

# The Road to Innovation, Convergence or Inertia: Devolution in Housing Policy in Canada

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L'objectif de cet article porte sur la politique du logement au Canada depuis 1945 avec une attention particulière sur la période partant de 1986 lorsque le gouvernement fédéral a commencé son retrait de la politique du logement. Cet article applique les théories existantes des changements de politiques, telles l'innovation, la convergence, l'apprentissage des politiques et la succession des politiques sur les cinq phases de la politique du logement d'après guerre qui se sont produites au Canada. Cet article incorpore également deux sondages, menés par les auteurs en 1994 et 1997, sur les politiques provinciales du logement afin d'examiner les changements qui se sont produits depuis le retrait du gouvernement fédéral en 1996. L'analyse suggère qu'au sein d'un plus grand modèle sur le processus politique qui s'occupe des périodes de changement et de non-changement, les théories des changements peuvent expliquer des périodes antérieures caractérisées par un activisme, mais le modèle peut aussi expliquer la période actuelle caractérisée par une inertie. Étant donné l'existence des conditions pour le changement dans les phases initiales de la politique du logement, cette inertie est compréhensible puisque ces conditions sont largement absentes aujourd'hui.

The focus of this paper is on housing policy in Canada since 1945 with a particular emphasis on the period since 1986 when the federal government began its withdrawal from housing policy. The paper applies existing theories of policy change, namely innovation, convergence, policy learning, and policy inheritance to the five phases of housing policy that have occurred in postwar Canada. It also incorporates two surveys of provincial housing policy conducted by the authors in 1994 and 1997 to assess the changes that have occurred since the federal government withdrawal in 1996. The analysis suggests that within a broader model of the policy process which deals with both periods of change and non-change, the theories of change can explain previous periods of activism, but the model can also explain the current period which can best be described by inertia. This inertia is understandable because the preceding conditions for change which existed in the earlier phases of housing policy are largely absent today.

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## INTRODUCTION

The federal government held a leadership role in housing policy in Canada from the end of the

Second World War to 1986. In 1986, the federal Conservative government embarked on a process of policy devolution that significantly changed the manner in which social housing is provided in

Canada. This was the first of several policy shifts that led to the discontinuation of the federal government's direct role in delivering any form of subsidized housing program and to the transfer of operating authority for housing programs to the provinces and territories. The result is that the federal government has vacated this policy area; and the leadership role has devolved to lower levels of government.

The focus of the paper is on housing policy development since 1945, with a particular emphasis on policy change and devolution since the start of the federal government's withdrawal a decade ago. Using existing theories of policy change the paper analyzes policy shifts during five stages of housing policy development which have occurred in post-war Canada. It also incorporates a survey of provincial housing policy carried out by the authors to assess the changes that have occurred since 1996. It suggests that within a broader model of the policy process which explains both periods of change and non-change, it is possible to explain previous periods of activism in housing policy and also the current period of what might best be described by inertia. This inertia is understandable given that the preceding conditions for change which existed in other periods are largely absent today.

## STAGES OF HOUSING POLICY SINCE 1945

Contemporary Canadian housing policy began with the establishment of Canada (then Central) Mortgage and Housing Corporation with a very specific mission to build a housing community.<sup>1</sup> While its main focus was on private market housing, in later years it also played a leading role in the provision of subsidies for social programs. Between that post-war period and the present, there have been five stages in housing policy. These are highlighted in Table 1.

Each of these stages developed in response to different demographic and economic conditions, was driven by differing ideological values, has fitted

within the more general changes in the pattern of intergovernmental relations in Canada, and is not dissimilar to the pattern of other social welfare policies (Mishra 1990). These patterns of postwar housing policy have been discussed at considerable length elsewhere and we provide here only the information necessary to consider the theoretical models.<sup>2</sup>

The economic development stage from 1945-68 was driven by the economic and demographic pressures of economic reconstruction, the needs of returning veterans, and the pent-up demand from the 1930s and 1940s. The goal was the development of a large-scale housing industry. The primary emphasis was placed on the provision of single detached owner-occupied housing for middle-income families, under the assumption that low-income problems could be solved through filtering. That is, the middle-income groups moving to the suburbs would vacate smaller, older, cheaper housing, making it available for lower income groups. The programs were national in scope with little flexibility or responsiveness to regional or provincial needs.

The second stage of social development began in 1968. Reflecting the social climate of the time, it was assumed that comprehensive planning could solve policy problems through rational problem-solving techniques and had a coordinating group with a blueprint or vision of what our urban areas should look like. These were the urban reformers at the short-lived Ministry of State for Urban Affairs (MSUA) whose goals included cooperating with other levels of government rather than imposing policies upon them.

By 1968 it was also necessary to sustain the house-building industry which had been created by the first stage to meet the needs, values, and high expectations of the baby-boom generation. It led to a myriad of programs for home ownership assistance and rental assistance, and in the latter years, energy conservation programs. Later programs such as rent control responded to the inflation of the 1970s, but continued to cater to the expectations and

TABLE 1  
Canadian Housing Policy Stages

<i>Characteristics</i>	<i>Economic Development</i>	<i>Social Development</i>	<i>Financial Restraint</i>	<i>Disentanglement</i>	<i>Disengagement &amp; Privatization</i>
<i>Time</i>	<i>1945-68</i>	<i>1968-78</i>	<i>1978-86</i>	<i>1986-94</i>	<i>1994-present</i>
Economic conditions	reconstruction and prosperity	prosperity and inflation	recession and recovery	high government deficits	economic growth and widening social gap
Major demographic force	pent-up demand and returning veterans	“baby boom”	aging population and single families	40 & 50 somethings dominant	smaller non-traditional family unit
Overall goals	economic development	social reform	financial restraint	reduced government presence	rediscovery of social need
Market philosophy	filtering and infrastructure support, planned urban landscape	intervention, participation, and flexibility	reduced intervention	free market privatization	neo-liberalism globalization
Housing goals	industrial development, suburban development, physical planning	community development, income integration, demand support	supply support	deconstructionism “fix up, patch up”	?
Delivery instruments	direct federal loans and grants	cost-sharing and direct subsidies and loans	loan guarantees and mortgage insurance	co-production private sector partnership	volunteers local government
Intergovernmental	federal leadership	trilevel consultation, “province-building”	provincial leadership	solely provincial	solely provincial
Outcomes	large projects “corporate city”	widespread, uncontrolled subsidies	administrative overlap	non-policy small scale intervention	?

demographic demand of the baby boomers (Miron 1988). All of the programs were developed in cooperation with the provinces in an era of province-building. Indeed, this period saw provincial initiatives too as many of the provinces, most notably British Columbia, Ontario, and Quebec, developed and funded their own initiatives for home ownership and social housing.

While the first two stages emphasized building, the latter three stages have been more concerned with constraint and targeted assistance. The financial restraint stage from 1978 to 1986 responded to the desire for government restraint and reduced spending. This brought a reduction in programs, reduced government spending, the passing of program delivery to provincial and municipal

governments, but the continuation of non-profit and rehabilitation programs (Hulshanki and Drover 1986). Increasingly during this period the goals of those involved in the process began to conflict. For example, in municipalities with their own non-profit housing corporations were in competition with private non-profits; in markets with moderate to high vacancy rates private landlords and non-profit landlords who needed to fill their “market” units were in competition for the same market (Carroll 1989). Then in 1986, the federal government appeared to lose interest in housing. It was no longer an agenda item.<sup>3</sup>

This led to the fourth stage of disentanglement which responded to the desire to reduce the government presence in housing markets and the need for deficit control. It emphasized cost-shared, small-scale projects, but it was intended to contain a consultative planning mechanism to ensure consistency and overall standards. This stage ended in 1994 when the federal government announced the ending of all federal funding for housing. It would continue to fund commitments only under pre-existing agreements. The federal budget of that year placed additional financial restrictions on the senior government’s obligations, with a \$2.13 billion cap on housing expenditures. In 1995-96, the amount was further reduced to \$2.026 billion, and in 1996-97, to \$1.942 billion. There had also been no tangible results from the consultative planning process which was part of the disentanglement process.

The fifth stage of divestment and disengagement has developed since then. This most recent phase reflects a trend toward devolution, and a reduction of the government presence in markets. This latter reflects, in part, the ongoing arguments about the merits of large-scale intervention into housing markets to solve the problems of low-income housing needs. For example, while acknowledging that there are contentious debates about the successes and shortcomings of government-funded housing, Klodawsky and Spector maintain that “there is a public perception that social housing has ‘failed,’

both as decent housing for the poor who reside there, and as a targeted benefit those most in need” (1998, p. 268). This view does not simply reflect opinions about the consequences of reductions in government spending. It seems to carry with it a belief at the federal level and among some provinces, that the state should play a more limited role in housing markets. Policy decisions, to the extent they are made, seem to be made in isolation. The closely tied policy networks which had developed in housing over the 1960s and been sustained through the 1970s and 1980s have atrophied (Prince 1986). Finally, despite economic growth there has been a widening in the income gap between the rich and poor. Demographically, this stage has been marked by smaller, non-traditional family units.

While this latter stage reflects a more general disenchantment with government (Inglehart 1997), there has also been a rediscovery of community, called by some “civil society,” which can cynically be considered a means of having services provided for free by the voluntary sector. It seems also to reflect a genuine rediscovery of the benefits of community and social need. This has led to greater emphasis upon partnerships, third sector groups, and a devolution of responsibility to the local level of government.

The clearest pattern across the five phases was in the delivery of programs. Initially the federal government funded and delivered programs. As programs gained acceptance the government would gradually withdraw, passing the financing costs to the private sector, and the delivery and regulation costs to the provinces. Increasingly the momentum moved to municipalities, the private sector, and various forms of community partnership. The reasons for these later changes were threefold. In the first place, that demographic *blitzkrieg*, “the baby boomers,” were housed and moving into their second homes. They did not require, or demand, intervention. Secondly, a non-interventionist, private market ideology became dominant. Finally, but perhaps least important, there was belatedly some recognition that spending large

amounts of scarce resources on housing programs has not alleviated housing problems, a circumstance recognized by CMHC even in its own program evaluations (CMHC 1985).

In summary, the early phases emphasized social involvement and rational planning within a context of the economic prosperity and inflation of the 1960s and 1970s. The growing assertiveness of the provinces was responded to by increasing their responsibility for program delivery. The 1980s reflected a concern with cost containment and disentanglement.<sup>4</sup> Finally we have “rethinking government,” disengagement, and smaller scale, non-government intervention in part as a response to the realization that the programs in place were not effective at meeting needs (Ontario 1992).

#### HOW HAVE HOUSING PROGRAMS FARED?

To this point the emphasis has been on broad national problems and trends. For the most part, this is because in the early postwar years, the provinces had little involvement with major housing initiatives, their role being responsive and limited to cost-sharing (Banting 1990). Over the decades, the structure and processes of housing policy development closely mirrored the changes in intergovernmental relations and the evolution of Canadian federalism. An underlying current, however, was that the provinces criticized the federal government for being insensitive to particular provincial particularities housing conditions. The provincial governments argued that “the fiscal arrangements for housing have impeded the redistribution of responsibility and, thereby, the rationalization of government roles” (Streich 1985, p. 80). By 1994, the provinces had sole responsibility for housing policy. The question becomes, then, how have housing programs fared since devolution? The period that followed would seem to have provided an opportunity for the provinces to develop new programs which would be more suited to their individual needs, one of the greatest advantages of devolution. Did they do so?

A comparison of each of the provincial and territorial housing policies shows that the programs that have been developed since the early 1990s have been, for the most part, created in response to similar types of societal pressures and problems. For example, an aging population and the changing structure of the family have produced new demands for accommodation in all regions of the country. In addition, the need for fiscal prudence at the provincial level has promoted calls for greater partnerships with the private and third sectors. A second result of the desire for fiscal prudence and non-intervention is the focus on mixed accommodation in the market and, in most provinces with an older housing stock, a greater emphasis on building repair and rehabilitation. There have been some provincial housing initiatives since the federal government’s withdrawal and they have been designed to deal with regional conditions but most seem to be a continuation or rediscovery of older programs

For the first years after 1986, the provinces continued to deliver the same programs they had inherited from the federal government. Gradually, however, as changes in governments occurred at the provincial level, some variations across provinces began to appear. First, there were structural changes. The “old” housing corporations of the 1960s were disbanded, amalgamated into provincial departments, or left as caretakers of housing portfolios, with policy direction going to operating departments. Second, “new” programs started to develop which tended to consist of small loans/grants for home repair/rehabilitation or for upgrading to existing standards. Many of these were targeted at senior citizens in an effort to maintain their housing independence. Most of these were simply extensions of existing programs or re-discovery of older ones. But there seems to have been some attempt to tailor programs to meet the particular needs of the individual province or territory. In terms of delivery, greater emphasis was put on municipalities, public-private partnerships, and community involvement, particularly greater tenant involvement in management. This has, however, been a general

trend across most policy areas as governments have discovered “civil society.” The following provides some more specific examples and comparisons of program changes that have taken place.

The Yukon (1997) has a high percentage of mobile homes, many of which are in need of repair. The government established several programs to assist with the renovation of these homes and/or their adaptation to the occupants’ needs. It also attempted to alter the population’s reliance on electricity as a source of heating in both homes and businesses by providing financial incentives for change. But both these programs were modelled on former federal programs of the 1970s. The Northwest Territories (1995) has introduced programs to support the transportation of building materials and equipment because of the great distances that need to be covered, but not the development of new housing techniques.

Prince Edward Island (1997) has merged their housing operations with their health and social service programs. This move was undertaken in large part because of a desire to lower costs, but also because the provincial government believed that the needs of seniors and persons with disabilities could better be served by means of this holistic new administrative arrangement. The three branches have not yet, however, become fully integrated. Saskatchewan is also working to meet the complex functional needs of its aging population and “the deteriorating living and social conditions in certain inner city areas” (Styles 1997). It is renovating its housing stock with these special needs in mind and has placed an emphasis on putting more resources into housing in the north.

British Columbia and the Northwest Territories have followed a somewhat similar path stressing “community based decision-making” (Kravitz 1995), and trying to “strengthen communities through local solutions” (Ramsay 1995). Both have produced new forms of tenancy arrangements such as land lease and tenant purchase. Manitoba (1997)

has emphasized tenancy innovations and revitalizing its urban cores. It was one of the first provinces to become involved with “life-lease” rental projects for senior citizens.<sup>5</sup>

Newfoundland and Labrador (1997), Prince Edward Island, and Quebec (Société d’habitation du Québec 1997) have continued to make extensive use of the private rent supplement program.<sup>6</sup> This program originally introduced in the late 1970s, has always been one of the most flexible, cost-efficient programs available. Ontario, under the New Democratic Party (NDP) tied housing to job-creation programs through construction of non-profit and cooperative rental projects under almost the identical terms of the program they inherited from the federal government in 1986. These programs were terminated by the Conservative government elected in 1995. The government is also phasing out rent review (Ontario 1997).

Prince Edward Island implemented a direct lending program, but it is not radically different from that of the old NHA program. Quebec has begun a quite radical deregulation of the construction industry to bring it more in line with other provinces, but this has been dictated as much by the requirements of the North American Free Trade Agreement (NAFTA) and the World Trade Organization as by a desire to improve the housing market. Several provinces are experimenting with “rent-to-purchase” programs, and Alberta (1997) has also combined housing with its larger social welfare programs, viewing subsidized housing as temporary accommodation rather than a tenant right. In good part, Alberta’s housing policy strategies are linked to the government’s philosophy of the superiority of the private market. With this in mind, there has been a much greater shift toward programs that link the government with the private and third sector, thus changing the role of the housing department from “that of a service deliverer to that of facilitator” (McGowan 1997). Alberta is also the only province to have increased its housing expenditures on social housing since devolution (see Table 2).

TABLE 2  
Total NHA Activity in Social Housing by Province  
(millions of \$)

Year	Nfld	PEI	NS	NB	Que.	Ont.	Man.	Sask.	Alta.	BC	Yukon	NWT
1985 <sup>1</sup>	29.3	14.3	41.9	35.9	174.3	510.7	32.2	63.4	4.5	187.6	0.6	31.5
1997 <sup>2</sup>	0.4	-	2.5	3.1	14.7	28.7	13.8	30.2	8.5	17.1	1.7	-

Notes:

<sup>1</sup>Includes activities under the following section of the NHA: Loans to Non-Profit Corporations (section 6), Cooperative Housing (section 6) and Federal-Provincial Rental and Sales Housing (section 40).

<sup>2</sup>Includes activities under the following programs: INAC, Non-Profit Corporations, Cooperative Housing, and Provincial shared liability housing.

Source: CMHC: *Canadian Housing Statistics* (1997, Table 65).

Most provinces also embarked on various renovation and repair strategies in order to deal with an aging social housing stock. Saskatchewan, Manitoba, and Quebec have programs specifically dedicated to upgrading projects in rural and urban settings. Others, such as British Columbia (1997), New Brunswick (1996), and Nova Scotia (1997), have focused on the promotion of new building by servicing land or by changing zoning by-laws. And all of the provinces and territories, to varying degrees, have established partnerships with non-profit groups and cooperatives as a means of sharing housing costs and responsibilities. But as with other forms of social policy, expenditures on housing per province have varied widely (Atkinson and Bierling 1998) since the point of devolution ( Jones 1997). Table 3 gives the expenditures on social housing by province in 1985 and in 1997. The pattern of reduction is clear.

In summary, most provinces have introduced small-scale programs which reflect their own demographic and housing needs in a climate of fiscal restraint. Most of these have been programs that are continuations, or variations, of existing or earlier federal programs. As with other forms of social policy, however, expenditures on housing per prov-

ince varied widely (Atkinson and Bierling 1998; Jones 1997). The current period could have been an opportunity for provinces to develop new programs which reflect their specific needs. There are only limited signs, however, that provinces have started to grapple with the problem of the imbalance between housing stock and housing need which will be facing our urban centres over the next decade or two. There is clear evidence of a housing problem for low-income people in many urban centres, an aging public housing stock, and serious deterioration in the urban infrastructure (CMHC 1994). Yet, no province has developed policies to deal with these problems. It could be that the provinces are waiting to see if the federal government will reassert its role, although, given the current Liberal government's preference for decentralized federalism, this seems unlikely. As we argue below, however, there is little reason to expect changes in provincial housing policies in the near future.

#### THEORIES OF POLICY DEVELOPMENT AND CHANGE

Even if no government is willing to invest in the very large up-front capital costs associated with

direct intervention in the housing market there are a number of possibilities for new, inexpensive programs involving rent supplements, or tax incentives for rehabilitation which the provinces could introduce to solve some of their housing problems. For example, a book edited by Fallis and Murray (1990) is full of inexpensive yet innovative programs for housing programs revolving around shared resources and changes in leasehold and zoning. Yet during the past 12 years of fiscal restraint, the provinces, and until 1994, the federal government were willing to continue the expensive, cost-shared federal programs rather than develop new ones. In some cases, as in the Ontario JobHomes program they simply replaced federal financing with their own. Nor was there any large-scale protest from the provinces as there has been in other social policy areas when the federal government cut off new funding and devolved programs to other levels of government or agencies in the private or third sectors. Housing was not even part of the most recent social policy review.

This section considers the extent to which theories of policy development explain both the changes that occurred after 1945 and the lack of change which has been evident since 1994 and to some extent since 1986. The five concepts that we explore are: policy innovation (Gow 1994), policy convergence (Bennett 1991), advocacy coalitions and policy-oriented learning (Sabatier 1988), policy inheritance (Rose and Davies 1994), and finally we look at conditions under which policy change may not take place and inertia would result.

Gow reviewed the diffusion of administrative innovations in Canadian federal and provincial governments. He focused particularly on the inter-relatedness of policy ideas, the factors that facilitate policy acceptance or rejection, and the processes that affect policy implementation and change. He suggested that "innovation occurs when something new is introduced by an individual or social unit" (Gow 1994, p. 2). The innovation is not necessarily a new concept, but may be the adoption of a process or an idea that has been used elsewhere. Some of the fac-

tors that influence the propensity to innovate in government are "the sources of new ideas, the likely order of adoption of innovations within our system, the process, the presence of politics and policy communities, the context, and the values present" (*ibid.*, p. 125). These factors include the size and wealth of the government, the complexity of the policy, and the governing style of the players.

In Gow's analysis, three dynamic factors, arranged in a triangular relationship, are associated with the diffusion of innovations in the public sector. These are creative activity, rational analysis, and political activity. Gow explains that, for change to occur, some creative activity must be present. Such activity, "with its stress on novelty, discovery, the breaking of rules, and the importance of intuition," will be challenged by the tradition of rational analysis, which tends to create the rules and establish the routines that are so well-suited to the bureaucratic mind, and by the force of partisan and professional political activity, "in which the predominant features are interests and power, bargaining and compromise" (*ibid.*, p. 131).

In summary, innovation occurs when there is a perceived demand for a change and a group of individuals operating in a creative environment who are willing to emulate ideas they have discovered. While the availability of resources can aid in innovation, availability is neither a necessary nor a sufficient condition.

A second approach to understanding policy change is policy convergence. This is defined by Bennett as "the tendency of societies to grow more alike, to develop similarities in structures, processes, and performances" (1991, p. 215). Bennett has created a fourfold framework for examining the manner in which policies converge. Its mainstays are (i) emulation, (ii) elite networking, (iii) harmonization, and (iv) penetration.

Bennett suggests that emulation is "the utilization of evidence about a programme or programmes

from overseas and a drawing of lessons from that experience” (ibid., p. 221). In other words, the policy as a whole, or certain parts of it, might be incorporated at different stages of the design, implementation, or evaluation of the new policy. The approach of elite networking and policy communities results “from the existence of shared ideas amongst a relatively coherent and enduring network of elites engaging in regular interaction at the transnational level” (ibid., p. 224). For its part, harmonization requires collaborative action by players who have authority to undertake specific policy tasks. To be successful, it depends upon a high degree of cooperation among the many actors who play a part on the various levels of policy-making, and also frequently uses pre-existing structures for communication and action (ibid., p. 225). Finally, penetration refers to situations where states are “forced to conform to actions taken elsewhere by external actors” (ibid., p. 227). Policy change in this model takes place in a deterministic rather than random fashion within the constraints of systemic factors such as state- or society-centred institutions.

Paul Sabatier’s work on advocacy coalitions evolved from Hugh Hecló’s concept of policy-oriented learning. Policy-oriented learning refers to “relatively enduring alterations of thought or behavioral intentions that result from experience and are concerned with the attainment (or revision) of policy objectives” (Hecló, cited in Sabatier 1993, p. 19). According to Sabatier, an advocacy coalition consists of actors from the public and private sectors who have deeply held beliefs about a particular policy issue and who, over the course of time — sometimes a decade or more — attempt to affect the evolution of that policy (ibid., p. 212).

At the centre of Sabatier’s framework is the coalition’s belief system that consists of fundamental normative values. These values guide the actions of the players and are difficult to change. Policy-oriented learning occurs when the coalition’s core beliefs or values are threatened or challenged. Such threats or challenges motivate analysis, debate, and

action to further the coalition’s policy goals. Competing advocacy coalitions use a variety of instruments and mechanisms to further their cause, including undertaking research on a policy issue, mobilizing opposition, and seeking political resources (Sabatier 1993, pp. 45-55).

A final approach to understanding policy change is that of policy inheritance. Richard Rose and Philip Davies (1994) suggest that government options for current and future policy change are invariably compromised by policies that have been inherited from previous administrations. They suggest that governments have four policy choices available to them: maintain the routine inherited from the previous administration; make symbolic gestures where public statements about a policy do not necessarily lead to substantive policy change; undertake instrumental adaptations to an existing policy to demonstrate competent action; or demonstrate innovation with a new policy goal (ibid., pp. 40-43).

The limitation on policy choices for governments in some policy areas may continue for generations, even when significant ideological and economic shifts occur. This, they maintain, reflects societal need for continuity and stability in certain policy fields such as social security. They argue that “government is different from business, for it is about maintaining society rather than about making profit through the continuous transformation of resources” (ibid., p. 240). These limitations on policy choice are important if citizens are to retain their capacity for independent decisions about their own actions and well-being.

In summary, Gow’s innovation focuses upon the availability of resources, ideas, common values, and emulation. Bennett’s convergence highlights perceived common goals, harmonization, elite networking, an external force, which in the case of Canada would be the federal government influencing change and emulation. Rose and Davies are concerned with the need for stability. Sabatier stresses the level of values and the rational act of

TABLE 3  
A Comparison of Theories of Policy Change

<i>Characteristics</i>	<i>Innovation</i>	<i>Convergence</i>	<i>Learning</i>	<i>Inheritance</i>
Networks and values	Network with common goals	Elite with shared values	Coalition with shared values	Conform to societal goals
Sources of information/ideas	Creativity and emulation	Copy from elsewhere	Advocacy	Existing policies
Goal	Risk-taking	Harmonization	Learning from research and experience	Stability
Mechanism	Rule-breaking Dynamic, complex but nonlinear	Penetration through external control Dynamic, complex and linear	Developed from research  Rational and linear	Incremental change  Rational and linear

learning, that is, recognizing a condition, analyzing it, and having the knowledge to improve it.

The four approaches are not entirely dissimilar; they vary more in the emphasis laid upon certain factors which are summarized in Table 3. For example, there is a subtle difference between the emulation discussed by Gow and the convergency of Bennett and the continuance of Rose and Davies. Emulation takes place when one party follows the other, often when there has been a fervent climate for change or a crusading advocacy coalition. Convergence tends to occur more when values are shared and it is less of a "copy-cat" than a process of "thinking alike." Inheritance occurs when existing programs continue, often drifting or ceasing to meet the needs, when there is insufficient environmental pressure or creative spark to induce change. Gow favours a more interactive, non-linear approach to the policy-making process. His theory of innovation replaces the idea of rational analysis with that of creativity and political activity. This is similar to Braybrooke and Lindblom's "leap of faith" (1963) and is within the reactive analytical tradition of Ham and Hill (1988). Bennett, Sabatier, and Rose and

Davies all favour a more linear approach to the policy-making process. Bennett, drawing from the earlier work of Harbison and Myers (1956), focuses on information exchange and elite relationships. Rose and Davies place their emphasis upon inherited programs with the timing of the introduction of the original program being important. All, however, shed light upon the process of policy development and change and we suggest can be viewed not as competing, but complimentary, models of change. But what if policies do not change? Can this also be explained within the same policy model? We suggest the answer to this question is "yes."

Drawing from the work of Richard Cyert and James March (1965) and James D. Thompson (1967) one can perceive the policy process as a dynamic, complex process which holds together a coalition of groups with conflicting goals and values but which have agreed upon a particular policy outcome. Because of the potential conflict, the goal of the process is to resolve rather than solve problems, and to avoid risk by limiting the amount and direction of search and change. Change occurs only when there is a "trigger" mechanism which forces a

renegotiation of the original policy agreement, requiring that the conflicting goals of the members be taken into consideration. But the approach is not always rational nor linear. It is iterative and involves bargaining more than rational analysis. Bouchard *et al.* (1998) have suggested that policy areas vary systematically from each other in ways that are important for understanding change. The most important of these are the extent to which there is an agreed-upon goal and the extent to which the cause and effect of certain actions are known.

In some types of policy areas such as economic policy where cause-effect relations are agreed upon, a linear, rational approach to policy-making and learning may be possible if policy is made by a coalition with shared values. In other areas there is more need for negotiation and the invoking of political processes. Thompson (1967) suggests that the most common way for change to occur is for some small group to come to dominate the process, and this is consistent with these models of change. Depending upon the size of the group and their degree of coupling, one could expect to find innovations across governments, or convergence, or incremental shifts, or learning to bring the policy in line with changed societal goals. But the policy process is primarily characterized by a coalition with conflicting goals and a tendency to risk avoidance. Without some trigger to invoke change, the policy process will remain inert even in cases when the policies in place are not achieving their stated or implicit goals.

Perceiving the policy process from this broader perspective can not only explain cases in which there is no action or a state of inertia, but can also explain some of the shortcomings of some of the change theories. For example, it is not entirely clear why advocacy coalitions form in the case of advocacy learning. It is possible that there has been a change in the balance within the existing policy coalition and another part of the coalition has become dominant. Similarly, it is not entirely clear why one of the five possible choices from the theory of inheritance is chosen over another. In this case, it

would be the desire to avoid uncertainty by altering the balance within the policy coalition.

These theories of change, then, can be embraced by the broader perspective which suggests that without a trigger change will not occur. If there is no network with common goals, no elite with shared values, no coalition with shared values, and no common societal goals, that is, if the necessary conditions for change are not in place, there will be a state of inertia.

#### APPLICATION TO CANADIAN HOUSING POLICY

Innovation, convergence, and inheritance may each explain aspects of housing policy from 1945 to 1994, but they do not explain the post-1994 policies as well. Since 1994, housing policy seems to have been in a state of inertia due to the collapse of both the networks and the coalitions which drove earlier housing policies, and a splintering of the values and goals of the various stakeholders in housing policy.

In the first stage of housing policy there was convergence, not only across Canada but across most of the nations of Western Europe and North America (van Vliet and Fava 1985). Faced with similar problems and a relatively homogeneous set of values and instruments, housing policies tended to be emulated. This was reinforced by the ideological dominance of architects and engineers — largely trained in Britain and heavily influenced by certain ideas about planning who immigrated to North America and brought their ideas with them (Dunleavy 1981; Meyer 1978). The existence of such an elite with shared values is the major pre-condition for policy convergence.

The 1968-78 stage was an almost classic period of innovation. There was political activism which was marked by a willingness to spend resources on housing, and there was a lot of creative activity marked by new ideas about housing. It was the height of rational analysis in policy-making and

there was a group of people within all levels of government and the broader community with strong values and a commitment to act upon them. Many of the Canadian programs were adapted from those in the United States and its "War on Poverty." This stage was also marked by the dominance of advocacy coalitions which included powerful development and social advocacy interests that developed and crafted the housing policies which are to a large extent still in place. For example, the Co-operative Housing Foundation, a well-organized lobby group, had considerable power through the 1970s and 1980s, as did development interests.

This period does not fit the model of Sabatier, however, for while a great deal of research was done, there was little learning. Very few of the programs reflected the extensive amount of research which was carried out by CMHC in the 1969-73 period. Nor did the later changes come into being as a result of the program evaluations which were carried out. Changes did, however, tend to come about as a result of political pressure from powerful interests or advocacy coalitions. During this period the federal government took the leadership in funding large-scale national meetings in which information could be exchanged and networks established. These may have produced the emulation in the provinces, which developed independent housing policies.

The years from 1978 until 1986 can be characterized as the phase of inheritance. There was little fundamental change in the programs. There were symbolic changes in funding mechanisms and instrumental changes but anyone familiar with the housing programs of the late 1960s and 1970s would find the programs quite familiar until 1986, with the only major change being the shifting of the source of mortgage funding from the federal government to the private sector. Toward the end of this phase in the mid-1980s the characteristics of another period of convergence began to develop. The federal government, acting as the "external" harmonization force, signed agreements with provinces under the *National Housing Act* to produce a national harmo-

nization of federal-provincial programs. That is to say, the programs which, between 1973 and 1978, had developed regional variations to meet regional needs, became similar. This can be considered to be one of the tests of convergence (Williams 1997).

Again there was very little evidence of policy learning. Carroll (1995) has documented how attempts to accommodate pressure from groups in the community housing program produced a program of high-rise, low-income ghettos almost indistinguishable from the public housing it was intended to replace. The Auditor-General of Ontario (Ontario 1992) and Green and Shugarman (1997) have documented cases of financial abuse and fraud in the same programs. As mentioned earlier, even CMHC's own Evaluation Division pointed out as far back as 1985 that the community housing program was ineffective at meeting housing needs (CMHC 1985). Learning assumes that change follows from research and experience; in this case, despite the evidence of research and experience, the program was not redesigned.

The disentanglement phase from 1986-94 remained one of inheritance, but the seeds for the inertia which has since developed were sown during this time. The change in 1986, while seemingly dramatic, was simply a continuance of the incremental devolution of housing policies which had been occurring since 1978 and which provided the Conservative government with an opportunity to make a symbolic gesture of change. After disentanglement, the provinces tended to simply take over the programs inherited from CMHC, adhering to the terms stipulated in the federal-provincial agreements. Little new federal or provincial funding was made available. It might be argued that there was some emulation as provinces developed some of their own policies, but these were largely variations of those that the federal government had passed on to them rather than emulation from each other.

Most importantly, during this period the coalition of interests which had been dominant in the

earlier period collapsed. All of the members of the coalition of low-income and housing advocacy groups and development interests had an interest in large-scale spending on housing. But in the 1980s the large national, integrated building and property management firms left the housing market, leaving it to locally-based house-building and property-management firms. These firms had less cohesive interests and were more inclined to view social housing as a threat (Carroll 1998). During the same period, CMHC ceased to fund or support the national conferences which had cut across all areas of housing, bringing in development, finance, and social interests. As there were fewer shared programs, little new funding and no common focus, the need for networks, and the ability to maintain them, disappeared.

It would be easy to argue that lack of innovation was a product of a scarcity of resources and the change in political ideology toward non-intervention in housing. Yet, Margaret Thatcher brought about one of the most profound changes in British housing policy when she sold off the stock of council housing (Linneman and Maglologbe 1995; Williams 1997). Even a province such as Alberta, which has one of the most market-oriented governments, made no move to do this. The ready availability of resources is not a necessary condition for innovation, and a shortage of resources could even be the stimulant to try innovative solutions.

Throughout the period of federal government activism in housing policy, it had been the provinces' position that federal government policy ignored the specific needs of individual provinces and that provincial responsibility would lead to more appropriate and more innovative policy. This does not seem to have occurred. Although there are innovative ideas which could be utilized to develop new, less expensive policies, there have been no initiatives to introduce or implement these policies. Since 1994, housing policy seems to be in more or less a state of inertia.

There have been some new initiatives such as the emulation of new forms of program delivery from

other policy areas. For example, the promotion of partnerships between local governments and other sectors to manage housing projects has been attempted in most provinces.<sup>7</sup> But there are no common goals, and the networks that had developed have come apart. Consultation seems to have broken down and there is some concern that the physical condition of the existing housing stock itself, and the infrastructure that supports it, are deteriorating. Klodawsky and Spector (1998), for example, argue that unless action is taken there will be an inevitable decline in the existing housing stock.

The federal government's decision to start the devolution process in 1986 could have triggered a period of innovation, as it required the provinces to examine their current and future housing delivery mechanisms. But there were no shared values either at the provincial level or in housing networks across the country. Although there were ideas, there was no way of sharing them. Resources were also limited, and while some groups advocated the need for a degree of intervention in housing, they did not form a broadly-based coalition (Sewell 1997). This is not to say that the provincial housing agencies are not trying. But as one respondent pointed out: "we are doing the best we can with limited financial and human resources and a lack of political will."<sup>8</sup>

In some of the smaller provinces, where there is greater likelihood of shared societal values, there have been the kind of incremental changes which would fit the model of inheritance, such as strengthening opportunities for tenant involvement in the Yukon and Saskatchewan, and Prince Edward Island's experiment with an holistic organization. Alberta, with its stronger links to the private sector, has used these to develop programs of social housing that rely upon private sector-community links. But these are very small steps given the magnitude of the problem and there has been almost no emulation. To date, the different provincial programs each seem to stand alone. This lack of emulation may be a function of a breaking down of the national

networking, which was another aspect of CMHC's work. But we suggest that the absence of change is a natural outcome of the inertia and risk avoidance within the policy process.

## CONCLUSION

In Canada, there currently appears to be no trigger to start the process of change to deal with housing and infrastructure problems. Keith Banting has observed that, in the 1980s, "social housing had become a weapon in the struggle for hegemony among the governments of Canada" (1990, p. 131), with housing policy being more about federal-provincial competition than cooperation. But at least it was a weapon that was used. In the 1990s, social housing is not even part of the debate on social policy. The provinces did not object to the downloading of social housing costs, nor has there been any pressure for new action by the federal government or by the provinces.

In terms of our ability to explain the reasons for housing policy change, we can draw some lessons from each of the four models. In the first phase of economic development after 1945 there were clear patterns of international convergence as a European-trained elite brought their ideas to Canada. This was followed in the 1960s and early 1970s by a period that had all of the necessary conditions for innovation, including a committed network of people with common or at least complimentary goals, political activism and a willingness to take risks and do dramatic things. The next two stages can best be explained by inheritance. There were incremental changes reflecting a general feeling that there was a role for the government to play in housing, but to spend less in doing it, combined with a reluctance to reconsider the role that government should play. The periods of convergence and inheritance also reflected a linear trend in the policies while the period of innovation saw a distinct and marked shift in housing policy. There was, however, little evidence of learning in any of the phases. Perhaps

because housing does not lend itself to the type of rational analysis necessary for learning to take place. The final phase of disengagement is explained less well by these theories.

It could be argued that this final phase can be explained by the models of change. In terms of innovation there have been new structures and new forms of delivery. There may have been some convergence in that the political and administrative elites agreed to ignore housing as a priority during the cutback years and the current period of "rethinking" government. It could even be that there has been a kind of learning in that it became accepted that large-scale, national housing programs do not seem to work. And, finally, it could be argued that inheritance had its weight for a long time but eventually ceased to apply as the lack of advocacy coalitions and the greater resource restraints made housing a much lower priority. The current state of inertia, then, could be a result of all of these occurrences.

But this current inattention to housing policy might seem to suggest that purposive decisions were made to not take action. There is little evidence to suggest this was the case. If there was learning we would expect to see a change in policy toward small, inexpensive programs and perhaps a privatization of the existing publicly owned or subsidized housing stock. But this again requires that there is some impetus to act, or some general agreement not to act. We suggest that a better explanation of current provincial housing policy is that the normal state is for policy to be inert and not to change unless some trigger forces a reconsideration of the existing situation. The kind of change that takes place is in large part a function of different conditions, but more importantly is the function of the nature of the coalition which is driving the impetus for change. If there is an elite with common values and experiences we may see convergence of policies. If there is a widespread network with creative ideas and a willingness to take risks we may see innovation. Common values will produce policies that tend to continue from the past. Finally, if the policy area is

amenable to rational analysis there may be learning and change. If none of these conditions exist, inertia will result regardless of the need for policy change.

The early stages of housing policy had a clear blueprint for action, a commitment to some goal and a coordinating mechanism which allowed for innovation. The third and fourth stages did not have as clear a blueprint or as coherent a coordinating mechanism, but at least the inherited programs were continued in the belief that government had a role to play. We do not consider the current phase of inattention to be a change. Rather, it is characterized by the absence of an impetus for change. Whether there is a need to take action on housing is not the question; the question is when, if ever, will some coalition between social, economic, and governmental interests become sufficiently committed and powerful to trigger changes in housing policy at either the provincial or federal level.

## NOTES

<sup>1</sup>The information is derived from a survey of provincial housing agencies carried out by Carroll in 1986 (Carroll 1988) and updated by Carroll in 1994 and Jones in 1997 (Jones 1997). For further details about the programs, see Jones (1997). The authors take this opportunity to thank the officials in the various housing agencies who provided this information.

<sup>2</sup>For a detailed outline of these phases, see Carroll (1989) and Miron (1988).

<sup>3</sup>Indeed, if the Charlottetown Accord had been passed, the federal government would have constitutionally passed responsibility onto the provinces.

<sup>4</sup>It should be noted that neither disentanglement nor privatization necessarily reduces costs, but they do pass them to other levels of government or other sectors (Levine 1980).

<sup>5</sup>Life-lease is a form of tenancy designed for senior citizens, among others, who are asset rich but do not have a high income flow. They provide an up-front investment in the property at the time they take up tenancy and have

their rent correspondingly reduced. It is not uncommon for senior citizens to have most of their assets invested in their rental building. Surprisingly, it has not consistently followed the trend to greater tenant involvement in housing management. In cases where tenants have millions of dollars in equity in these buildings, the province allows non-profit organizations to have by-laws which forbid tenant representation on the Board of Directors or to have any tenant participation in management.

<sup>6</sup>This is a program by which the difference between the private market rent and the calculated ability-to-pay of the tenant is bridged by a government subsidy to the landlord.

<sup>7</sup>It is ironic that the provinces have adopted the rhetoric of "New Service Delivery" such as public/private partnership and alternative delivery mechanism when it was the housing sector which was most innovative in the 1950s through 1970s in combining public and private financing and utilizing non-profit community groups in implementation.

<sup>8</sup>To the extent there is any innovation taking place it is on the part of the federal government. CMHC, left with few programs and a small budget, has re-invented itself as a research organization. It has developed ties with aid agencies and is actively working at exporting both technology and materials. At the federal government level there has also been a recent initiative to deal with the problem of the homeless, an initiative which has not been received enthusiastically by some provinces. For a description of these federal initiatives see the CMHC Web site at <http://www.cnhc.schl.gc.ca/cmhc.html>

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