

Quebec's Institutional Reconfiguration and the Reengineering Process: Lessons from Ontario

Reconfiguration institutionnelle et réingénierie de l'État au Québec - Leçons des expériences ontariennes

Alain-G Gagnon and Olivier de Champlain

Volume 3, Number 1, 2006

URI: <https://id.erudit.org/iderudit/1039124ar>

DOI: <https://doi.org/10.7202/1039124ar>

[See table of contents](#)

Publisher(s)

Centre d'études en gouvernance de l'Université d'Ottawa

ISSN

1912-0362 (digital)

[Explore this journal](#)

Cite this article

Gagnon, A.-G. & de Champlain, O. (2006). Quebec's Institutional Reconfiguration and the Reengineering Process: Lessons from Ontario. *Revue Gouvernance / Governance Review*, 3(1). <https://doi.org/10.7202/1039124ar>

Article abstract

The sustained interest in the potential of the public-private partnership formula (PPP) to take on the challenges relating to public finance crises and a gap in infrastructure faced by several countries is fuelled by a discourse on efficiency, and by the novelty and uniqueness of the way every political entity (state, province) is managing its PPPs. The discourse surrounding PPPs, built around themes like cooperation, corporate accountability and service improvement, is replacing the language of competition that was commonplace during the late 1970s and early 1980s. To some, these discourses represent the latest chapter in "the privatization of government services", whereas others criticize the confusion and rhetoric built around a concept in the process "of becoming just another public policy reform fad." Inspired by a text written by Neil Bradford, we explore the outcomes of two economic innovation strategies that occurred respectively under the reign of Bob Rae's NDP government (1990-1995) and Mike Harris' Conservatives (1995-2002) in Ontario. Bradford makes the point that the Conservatives narrow and market-based partnership approach succeeded where the NDP's broad partnership approach failed. This was in part due to an inadequate institutional configuration. Based on this observation, the case of Quebec will be assessed in order to determine whether there is a better institutional fit between the reengineering process being considered and the Quebec government's potential for innovation and its state capacity.



Reconfiguration institutionnelle et réingénierie de l'État au Québec - Leçons des expériences ontariennes

Vol.3, No. 1, mai 2006, Page 26

Alain-G Gagnon et Olivier de Champlain

Les articles publiés sur ce site le sont toujours dans la langue de l'auteur.

The sustained interest in the potential of the public-private partnership (PPP) formula to take on the challenges relating to public finance crises and a gap in infrastructures faced by several countries is fuelled by a discourse on efficiency and by the novelty and uniqueness of the way every political entity (state, province) is managing its PPPs. The discourse surrounding PPP, built around themes like cooperation, corporate accountability and service improvement, is replacing the language of competition that was commonplace during the late 1970s and early 1980s.¹ To some, these discourses represent the latest chapter in “the privatization of government services,”² whereas others criticize the confusion and rhetoric built around a concept in the process “of becoming just another public policy reform fad.”³ A recent publication produced by the Canadian Council for Public-Private Partnerships (CCPPP) of a national survey highlighting the attitude of Canadians toward the many issues raised by PPPs has proven to be particularly informative. Results show, among other things, that more than six out of ten Canadians agree that it is time for the private sector to start establishing links with the public sector in order to provide services and engage in infrastructure projects. Moreover, it points to the fact that, among all Canadian provinces, Quebec and Saskatchewan are the most open to PPP options. In contrast, Ontario followed closely by Alberta are the two provinces less willing to take the lead.

This paper's central claim is that despite the arguments made by proponents of PPPs, their use not only undermines democratic governance but also tends to augment the arbitrary nature of state governance. The cases of Quebec, a province that is about to rally behind the PPP option, and Ontario, a province that has already adopted this strategy, will be examined. Throughout our analysis, CCPPP's results will be assessed with a view to explain why citizens of the wealthiest and least interventionist provincial governments in Canada are reticent, when not outright opposed, to service delivery by private sector organizations.

Inspired by a text written by Neil Bradford, we explore the outcomes of two economic innovation strategies that occurred respectively under the reign of Bob Rae's NDP government (1990-1995) and Mike Harris' Conservatives (1995-2002) in Ontario. Bradford makes the point that the Conservatives narrow and market-based partnership approach succeeded where the NDP's broad partnership approach failed. This was in part due to an inadequate institutional configuration. Based on this observation, the case of Quebec will be assessed in order to determine whether there is a better institutional fit between the reengineering process being considered and the Quebec government's potential for innovation and its state capacity.

Finally, we conclude the paper by focussing on what appears to be a waning of democratic governance coupled with a rise of non-consensual governance under the Quebec Provincial Liberals. In short, we will argue, along the lines developed by Andrew Gamble (2000), that state retrenchment and reconfiguration do not necessarily lead to a deregulation of the state's economic function. Rather, it contributes to the re-regulation of its managerial function. In other words, one could say that states will paradoxically assume more power but over less domain.

Setting the agenda for public-private partnership

In much of the discourse surrounding the potential use of PPPs, elected officials tend to overemphasize two aspects of the formula. The first refers to the economic benefits of such an option, while the second is more of a claim that rests on the uniqueness of the type of partnerships state officials want to put forward. In other words, PPPs are said to generate savings, therefore populations are invited not to be alarmed by stories emanating from previous PPP experiences abroad or in Canada, since officials claim to have learned from past mistakes and have designed tailor-made solutions aimed at not repeating the same mistakes. In the next section, two Canadian provinces will be examined. Of these two provinces, Ontario is already using PPPs as a way to finance and meet public demand for infrastructure renewal, while Quebec is about to embark on the same road. But first, a quick look at the results of a survey, conducted by Environics Research Group on behalf of the CCPPP, will assist in demarcating differences between citizens' opinion and elected officials' discourse regarding the question of PPPs (see table 1).

Table 1: Canadians' attitude toward PPP delivery in different sectors

| Service | Canada % | | Quebec % | | Alberta (Prairies) ⁴ % | | Ontario % | |
|-----------------------------------|----------|--------|----------|--------|--------------------------------------|--------|-----------|--------|
| | Support | Oppose | Support | Oppose | Support | Oppose | Support | Oppose |
| Road construction and maintenance | 72 | 27 | 78 | 20 | 73 | 26 | 68 | 30 |
| Hospital building | 62 | 36 | 69 | 28 | 61 | 37 | 58 | 40 |
| Hospital services | 73 | 25 | 72 | 24 | 76 | 22 | 75 | 23 |
| Transit | 65 | 34 | 69 | 28 | 67 | 32 | 62 | 37 |

Source: Canadian Council for Public-Private Partnerships, The People Speak on P3: A National Survey on Attitudes to Public-Private Partnerships, November 2004.

Among the highlights, the survey shows that “More than eight out of ten Canadians believe that their national, provincial and municipal governments are having trouble keeping pace with the demand for new or improved public infrastructure.”⁵ Although the same percentage of Canadians say that the concept of “infrastructure deficit” is meaningful to them, differences among provinces emerge when asked “if it is time to allow the private sector to deliver these types of services in partnership with government.”⁶ Quebeckers agree in a proportion of 68 percent with the latter assertion, while only 55 percent of Ontarians and 58 percent of Albertans endorse the statement.⁷ Deeper differences emerge between the provinces when citizens are asked if they would allow for the involvement of the private sector knowing that price and service quality would be the same as in publicly run utilities.⁸

Even if most types of services or infrastructure considered by the survey received positive support across the board, significant divergences are revealed when data are ventilated by province. Three sectors (water treatment, sewage treatment and energy) tend to get a much lower level of approval, particularly in Alberta and Ontario. The case of Quebec is at odds with the others since the province gives some of the highest levels of approval in Canada for the three sectors (see table 2).

Table 2: Most sensitive service areas for PPP delivery

| Service | Canada % | | Quebec % | | Alberta (Prairies) ⁹ % | | Ontario % | |
|---------|----------|--------|----------|--------|--------------------------------------|--------|-----------|--------|
| | Support | Oppose | Support | Oppose | Support | Oppose | Support | Oppose |
| Water | 54 | 44 | 69 | 29 | 54 | 45 | 45 | 53 |
| Sewage | 60 | 38 | 69 | 28 | 60 | 39 | 51 | 46 |
| Energy | 55 | 43 | 60 | 36 | 61 | 37 | 48 | 50 |

Source: Canadian Council for Public-Private Partnerships, The People Speak on P3: A National Survey on Attitudes to Public-Private Partnerships, November 2004.

It might be a bit premature to draw any kind of conclusion from these results, but the data displayed in tables 1 and 2 raise some important questions. For one, does Quebec’s strong support for PPPs have any link with the fact that the province has not yet experienced the actual effects of PPPs, since they are currently being implemented? Are the lack of support regarding the use of PPPs in water utilities (sewage and drinking water facilities) as well as in the energy production sector have anything to do with the outcome of highly publicized scandals such as Enron in California and Walkerton in Ontario? One could also question whether the lack of support for PPPs in some key sectors in Ontario and Alberta has something to do with the consequences of previous PPP experiences that did not deliver on their promises.

One of the many problems awaiting researchers, taking a closer look at the involvement of the private sector in the delivery of infrastructure and services in Canada, is the extreme polarization of the debate. On the one hand, there are PPP advocates who, in the words of Graeme Hodge (2004), see PPPs “as a ‘marriage made in heaven’ and the arrangement that gets the best of both sectors.”¹⁰ On the other hand, opponents, such as unions, non-governmental organizations and citizens, who are unconvinced about potential economic benefits and service improvement claims made by their proponents. What is striking, however, is that “Governments seem to take little notice of the critics and press on with PPPs at the top of the policy agenda.”¹¹

No matter how elected officials try to introduce PPPs into the political agenda, expected economic gains and improvements in efficiency and transparency over traditional methods of governance are invariably put forward. In Ontario, PPPs were introduced as a new tool to finance and manage public infrastructure after:

Ontario’s governing New Democratic Party (Canada’s version of a social democratic party) oversaw five consecutive years (1990-95) of deficits in excess of \$10 billion, for an overall increase in government debt of nearly \$60 billion, surely a record for a sub-national government, anywhere, anytime.¹²

In fact, Premier Mike Harris’s ultraconservative program, depicted as Common Sense Revolution (CSR),¹³ which led to the Conservative party victory in 1995, played an important role in the financial appeal of PPPs. With promises to reduce the provincial income tax rate by 30 percent over three years, as well as cutting government spending by 20 percent over the same period, the Conservatives created a setting that boosted PPPs appeal. The Common Sense Revolution document barely hides its bias in favour of a new public management ideological framework when it states that “Many of the things that government does can be done cheaper, faster and better if the private sector is involved.”¹⁴

Other factors played a crucial role in facilitating the way to PPPs. Among them is the municipal reform undertaken by the Harris government, even though the CSR program was discrete about this issue. The amalgamation process and the downloading of former provincial responsibilities such as social housing, road maintenance, policing and municipal transit to municipalities raised their burden. In doing so, the Conservatives were fulfilling their electoral promises of reducing the size of the state as well as cutting program expenditures, having passed on their financial responsibilities to others.

In Quebec, the upcoming implementation of PPP initiatives is part of a broader reengineering process undertaken by the Liberals since their election in April 2003. Although the Liberal drift toward governance associated with the New Public Management Movement is not entirely new in Quebec’s political landscape,¹⁵ the sentiment of urgency surrounding the need to push ahead with the whole reengineering process is. According to Quebec’s premier, the province will be facing two major problems in the near future: demographic decline and a crisis of public finances. Therefore, there is a pressing need to refocus the state on its basic priorities, or as Monique Jérôme-Forget, the president of Quebec’s Treasury Board states:

In its quest to manage everything, the Quebec state has failed to better manage anything at all. This is why we wish to reorganize the public system to refocus its priorities on essential elements and to increase its efficiency. From now on, the state will be involved only where it holds significance, offering better services at lower costs.¹⁶ [Authors’ translation]¹⁷

Until now, the outcomes of the reengineering project in Quebec are still largely unknown. The mismanagement of the communication plan surrounding the Liberals’ new orientations for the Quebec state and, more generally, the growing unpopularity of the government led to very few results and has put the government in a sort of continued crisis management mode. From the inevitability of having to opt for change,¹⁸ the Charest government now seems to be trying to avoid mistakes while seeking greater levels of support from the population.

Prior to the adoption of Bill 61, which would create a PPP agency set up supervise the entire operation,¹⁹ several labour unions and professional associations expressed their opposition or their approval regarding the creation of the agency by submitting reports before the Quebec National Assembly. As expected, “natural” opponents to PPP raised serious concerns. For instance, the Confédération des syndicats nationaux (CSN) denounced the double mandate of the agency (to promote PPPs and to advise potential partners on matters related to PPPs). The CSN also questioned the provision that enables the agency to create subsidiaries that will escape the law guaranteeing information access and the auditor general’s oversight. The union expressed concerns with regards to transparency claims made by the government, since the Bill stipulates that in order to protect the competitive capacity of private partners, some information might have to remain confidential while private firms will have access to private (personal) data.²⁰

It is worth pointing out that advocates of solutions that allow for more service procurement by private actors expressed some reservations. The Association des ingénieurs-conseils du Québec (AICQ), even though it supported the creation of the agency and a greater participation in infrastructure and service delivery, claimed that “In no way, a greater implication from the private sector can be considered as a valuable justification for state retrenchment in

terms of infrastructure investments.”²¹ In fact, the association believes that, in the past years, the real problem was related to the lack of investment in infrastructure. Therefore, PPPs do not represent the awaited panacea. At best, PPPs will be part of a more global solution.

Throughout all of this political shilly-shallying, the PPPs are about to become a reality. Since June 2004 a set of three bills were tabled and passed (Bill 60, Bill 61 and Bill 62),²² the last one being adopted in May 2005, in order to legitimate and ease PPP implementation. The purpose of Bill 61 was to establish the Quebec Agency for Public-Private Partnerships, the equivalent of its Ontarian counterpart SuperBuild set up in 1999. As for Bill 60, it created the Société de financement des infrastructures locales du Québec (SFIL), an organization that will manage funds aimed at improving local public infrastructure,²³ such as the transfers to be made by Ottawa of a portion of the gas tax. The case of Bill 62, however, has more direct implications with regards to democratic governance, even though it led to less disruption than the creation of the agency.

In its provisions, the Bill modifies the legislative framework of municipal technical services such as sewage, water treatment and distribution, public transportation, road building and maintenance, etc. According to law professor Marie-Claude Prémont (2005), the Bill will enable municipalities to subsidize the private sector as well as give control over some services to private enterprises through PPPs.²⁴ With all the attention captured by the creation of the PPP agency, the Liberals, supported by the Action démocratique du Québec (ADQ) and the Parti Québécois (PQ), have been able to enact a Bill of unprecedented nature, that might have the most impact on the diminishing public character of governmental services.

The depletion of the public character of governmental services is a matter of values. The set of values underlying the adoption of Bill 62 (efficacy, competitiveness and cost efficiency) is not put forward to enhance the actual public values of transparency, accountability, efficiency and neutrality. Instead, they tend to operate a switch from the values associated with the public sphere to the values associated to the private sphere, rather than actualizing or enriching the public values. Public service delivery is also a matter of expertise. With Bill 62, the expertise held by public servants is threatened with being transferred to private enterprises for such extended periods (up to 25 years) that it will basically become a private asset.

PPP, state reform, and Ontario’s institutional configuration

In a much noted article, Neil Bradford (2003) analyzed the cases of two economic innovation strategies respectively launched throughout the 1990’s by the New Democrats of Bob Rae and, later, by the Conservative government of Mike Harris. Based on Peter Hall’s (1993) works on governance paradigms defined as “...the intellectual framework and institutional relations that structure public policy making in a particular field,”²⁵ Bradford illustrates the importance of an essential fit between the institutional configuration and the “innovation capacity of governments.”²⁶ By focusing his discussion on the institutional configuration of states or sub-national entities, Bradford accounts for the failure of Rae government’s ‘broad’ partnership initiative,²⁷ and conversely for the success of Harris’ more market-based partnership policies. In brief:

The NPD approach was to join with representative societal organizations to plan and implement broad innovation strategies, where the Conservative approach was to join with individual firms or informal business associations, and municipalities, in contractual arrangements to fund and operate specific components of the urban economic infrastructure.²⁸

Simply stated, one can say that the Rae government’s broad innovation strategies failed due to the absence of concerted action between social actors and institutions who fed respectively on distinct historical traditions and cultural backgrounds. Rather than creating a climate in which representatives of different milieus exchanged views, the proposed strategy, as Bradford explains, made them suspicious of one another.

For Thomas J. Courchene (1999), the Conservative’s Common Sense Revolution²⁹ only represents the first step of a political program aimed at returning to fiscal sanity but also, at improving the efficiency of the public sector. The ‘second revolution’ took place during the very first year of the Conservative Party’s first mandate. The “institutional revolution” as Courchene describes it, restructured provincial-municipal jurisdictions “shifting ‘hard’ services (relating to property and infrastructure) to the municipalities and moving ‘soft’ services (education health and welfare) to the provincial level (although municipalities will still be responsible for funding 20 percent of welfare costs).”³⁰ In 2001, further reforms were made to the Municipal Act.³¹ These new legislative powers took effect on January 1, 2003 and include:

- 1- Animals
- 2- Transportation systems (e.g. transit, ferries and airports)
- 3- Public highways

- 4- Parking
- 5- Public utilities
- 6- Drainage and flood control
- 7- Structures not covered by the Building Code Act, including fences and signs
- 8- Waste management
- 9- Economic development services
- 10- Culture, parks, recreation and heritage.³²

Among its provisions, the Act of 2001 gives natural-person power to municipalities. This new status enables municipal organizations to:

enter into contracts, purchase or sell goods and services, borrow money, provide loans and guarantees, make investments, set up a company, hire employees, construct or lease buildings, set up non-profit organizations, purchase shares, enter into partnerships.³³

This trend toward the widening scope of action for local governments tends to improve local decision making capacities but it also redefines “accountability in terms of functional responsibility, not democratic principle, and, in the end, increase the legal complexity and asymmetry of the Canadian local government system.”³⁴

Bradford’s analysis relies on the work of Peter Hall and David Soskice (2001), which build on the varieties of capitalism. Both scholars identify two Weberian ideal types of institutional configurations that influence “...the innovative strategies of firms and the innovative capacities of government.”³⁵ The first, called the liberal market economies (LME), refers to an economy where actors’ behaviours are regulated by market institutions and signals. By contrast, the coordinated market economies (CME) depend more “on non-market relationships to coordinate their endeavours with other actors [...]”; the equilibria on which firms coordinate [...] are more often the result of strategic interaction among firms and other actors.³⁶

Even though Hall and Soskice’s LME and CME concepts were developed and aimed at understanding the innovation strategies of firms and ways to adjust to globalization within both institutional contexts, Bradford points out that their reasoning also “sheds light on the ability of different governments to implement new public-private partnership paradigms.”³⁷ The conclusion drawn by Bradford on the inadequacy of NPD’s policies with regards to Ontario’s institutional legacies underlines key questions in relation to the Liberals’ reengineering process taking place in Quebec.

It is also pertinent to relate Bradford’s conclusion to the notion of economic constitution developed by Andrew Gamble (2000). This idea, central to the concept of economic governance, can be defined as “the distillation of the practices and principles of a particular historical period, and therefore reflect particular circumstances and a specific mix of mode of governance.”³⁸ As the author argues, the crystallization of such constitutions:

arise incrementally and are rationalized only after they’ve become established. They reflect the political purposes of particular agents as well as the distribution of political power between groups. To that extent, they are politically and socially constructed rather than a spontaneous creation of markets.³⁹

In this respect, one should ask if Quebec’s institutional configuration, inherited from the Quiet Revolution, has more of an affinity with the CME model than the LME model of coordination. If so, then is the ongoing reengineering launched by the Quebec Liberals, especially the legislative reframing of municipal political and economic capacities, and the use of PPPs, not a recipe to reproduce the NDP’s mistakes in Ontario?

PPP, state reform and Quebec’s institutional configuration

Without entering into a detailed history of the Quiet Revolution’s institutional and socio-economic outcomes, this next section aims at contrasting the distinct governing patterns in Ontario and Quebec over time. Comparing Quebec and Ontario’s economic and social performance as well as the level of state involvement in their respective economies can almost be considered a national sport.

Generally speaking, the process of state and economic modernization that took place during the 1960s and 1970s institutionalized a model of economic and democratic governance based on a concerted and consensual approach (Dupuis, 1995). According to Benoît Lévesque (2004a) and Marie J. Bouchard et al. (2005), the Quebec model of development went through three phases since the 1960s. The first, referred to as the “fordist model”, covers the period 1960-1980. Characterized by a hierarchical approach to governance (top down), the state found itself legitimized to intervene in economic and social spheres since it represented the only actor with a critical financial leverage capacity within the francophone milieu. For Bouchard et al. (2005): “The fordist model has been relatively

stable until social development and economic development drift apart.”⁴⁰

The second incarnation of the model spans the period 1981-2003 and is referred to as the “partnership model.” Whereas in the previous model the state had come to recognize and to work with the unions, the partnership model broadens its recognition to include more social actors such as the women’s movement and ecologist organizations, First Nation’s representatives, immigrants’ spokespersons etc.⁴¹ The state, formerly at the center of the economic and social dynamics, is now considered a partner among many others. In short, the state went from being an entrepreneur to a catalyst. For Bouchard et al.:

Economic development and social development became inseparable. Many organisations (Sommet socio-économique 1996, CLD, CDEC, CRD, tables sectorielles de concertation, etc.) were established to elaborate development strategies and social actors concerned by social development joined in [...] social development was not only relevant to State and market but also to civil society. This way, the development model gave more place to direct and deliberative social democracy by enabling concertation among social actors.⁴²[Authors’ translation]⁴³

In terms of governance, this model favours a concerted approach. However, this model evolved in a rather hostile environment, marked by a process of globalization and state retrenchment from social and economic development programs. These trends pushed toward a return to a more market-based model of governance such as the one taking place in Quebec since 2003. Gilles L. Bourque foresaw the fragility of Quebec’s partnership model of development and governance:

These forces (market-based governance advocates) are still present within the PLQ and employer associations. Their influence on state actors is still important and can be found in the nomination of Daniel Johnson at the helm of the PLQ in 1994, and Jean Charest in 1998 - two political actors known for their hostility to Quebec’s model of concerted action. These forces put constraints or limits on the dynamics created by the partnership approach...⁴⁴ [Authors translation]⁴⁵

The Liberals’ victory in April 2003 tends to confirm Bourque’s interpretation concerning the possible transformation of state governance. For Benoît Lévesque (2004a), the PLQ victory marks the beginning of a third phase for the Quebec model of development. A phase in which its governance is “market-based”:

...the PLQ government elected in April 2003 is the first Quebec government to put forward a neo-liberal program aimed at transforming Quebec’s model and henceforth breaking with the Quiet Revolution model and the one experienced since the 1980s through dialogue and partnerships.⁴⁶ [Authors’ translation]⁴⁷

The similarities between the Liberal government reforms of local-provincial ambits and scope of action and those that took place in Ontario and Alberta are striking. With the creation of Quebec’s PPP agency (Bill 61), followed by the adoption of Bill 62, the Liberal government is reproducing the ideologically-driven state and municipal reforms implemented in Ontario.

Toward an impoverished version of democratic governance

For the most part, Quebec citizens, as well as non-governmental organizations and unions, strongly opposed the implementation of the reengineering initiative launched by the Liberal government. As it now stands, the process has mainly been translated into the adoption and modification of a series of bills.⁴⁸ During the last two years, the government has been dressing the table. If citizens’ disapproval and apprehension have been directed primarily towards the place for ‘state management’ policies, such as the creation of the PPP agency, the core of the initiatives, rendered by Bills 34, 60 and 62, was taking place in reframing the power structure at the local and regional levels.

As in the case of Ontario, the Quebec government extended the scope of activities of local and regional governing bodies. This decentralization effort can, at first glance, be seen as a constructive endeavour. Recent projects such as the “Local Strategic Partnerships”⁴⁹ initiative in the United Kingdom show that introducing flexibility in local decision and governing process in order to take into account their situation is one of the avenues to improving service delivery as well as enhancing social and local economic development. Furthermore, bringing the decision process closer to its local milieu is in accordance with Quebec’s consensual model of dialogue. A model that had supported local development by creating a network of regional centers and corporations such as: the Centres locaux de développement (CLD), the Conseils régionaux de développement (CRD), the Corporations de développement économique et communautaire (CDEC), and the Corporations de développement communautaire (CDC), etc.

One of the many particularities of these organizations are the channels by which decisions were reached. Rather than opting for a top-down decision-making process, the CLD, the CDEC and CRD favoured a bottom-up approach. Without neglecting the importance of economic development, these bodies have been encouraging linkages between economic development and social development through pluralistic local governance by forging an all state-market-civil society alliance (Lévesque, 2004b).

With the adoption of Bill 34,⁵⁰ the Liberal government has broken with its model, or as stated earlier, with its economic constitution. The model's objectives and the power balance between the social actors that have been constantly negotiated for the last forty years through concertation, have been put aside in the name of the urgency surrounding the province's financial situation. It is somehow paradoxical that a government, so openly committed to reducing the size and scope of the state, creates, via Bill 34, a new regional governance body called the Conférence régionale des élus (CRE). Even though part of the CRE mandate is to encourage dialogue between partners within a region, the composition of its board tends to overly represent municipal and regional elected officials (mayors and regional officials "préfets"). In its provision, Bill 34 establishes that up to a third of board members can come from civil society. But contrary to the previous nomination system, civil society members are now appointed instead of being elected. This decreases significantly the board members' legitimacy. The same situation applies to the CLD.

In short, elected officials and regional officials are now overrepresented on the boards of these regional and local instances. This situation not only gives them the privilege of being vertically integrated to the whole decision and evaluation process, but also has tremendous negative impact on women's representation. As Lévesque pointed out:

The predominance of elected officials in the CRE and on the board of the CLD tends to reduce considerably women's representation, since only 10 percent of them are mayors and 7 percent 'préfets'. The situation will probably be the same with young adults also underrepresented as well as with the 2500 volunteer workers elected on CLD's boards.⁵¹ [Authors' translation]⁵²

As we have shown, local and regional powers have been extended by the adoption of Bill 34, Bill 60 and Bill 62. It also seems that the creation of the CRE, the overrepresentation of elected municipal and regional officials on the boards of local development organizations (CRE, CLD etc.), and the new nomination process for members of the civil society is likely to diminish diversity and thus the overall representation of different interests. These new measures will definitely contribute to a clear impoverishment of democratic governance.

With Bill 62 provisions, municipalities are virtually attributed natural person powers, similarly to their counterparts in Ontario. To give so much latitude to such bodies, especially with regards to the use of PPPs, once again will lead to an impoverishment of democratic governance. First, more than 1,200 municipalities in Quebec have less than 5,000 inhabitants (1,261 out of 1,476).⁵³ Secondly, the many municipal fiscal reforms made by the government of Quebec throughout the 1990s (Ryan reform in the early 1990's, Trudel reform of 1997 and Harel-Landry reform in 2000) translated into responsibility and fee transfers of \$1.1 billion to municipalities. Add the fact that municipalities get more than 75 percent of their revenues from property taxes, and considering the ageing of infrastructures, the result will inevitably be the growth of a fair number of cash-starved municipalities.⁵⁴ Trapped in such a situation, PPPs do not represent a financing tool among other options. The formula imposes itself as the only one that will not 'harm' the balance sheet; in fact, some partnerships might even generate income like those related to energy production.

One can conclude that under the Liberal government, the state has undergone a process of retrenchment that is characterized by offloading power and responsibility to regions and municipalities. By easing the use of PPPs for municipalities, the government is actually "outsourcing its dirty jobs." In doing so, the Liberals are undermining the basics of democratic governance and representation.

Earlier, we have illustrated the vertical integration of elected officials at all levels of decision making with regards to local and regional developments. This omnipresence is only surpassed by the fact that democratic participation is much lower at the municipal level than it is at the provincial level. According to Patrick Champagne and Renaud Patry, Quebec mayors were elected by acclamation in 59 percent of the cases during the 1996-2002 period.⁵⁵ Based on their findings, and a methodology that excludes cases where a mayor is elected without opposition, Champagne and Patry found that over the 1996-2002 period, participation rates in municipal elections inched up from 49 percent to 56 percent.⁵⁶ At the provincial level, participation rates fluctuated since the 1930s between 70 percent and 85 percent with a participation gap that ranges from 14 to 36 percent.⁵⁷

Conclusion

Despite all the discourse made by the Charest's Liberals under the theme of a need for change, most Quebecers still await those promises of change to concretize and/or feel they have been deceived. In fact, the cornerstone of Quebec's Liberal political program for change known as the "state reengineering process" did not, for the most part, occur at the state level. As has been illustrated, the reengineering process has mostly taken place, so far, at the local level.

The point of the previous analysis is not judging whether or not PPPs constitute a desirable tool for public service delivery. Rather, it is about how the use of PPPs is often the consequence of a financial offloading process, taking place, in this case, from the provincial to the local level of government. The cases of Ontario and Quebec, explored in this chapter, tend to prove that the offloading process has been accompanied by a set of bills aimed at recasting the way public services are delivered at the local level.

Building on a case study conducted by Neil Bradford that emphasized the importance of institutional configuration with regards to the innovative capacity of the state, we highlighted the pressure that it put on Quebec's model of democratic governance. In the same way the broad partnership approach of Ontario's Prime Minister Bob Rae failed due to its inadequacy with the province institutional configuration, we questioned the fit between the Charest government's market-based political program and Quebec's institutional configuration.

Different bills proposed and passed by the Liberals tend to overrepresent local elected officials in every aspect of the decision process leading to economic and social development. This overrepresentation was obtained to the detriment of volunteers, women and young adults as well as to the expense of Quebec's traditional concerted approach. Considering Quebec's evolving institutional culture, this strategy spells setbacks in the foreseeable future.

1 This discourse change has also been highlighted by Neal Ryan, "Reconstructing Citizens as Consumers: Implications for New Modes of Governance," *Australian Journal of Public Administration*, vol. 60, no. 3, 2001, p. 104, cited by Wettenhall (2003; 78): "In a useful exploration Ryan notes that 'the language of contestability and competition' is being replaced in many liberal democracies throughout the world with 'the language of public-private partnerships, cooperation and relationships,' with 'new governance structures associated with 'joined-up' government [and] holistic government' assuming prominence in efforts to improve service delivery (Ryan, 2001: 104). Here partnership is seen as an advance on - almost as an alternative to - 'contracting-out and privatization,' and it has a positive relationship with discourse about 'The Third Way,' mutual obligation and trust."

2 Graeme Hodge, "The Risky Business of Public-Private Partnerships," *Australian Journal of Public Administration*, vol. 63, no 4, 2004, p. 46.

3 Michael Hess and David Adams, "Community in Public Policy: Fad of Foundation?" *Australian Journal of Public Administration*, vol. 60, no. 2, 2001, p. 15, cited by Wettenhall (2003; 79).

4 Since Alberta's data are not available, the Prairies' statistics are presented here. Note that among the Prairie provinces, Saskatchewan is shown to have one of the highest levels of approval while Alberta is among the most apprehensive province in Canada when it comes to PPP.

5 Canadian Council for Public-Private Partnerships, *The People Speak on P3: A National Survey on Attitudes to Public-Private Partnerships*, November 2004, p. 3.

6 *Idem*, p. 5.

7 *Idem*, p. 5.

8 For a complete account of the survey see: <http://www.pppcouncil.ca/pdf/p3poll.pdf>

9 *Idem*, note 7.

10 *Op. cit.*, Hodge, p. 39.

11 *Idem*, p. 39.

12 Thomas J. Courchene, "Responding to the NAFTA Challenge: Ontario as a North American Region State and Toronto as a Global City," paper prepared for Global City Regions Conference, Los Angeles, October 1999, p. 1.

13 For more details, see : http://www.ontariopc.com/feature/csr/csr_text.htm

14 See note 12.

15 Under the Parti Québécois government, two state organization reviewing reports were produced. For more details see the *Rapport Facal* (1997) and the *Rapport Léonard* (2000). For a larger account, see: Christian Rouillard, Éric Montpetit, Isabelle Fortier and Alain-G. Gagnon, *Réingénierie et reconfiguration de l'État : vers un appauvrissement de la gouvernance québécoise?*, Quebec: Presses de l'Université Laval, 2004.

16 Kathleen Lévesque, "L'analyse de Monique Jérôme-Forget : L'État en fait trop et il le fait bien mal," *Le Devoir*, October 21, 2003, p. A3.

17 Original version: À vouloir s'occuper de tout, l'État québécois n'arrive pas à bien s'occuper de quoi que ce soit. C'est pourquoi nous voulons réorganiser l'appareil public pour le recentrer sur l'essentiel et en accroître l'efficacité. Dorénavant, l'État sera présent où ça compte, offrant de meilleurs services à de meilleurs coûts.

18 During a presentation of the Liberal Party platform in March 2004, Quebec's premier made this analogy. According to Jean Charest, the Quebec financial and social situation narrows the scope of political options. In fact, three options (represented by doors) are available. The first door is the tax-increase-door which is not an option since Quebecers have one of the biggest tax burdens in North America. The second door stands for increased debt. Another non-option, according to the Quebec premier, since the province is also among the most heavily taxed per capita in North America. Finally the only reasonable option left is the door opening on change. Robert Dutrisac, "Une

seule porte reste ouverte : Le changement, ” Le Devoir, March 12, 2004, p A1.

19 Created by the Bill 61, l’Agence des Partenariats public-privé (APPP) mission is “to contribute to the renewal of public infrastructures and to the improvement of public services by establishing public-private partnership projects.” For more details see : <http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=5&file=2004C32F.PDF>

20 Mémoire de la CSN sur le projet de loi 61 : Loi sur l’Agence des partenariats publics-privés du Québec, Confédération des syndicats nationaux, September 2004, 28 p.

21 Projet de loi 61 : Loi sur l’Agence des partenariats publics-privés du Québec, Association des ingénieurs-conseils du Québec, September 2004, p. 8.

22 For these bills, see : <http://www.assnat.qc.ca/fra/37legislature1/Projets-loi/Publics/index.htm>

23 According to Mathieu Rivard et al., (2005): “... the particularity of this society [SFIL] is that it changes the modalities of allocation for infrastructure financing programs. The Bill states that the government can henceforth determine the forms and conditions of financial transfers to municipal authorities.” [Authors’ translation]

24 Marie-Claude Prémont, “La réingénierie québécoise version municipale,” Flux : cahiers scientifiques internationaux réseaux et territoires, no. 60-61, 2005, p. 69-82.

25 Neil Bradford, “Public-Private Partnerships? Shifting Paradigms of Economic Governance in Ontario,” Canadian Journal of Political Science, vol. 36, no. 5, 2003, p. 1006.

26 Idem. Bradford, p. 1026.

27 By opposition to market-oriented partnerships, often labelled as PPP and its different declensions, the NDP government “...introduced a social partnership approach extending participation to a wide cross-section of interests and devolving substantial policy discretion to new multipartite bodies at arm’s length from government.” (Bradford, 2003, p. 1010).

28 Op. cit., Bradford, p. 1024.

29 “The Common Sense Revolution focussed on returning the province to fiscal sanity - a balanced-budget over the 5 year mandate, a 30 percent reduction in Ontario’s personal income tax rate, a near-25 percent reduction in the number of politicians, a 15 percent cut in the provincial bureaucracy, and a promised 750,000 new jobs,” Op.cit., Courchene, p. 20.

30 Idem, Courchene, p. 21.

31 For more details on the Municipal Act 2001 see: http://www.mah.gov.on.ca/userfiles/HTML/nts_1_7750_1.html

32 Joseph Garcea, “Modern Municipal Statutory Framework in Canada,” Governance, vol. 1, no. 1, 2004, p. 31.

33 Edward C. Lesage, “Municipal Reform in Alberta: Breaking Ground at the Turn of the New Century,” in Joseph Garcea, Edward C. Lesage (eds.), Municipal Reform in Canada, Toronto: Oxford University Press, 2005. Cited in Emmanuel Brunet-Jailly, The Canadian Search for Efficient Model of Local Government: Comparing the Reforms of Alberta, Ontario and British Columbia (forthcoming).

34 Emmanuel Brunet-Jailly, “The Municipal Reshuffle: The Canadian Search for Efficient Model of Local Government: Comparing the Reforms of Alberta, Ontario and British Columbia,” February 2003, unpublished paper.

35 Op. cit., Bradford, p. 1026.

36 Peter A. Hall and David Soskice, “An Introduction to Varieties of Capitalism,” in Peter A. Hall and David Soskice, (eds.), Varieties of Capitalism: The Institutional Foundations of Comparative Advantage, Oxford: Oxford University Press, 2001, p. 8.

37 Op. cit., Bradford, p. 1026.

38 Andrew Gamble, “Economic Governance,” in Jon Pierre (ed.), Debating Governance: Authority, Steering, and Democracy, Oxford: Oxford University Press, 2000, p. 112.

39 Idem., p. 115.

40 Marie J. Bouchard, Benoît Lévesque, Julie St-Pierre, Modèle québécois de développement et de gouvernance : Entre le partenariat et le néolibéralisme, Centre de recherche sur les innovations sociales et Chaire de recherche du Canada en économie sociale, no. ET0505, April 2005, p. 4.

41 Idem., p. 4.

42 Idem, p. 4-5.

43 Original version: “Le développement économique devint inséparable du développement social. De nombreuses instances (Sommet socio-économique 1996, les Centres locaux de développement (CLD), les Corporations de développement économique et communautaire (CDEC), les Conseils régionaux de développement (CRD), les tables sectorielles de concertation, etc.) furent mises en place pour l’élaboration de stratégies de développement et les acteurs sociaux furent interpellés par le développement et le développement social [...] le développement social ne se limita plus au couple État-Marché mais mobilisa le trinôme État-Marché-Société civile. Le modèle de développement laissa ainsi davantage de place à la démocratie sociale, directe et délibérative, par la concertation des acteurs sociaux.”

44 Gilles L. Bourque, *Le modèle québécois de développement : De l’émergence au renouvellement*, Québec: Presses de l’Université du Québec, 2000, p. 189.

45 Original version: “Ces forces sont toujours bien présentes au sein du PLQ et de associations patronales. Leur influence sur les acteurs étatiques reste importante, comme en font foi le choix de Daniel Johnson à la tête du PLQ, en 1994, puis celui de Jean Charest, en 1998, c’est-à-dire des acteurs politiques hostiles au modèle de concertation. Ces forces imposent des contraintes ou des limites sévères à la dynamique engendrée par l’approche partenariale...”

46 Benoît Lévesque, *Les enjeux de la démocratie et du développement dans les sociétés du nord : L’expérience du Québec*, Montréal: Centre de recherche sur les innovations sociales, no. ET0410, May 2004, p. 2-3.

47 Original version: “... le gouvernement du PLQ, qui a été élu en avril 2003, est le premier gouvernement québécois à mettre de l’avant un programme néo-libéral visant à transformer en profondeur le modèle québécois et à rompre ainsi non seulement avec le modèle de la Révolution tranquille mais aussi celui expérimenté depuis les années 1980 à travers le partenariat et la concertation. ”

48 For more details on these Bills see: Christian Rouillard, Éric Montpetit, Isabelle Fortier and Alain-G. Gagnon, *Réingénierie et reconfiguration de l’État : vers un appauvrissement de la gouvernance québécoise?*, Québec: Presses de l’Université Laval, 2004, p. 120-132.

49 For more details, see: <http://www.neighbourhood.gov.uk/page.asp?id=531>

50 The bill creates the Ministère du développement économique et régional et de la recherche (MDERR). It gives local elected officials a greater control over regional development. The bill also establishes the Conférence régionale des élus (CRE), subordinating the Centres locaux de développement (CLD) to the Municipalité régionales de comtés (MRC). For more details on Bill 34 : <http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=5&file=2003C29F.PDF>

51 Benoît Lévesque, *Le modèle québécois de développement régional et local : Vers le néolibéralisme et la fin du modèle québécois?*, Cahier du Centre de recherche sur les innovations sociales, no. 0405, 2004, p. 13.

52 Original version: “La prédominance des élus dans les CRÉ et dans les conseils d’administration des CLD a pour conséquence de réduire considérablement le nombre de femmes puisque seulement 10 % de ces dernières occupent le poste de maire et 7 % le poste de préfète, alors que certains conseils d’administration de CRD et CLD comptaient plus de 50 % de femmes. On peut penser qu’il en sera aussi des jeunes, sans oublier qu’on assistera à une réduction substantielle des 2 500 bénévoles qui avaient été élus pour siéger sur les conseils d’administration des CLD. ”

53 Institut de la statistique du Québec, 2003 : <http://www.stat.gouv.qc.ca/regions/lequebec/autres/taillemun.htm>

54 For more details on the fiscal situation of Quebec’s municipalities consult : *La situation fiscale des municipalités québécoises*, 2003 Conference Board and Union des municipalités du Québec.

55 Patrick Champagne and Renaud Patry, “La participation électorale dans les municipalités québécoises,” *Muni-Stat*, vol. 1, no. 1, 2004, p. 1.

56 Idem, p. 2.

57 Idem, p. 2.