care. CAP was also designed so as to allow local preferences and needs to be met, at the same time as it instituted a mechanism to guarantee pan-Canadian equity in services. This design maintained wide variation across the provinces in the details of social service design and delivery. Some provinces, such as New Brunswick, centralized control in the name of equity. Others, such as Ontario, made the municipalities “partners,” at least in financing service provision. CAP also left some space for variation in the relationships that municipal governments – those “creatures of the province” – could maintain with the federal government.

In the child care realm, the government of Ontario kept its municipal governments on a tight rein, right through to 1995. Under CAP (just as now) local governments were expected to cover 20 percent of the costs of subsidized child care places, but they had few powers to decide about levels of provision. This model of a “controlling parent” approach to provincial-municipal relations was not the only possible way of organizing the provincial-municipal relationship under CAP, however. Some of the other provinces permitted their municipalities to receive money directly from the federal government.

Alberta’s history with child care funding provides a case in point. During the 1960s and early 1970s, child care in Alberta was still a shared responsibility between the province and municipalities. As in Ontario, the cost-sharing arrangements with local governments required municipalities to pay 20 percent of eligible costs, while the province covered 30 percent and the federal government covered 50 percent. Under these arrangements, there was considerable investment in municipal child care centres, especially in urban areas.

By the late 1970s, however, the Conservative government led by Peter Lougheed changed its approach to child care, opening the field to commercial child care providers and paying less attention to the “preventive social service” dimension of CAP. In the face of this challenge to their established local models, several cities – including Edmonton, Medicine Hat and Calgary – fought back. They did not want to cut off special funding to the municipal centres and non-profits providing “preventive” child care services (Thomson, 1985). Political cooperation among the major cities eventually enabled them to secure an important compromise from the provincial government.

In 1983, the provincial and municipal governments reached an agreement that allowed federal funds to “flow through” to the cities, without requiring any contribution from the province. Ottawa continued to pay its 50 percent of eligible costs, while the municipal governments each increased their share from 20 to 50 percent. A number of small municipalities were included in this agreement, as well as the major cities. The arrangement lasted for the rest of CAP’s life.²⁸ For up to 15 years, some Alberta municipalities were permitted by this innovative arrangement to choose the kind of child care they wished to support.²⁹ Even more importantly, they were able to access federal funds, despite their constitutional status as “wards” of the province.

Some Examples from Other Policy Domains

Over the last three decades, the federal government has had a sort of peek-a-boo relationship with Canada’s major cities. By the early 1970s, it was increasingly evident not only that urban spaces had particular needs but that much federal government activity was in fact located in cities. The Ministry of State for Urban Affairs set up at the time in response to these observations made some attempts at tri-level consultations, but they led nowhere (Higgins, 1986: 112-115). When the Ministry was shut down, the Central (now Canada) Mortgage and Housing Corporation (CMHC) took over some of its responsibilities, but it too has been hindered by constitutional difficulties. Despite the fact that CMHC (Fallis, 1994: 371):

has always been a major centre of thinking in Canada about the internal spatial structure of cities, and sometimes the analysis of its programs has used this thinking, the urban framework never has been the principle paradigm for developing, analyzing or evaluating housing programs. The barrier, in part of course, is constitutional. The federal government cannot speak directly to city governments, the formal route must be to approach the province first and then to draw in the cities. The fundamental point of contact for the federal government is the province.

²⁸ Indeed, in 1990, when Ottawa “capped CAP,” Alberta cities were also subject to the five percent limit on increases in funding (Medicine Hat, 1992: 22).

²⁹ The arrangement ended in most cities before 1995, as Municipal Councils changed their political perspective on providing child care, and closed down services. Edmonton continued the longest to invest in child care.

In a limited number of areas, nonetheless, there *has* been direct contact between the federal government and municipalities.³⁰ For example, during the 1980s, the federal government was involved in individual urban development projects in most of the large cities, in partnership with both provincial and municipal governments. A number of federal departments have also used the Federation of Canadian Municipalities, the association representing the interests of municipal governments, “as a way of encouraging community-based activity without involving direct links between federal departments and municipal officials” (Andrew, 1994: 441). More recently, the federal government’s Infrastructure Program has spawned other experiments. For example, the Canada/Alberta Infrastructure Management Committee set up a review process that included two municipal representatives. There is a “history” of direct federal contact with municipalities in the social fields as well, where a range of policy initiatives have involved “the recognition of the community context and, therefore, the recognition of municipalities as legitimate actors” (Andrew, 1994: 447).

In part this recognition comes from new social knowledge about the importance of “community effects” (Connor and Brink, 1999, provide an overview). Such studies teach us at least two things. The first lesson is that there are syndromes of effects, both positive as well as negative, that occur “in space.” The second lesson learned from studies of community effects is that *all* relevant actors must be involved. If churches, employers, community groups, and the like are going to be included by the federal government as program partners, it is hardly justifiable to exclude representatives of local governments.

For example, the *Supporting Communities Partnership Initiative* (SCPI), announced by the federal government in 1999 applies this inclusive approach to the problem of urban homelessness. One of the key goals of the SCPI is to strengthen community capacity. Some experts, among them Coffey and McCain (2002: 20), propose using this Initiative as a model for additional policy domains, including child care, that merit federal-municipal attention. This is due to the fact that, as well as injecting funds, the SCPI seeks to develop innovative relationships with the 10 largest cities, which together receive 85 percent of the initiative’s funds. Under the SCPI, municipal governments have been designated the “community entities” that are to develop a local plan, select projects that fit plan objectives, and then monitor and report on implementation. Nonetheless, the provinces have to approve municipal involvement.

Moreover, as the federal government begins to develop initiatives in the area of affordable housing, the traditional intergovernmental format has been maintained. Negotiations in August 2001 involved the ministers responsible for housing meeting with the federal Minister of Public Works. The Federation of Canadian Municipalities and housing activists spoke from the outside, and the cities were not consulted at all.

Despite these limits, the example of “flow through” funding and the innovative efforts in treating homelessness clearly demonstrate that there is no firm constitutional inhibition, even within Canada, on the federal government having a direct relationship with municipal governments. Whether the federal government is to be involved or excluded from new governance patterns will depend on political choices, not constitutional formalities.

³⁰ These examples are drawn from Andrew (1994).

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

If “child care [is] a must for a modern city” (Coffey and McCain, 2002: 14) what governance arrangements can produce good quality care in sufficient supply? What options are available to ensure that municipal governments have the space needed to participate in designing and providing this key service for investing in children and the future? What forms of intergovernmental relations will ensure both democratic involvement and accountability for designing the cities of the future? How can integrated or “cross-silo” thinking be generated? And finally, how can the example of child care – a single policy area – be used to instruct us more generally about intergovernmental relations in an era when “space matters” more than ever?

These are the questions with which this Discussion Paper started. Although the Canadian and European policy stances and actions reviewed here have afforded no firm answers, some key lessons do emerge.

The *first lesson* is that a workable policy mix is one that ensures equity. The results of the 2001 OECD study of twelve participating countries, on which this Discussion Paper draws, assigns the task of finding this 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 focussed 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 cities – and therefore the country as a whole – to succeed in the new economy and the future.

That there is a trade-off between equity across space and local knowledge of needs is also acknowledged by these experts. Indeed, they identify 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. This is the *second lesson*.

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 CAP 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. If, on the one hand, the relationship between the City of Toronto and the government of Ontario is a “broken” one, often characterized by mistrust and competition on each side, the examples of Vancouver and the cities of the United Kingdom demonstrate, on the other hand, 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.

Bibliography

- Andrew, Caroline. 1994. "Federal Urban Activity: Intergovernmental Relations in an Age of Restructuring." In Frances Frisken (ed.). *The Changing Canadian Metropolis: A Public Policy Perspective, Volume 2*. Kingston: Institute of Government Studies Press.
- Atkin, Wendy J. 2001. "'Playing Together as Canadians': Historical Lessons from the West End Creche." In Susan Prentice (ed.). *Changing Child Care: Five Decades of Child Care Advocacy and Policy in Canada*. Halifax: Fernwood.
- Beauvais, Caroline, and Jane Jenson. 2001. *Two Policy Paradigms: Family Responsibility and Investing in Children*. CPRN Discussion Paper No. F|12. Ottawa: Canadian Policy Research Networks Inc.
- Bradford, Neil. 2001. *Why Cities Matter: Policy Research Perspectives for Canada*. CPRN Discussion Paper No. F|23. Ottawa: Canadian Policy Research Networks Inc.
- Canada. 2002. *Knowledge Matters. Skills and Learning for Canadians*. Ottawa: HRDC SP-482-02-02. See <http://www.innovationstrategy.gc.ca>.
- Childcare Resource and Research Unit. 2000. "Early Childhood Care and Education in Canada: Provinces and Territories 1998." See <http://www.childcarecanada.org/pt98/index.html>.
- Coffey, Charles, and Honourable Margaret N. McCain. 2002. *Commission on Early Learning and Child Care for the City of Toronto. Final Report, May 2002*. See <http://www.torontochildren.com>.
- Connor, Sarah, and Satya Brink. 1999. *Understanding the Early Years – Community Impact on Child Development*. W-99-6E. Applied Research Branch, Strategic Policy, Human Resources Development Canada. See <http://www.hrdc-drhc.gc.ca/sp-ps/arb-dgra/publications/research/1999docs/w-99-6e.pdf>.
- Desjardins, Ghislaine. 1992. "Quebec: Historical Overview." In Alan Pence (ed.). *Canadian Child Care in Context: Perspectives from the Provinces and Territories, Volume II*. Ottawa: Statistics Canada.
- European Council. 2001. *Draft Joint Report on Social Inclusion*. See http://www.europa.eu.int/comm/employment_social/soc-prot/soc-incl/joint_rep_en.htm.
- Fallis, George. 1994. "The Federal Government and the Metro Housing Problem." In Frances Frisken (ed.). *The Changing Canadian Metropolis: A Public Policy Perspective, Volume 2*. Kingston: Institute of Government Studies Press.
- Ferrara, Maurizio, and Martin Rhodes (eds.). 2000. *Recasting European Welfare States*. London: Frank Cass.

- Finkel, Alvin. 1995. "Even the Little Children Cooperated: Family Strategies, Child Care Discourse and Social Welfare Debates, 1945-1975." *Labour/Le travail* Vol. 36.
- Friesen, Julie, Mary Humphrey, and Lois Brockman. 1992. "Manitoba: Historical Overview." In Alan Pence (ed.). *Canadian Child Care in Context: Perspectives from the Provinces and Territories, Volume I*. Ottawa: Statistics Canada.
- Griffin, Sandra. 1992. "Addendum: Child Care in British Columbia, 1988-1990." In Alan Pence (ed.). *Canadian Child Care in Context: Perspectives from the Provinces and Territories, Volume I*. Ottawa: Statistics Canada.
- Hamilton, City of. 2001. *Child Care Service Management Plan*. Social and Public Health Services Department.
- Higgins, Donald. 1986. *Local and Urban Politics in Canada*. Toronto: Gage.
- HRDC [Human Resources Development Canada]. 2001. *Provincial/Territorial Funding Priorities for Early Childhood Development (ECD) – By Jurisdiction*. Ottawa: 23 August.
- Jenson, Jane. 2001. *Shifting the Paradigm: Knowledge and Learning for Canada's Future*. CPRN Discussion Paper No. F|18. Ottawa: Canadian Policy Research Networks Inc.
- Jenson, Jane, and Denis Saint-Martin. 2002. "Building Blocks for a New Welfare Architecture: From Ford to LEGO?" Presented to the American Political Science Association, Boston. Available on <http://www.fas.umontreal/pol/cohesionsociale>.
- Jenson, Jane, and Mariette Sineau. 2001. *Who Cares? Women's Work, Childcare, and Welfare State Redesign*. Toronto: University of Toronto Press.
- Kyle, Irene. 1992. "An Overview of Child Care Legislation Programs and Funding in Ontario." In Alan Pence (ed.). *Canadian Child Care in Context: Perspectives from the Provinces and Territories, Volume I*. Ottawa: Statistics Canada.
- Langford, Tom. 2001. "From Social Movement to Marginalized Interest Groups: Advocating for Quality Child Care in Alberta, 1965-86." In Susan Prentice (ed.). *Changing Child Care: Five Decades of Child Care Advocacy and Policy in Canada*. Halifax: Fernwood.
- Lister, Ruth. 2002. "Investing in the Citizen-Workers of the Future: New Labour's 'Third Way' in Welfare Reform." Presented to the American Political Science Association, Boston. See <http://www.fas.umontreal/pol/cohesionsociale>.

- Mahon, Rianne. 2002. "Introduction: Gender and Welfare State Restructuring through the Lens of Child Care." In Sonya Michel and Rianne Mahon (eds.). *Child Care Policy at the Crossroads. Gender and Welfare State Restructuring*. NY: Routledge.
- _____. 2000. "The Never-Ending Story: The Struggle for Universal Child Care in the 1970s." *Canadian Historical Review* Vol. 81, No. 4.
- Mahon, Rianne, and Anne-Marie Daune-Richard. 2001. "Sweden: Models in Crisis." In Jane Jenson and Mariette Sineau. *Who Cares? Women's Work, Childcare, and Welfare State Redesign*. Toronto: University of Toronto Press.
- Mahon, Rianne, and Susan D. Phillips. 2002. "Dual-Earner Families Caught in a Liberal Welfare Regime? The Politics of Child Care Policy in Canada." In Sonya Michel and Rianne Mahon (eds.). *Child Care Policy at the Crossroads: Gender and Welfare State Restructuring*. NY: Routledge.
- Martin, Claude, Antoine Math and Evelyne Renaudat. 1998. "Caring for Very Young Children and Dependent Elderly People in France: Towards a Commodification of Social Care?" In Jane Lewis (ed.). *Gender, Social Care and Welfare State Restructuring in Europe*. Aldershot: Ashgate.
- McCain, Margaret N., and Fraser J. Mustard. 1999. *Reversing the Real Brain Drain: The Early Years Study Final Report*. See <http://www.gov.on.ca/CSS/page/services/oey/earlyYearsStudy.pdf>.
- McMillan, Melville. 1997. "Taxation and Expenditure Patterns in Major City-Regions: An International Perspective and Lessons for Canada." In Paul Hobson and France St-Hilaire (eds.). *Urban Government and Financing: A Question of Who Does What*. Montreal: IRPP.
- Medicine Hat, City of. 1992. *Footsteps to the Future: Day Care Policy Review*.
- MSSS [ministère de la Santé et Services sociaux]. 1991. *Un Québec fou de son enfants. Rapport du Groupe de travail pour les jeunes* (Quebec: MSSS) (known as the Bouchard Report).
- OECD [Organisation for Economic Co-operation and Development]. 2001. *Starting Strong: Early Childhood Education and Care*. Paris: OECD.
- _____. 2000. *Early Childhood Education and Care Policy in the United Kingdom*. Paris: OECD.
- Palier, Bruno. 2000. "'Defrosting' the French Welfare State." In Maurizio Ferrara and Martin Rhodes (eds.). *Recasting European Welfare States*. London: Frank Cass.
- Pence, Alan (ed.). 1992. *Canadian Child Care in Context: Perspectives from the Provinces and Territories*. Ottawa: Statistics Canada. Two Volumes.

- Pierson, Ruth Roach. 1986. *They're Still Women After All: The Second World War and Canadian Womanhood*. Toronto: McClelland and Stewart.
- Prentice, Susan. 1993. *Militant Mothers in Domestic Times: Toronto's Postwar Childcare Struggle*. Unpublished Ph.D. dissertation, Department of Sociology, York University.
- Prime Minister's Task Force on Urban Issues. 2002. *Canada's Urban Strategy. A Vision for the 21st Century*. Interim Report. Ottawa. See <http://www.liberal.parl.gc.ca/urb/ENGurbstrFINAL.pdf>.
- Randall, Vicky. 2002. "Child Care in Britain, or, How do you Restructure Nothing?" In Sonya Michel and Rianne Mahon (eds.). *Child Care Policy at the Crossroads. Gender and Welfare State Restructuring*. NY: Routledge.
- Ringen, Stein. 1997. "Great Britain." In Sheila B. Kamerman and Alfred J. Kahn. *Family Change and Family Policy in Great Britain, Canada, New Zealand, and the United States*. Oxford: The Clarendon Press.
- Siim, Birte. 2000. *Gender and Citizenship. Politics and Agency in France, Britain and Denmark*. Cambridge: Cambridge University Press.
- Stroick, Sharon M., and Jane Jenson. 1999. *What is the Best Policy Mix for Canada's Young Children?* CPRN Study No. F|09. Ottawa: Canadian Policy Research Networks Inc.
- Thomson, T.L. 1985. "Municipal Initiatives in Child Care." *Financing Child Care: Current Arrangements*. Background study on municipal initiatives in child care prepared for the [Cooke] Task Force on Child Care. Ottawa: Status of Women Canada.
- Toronto, City of. 2001. "Child Care Service Plan 2001-2003, Draft." Prepared by Child Services Division.
- _____. 1999a. *Background Paper - Towards a Framework for Integrating Early Child Development and Family Support Programs*. Toronto, November.
- _____. 1999b. *Action Plan for the Child Report Card*. Toronto. See <http://www.children.metrotor.on.ca/child/repcard99.html>.
- UNICEF. 2000. *A League Table of Child Poverty in Rich Nations, Innocenti Report Card #1*. Florence, Italy: Innocenti Research Centre. See <http://www.unicef-icdc.org>.
- Valentine, Fraser. 2001. *Enabling Citizenship: Full Inclusion of Children with Disabilities and their Parents*. CPRN Discussion Paper No. F|13. Ottawa: Canadian Policy Research Networks Inc.
- Young, Carole Ann. 2001. "Moving Forward: Child Care, the Cornerstone of Early Childhood Development Services." Social Planning Department, City of Vancouver. 27 August. See http://www.city.vancouver.bc.ca/commsvcs/socialplanning/childcare_strategy.htm.

CPRN Funding Sources

Project Funders

- Social Development and Administration Division and the Children's Services Division of the Community and Neighbourhood Services Department, City of Toronto

Corporate Sponsors

- BCE Inc.
- Canadian Pacific Charitable Foundation
- Hydro-Québec
- IPSCO Inc.
- Power Corporation of Canada

Special Thanks

We would like to acknowledge the generous past support of the following federal government departments, who provided core funding to CPRN from its inception in December 1994 until March 31, 2000. Without such support, CPRN might not have become the vital contributor to innovative policy development in Canada that it is today.

- Canadian International Development Agency
- Citizenship and Immigration
- Fisheries and Oceans
- Health Canada
- Human Resources Development Canada
- Public Works and Government Services Canada
- Transport Canada



Canadian Policy Research Networks • Réseaux canadiens de recherche en politiques publiques
600-250 Albert Ottawa, Ontario K1P 6M1 • tel (613) 567-7500 fax/télé: (613) 567-7640 • www.cprn.org