

CONSTRUCTING CONSENT: THE EMERGENCE OF CORPORATISM WITHIN THE
VANCOUVER MENTAL HEALTH SYSTEM

BY

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ABSTRACT

An examination of developments between 1970-1990 demonstrate a substantial restructuring of relations between the state and nonprofit societies within Vancouver's mental health system. While helping to establish and support the growth of nonprofit societies, the state, during the 1970's, maintained a "hands off" relationship with the nonprofit sector. Throughout the 1980's and early 1990's, state intervention into the affairs and aspirations of nonprofit societies dramatically increased, primarily through the establishment of corporatist arrangements. Such arrangements necessitated the establishment of non-aligned intermediary organizations to regulate and monitor activities within the nonprofit sector.

The establishment and development of nonprofit societies and the subsequent restructuring of relations between the state and nonprofit societies is explored through an examination of corporatism. This examination includes a detailed case study of two nonprofit societies operating in the city of Vancouver between 1972 to the present, the Coast Foundation Society and The Greater Vancouver Mental Health Services Society. The methodology utilized includes analysis of secondary data, archival and documentary materials, and personal interviews with a number of key informants previously or currently employed within the mental health system. Analytic themes from the literature on pluralism and corporatism, along with Claus Offe's theoretical examination of state-interest group relations, are used to explain the construction of corporatism during this period.

While the inquiry provides a detailed account of

developments within Vancouver's mental health system through a case study approach, broader issues are also explored. The impact of macro economic changes, especially the effect of the recessionary period during the 1970's, is crucial in understanding changing state priorities and the subsequent construction of corporatism. An understanding, therefore, of the way in which corporatism relates to the broader reconstruction of consensus within late capitalist societies is an important focus of this study.

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CHAPTER 1: INTRODUCTION

The "peace formula", or compromise, worked out between capital and labour after World War II led to the unprecedented expansion of the welfare state in western democratic societies. The state assumed responsibility for providing universal social service, especially in the areas of health, welfare and education (Joppke, 1987: 237). "Universal" social services equates with the provision of services for all citizens, such as public education for all children. The post-war economic boom, which generated additional revenues for governments through increased taxation, funded the expansion of welfare services.

The emergence of the welfare state created unparalleled expectations and demands. Having obtained universal services and rights, specific interest organizations lobbied the state for additional resources and legislation protecting minority rights. One of the minority groups that received considerable attention throughout the 1960's and 1970's was the mentally ill. Maintaining the mentally ill in segregative, isolated institutions conflicted with the state's new role as provider of fundamentally "reasonable" and humane standards of living. The state, therefore, had to respond to demands for the closing down of mental hospitals. Such demands were strongly forwarded by the psychiatric profession, who wanted to be integrated into the medical mainstream, by civil libertarians, who advocated basic civil rights for the mentally ill, and by social scientists, who criticized the deplorable conditions of the total institution (Busfield, 1986). The convergence of these reform forces with the growing belief within government circles that "community care was more economical than

institutional care", resulted in the adoption of deinstitutionalization policies, beginning in the late 1950's, by most levels of government in the United States and Canada (Ayre, 1986: 89).

In British Columbia, despite the creation of some alternative resources in the 1960's, the dramatic reduction in hospital beds left many of the mentally ill homeless and without adequate clinical support, a situation exacerbated by the complete absence of resources in the city in which the majority of the mentally ill resided, Vancouver.

By 1972, the lack of services in Vancouver was resoundly criticized by psychiatrists, municipal officials, and the press. Responding to pressure from these groups, the provincial government contracted with different societies, private and nonprofit, to provide clinical, residential, and rehabilitation services. By the early 1980's, the two prominent societies within Vancouver's mental health system were the Greater Vancouver Mental Health Services Society (GVMHSS) and Coast Foundation Society ¹.

During the 1970's, the relationship between the state and Vancouver's nonprofit societies can be characterized as reactionary and passive. Responding to escalating demands, the state annually increased its financial support to nonprofit societies. Yet, despite considerable state funding, the nonprofit sector was subject to only minimum reporting requirements. By 1985, the relationship between the state and nonprofit societies had changed dramatically. The state introduced a number of measures to ensure accountability and to regulate the nonprofit sector, such as enforcement of licensing requirements, introduction of care

standards, and implementation of a contracting system which clearly outlined contractual requirements and obligations.

The shift towards greater accountability and regulation was accentuated by the economic recession of the late 1970's. Faced with restricted funding, the state was cognizant of the need to ensure that public monies were efficiently and effectively spent. As well, funding limitations restricted the state's ability to satisfy the escalating number of demands emanating from Vancouver's nonprofit sector.

Paradoxically, while state officials were faced with the task of curtailing and regulating Vancouver's nonprofit societies, they were aware that the imposition of new institutional arrangements was politically hazardous. The plight of the mentally ill was a publicly sensitive issue and nonprofit societies were capable of galvanizing support in any potential conflict with the state. The challenge facing the provincial state throughout the 1980's, therefore, was the implementation of new institutional arrangements without engendering widespread conflict. Table I outlines some of the major historical developments which affected developments within Vancouver's mental health system.

TABLE I: HISTORICAL TRENDS AFFECTING THE DEVELOPMENT OF NONPROFIT SOCIETIES IN BRITISH COLUMBIA'S MENTAL HEALTH SECTOR.

State	Mental Health
After 1945, emergence of the welfare state at the federal level leads to the development universal services.	Provincial government pursues active policy of deinstitutionalization beginning in the late 1950's.
By 1970, administrative responsibility for welfare programs is transferred to the provincial state. Funding for social programs is jointly	Marginal development of resources for the mentally ill prior to 1970. Legal changes throughout the

shared by the federal and provincial states.

In 1972, beginning with the NDP government and continued by the succeeding Social Credit government, the state supports the rapid expansion of nonprofit societies in providing social services to specific targeted populations.

By 1980, the provincial state centralizes policy-making and social service administration within the provincial state.

By 1980, issues of system coordination, rationalization of multiple funding, and monitoring of nonprofit societies are discussed at the provincial level.

In 1983, the provincial government introduces restraint measures. Such measures meet with considerable resistance.

In efforts to depoliticize sensitive issues, the provincial state utilizes an array of consultative processes to generate consensus.

While maintaining authority for policy development, the provincial state decentralizes administration of social service programs to the local level.

1960's aimed at protecting the mentally ill while residing in the community.

Responding to public criticism, the state, throughout the 1970's, conducts a series of studies evaluating provincial mental health services.

Responding to an escalating crisis, the provincial state hires a consultant to design a plan for the development of new services in Vancouver. The plan, calling for service delivery based upon catchment areas, is implemented during the early 1970's.

In 1982, in response to the housing crisis and imminent provincial cuts a number of organizations form an organization called The Advocacy Group. The Advocacy Group becomes the Inter-Agency Mental Health Council. Coast Foundation and GVMHS accept leadership roles within the council.

In 1985, faced with increasing pressure to cut back expenditures, Mental Health Services turns its attention to closing down Riverview Hospital. Recognizing that closure of Riverview is a politically sensitive subject, the provincial state begins an exhaustive consultation process.

In 1987, the provincial government releases the results of the consultation process through a document called the Mental Health Consultation Report.

In 1987, the provincial government delegates responsibility for monitoring nonprofit societies to local administrators.

In 1991, the provincial government takes the first steps towards closing down Riverview hospital.

This thesis will examine the ways in which the state was able to forge new institutional arrangements with Vancouver nonprofit societies after 1980. The restructuring of relations between the state and the nonprofit sector will be described as a complex process which required the state to devolve some of its power to intermediary organizations in order to construct a new consensus. The impact of new institutional arrangements on two specific nonprofit societies, Coast Foundation Society and the Greater Vancouver Mental Health Services Society (GVMHSS) will be investigated extensively. Note: As many of the acronyms are used continually throughout this thesis, the reader may want to refer to the glossary of terms in Appendix II.

The remainder of this first chapter provides the theoretical underpinnings of the thesis. Specifically, the chapter will examine the theoretical literature on state-interest group relations. After reviewing pluralist and corporatist theories, this inquiry will examine the merit of Claus Offe's argument on corporatism in explaining the shift in relations between the state and nonprofit societies after 1980.

The second chapter empirically traces the emergence of Vancouver's nonprofit societies during the 1970's, examines the impact of socio-economic forces upon the state, describes the restructuring of state priorities in the 1980's and explores the impact of new state priorities upon state-nonprofit relations.

Chapter three evaluates empirical developments in light of Offe's theoretical perspective, and offers observations on likely future developments within Vancouver's mental health system.

THEORETICAL PERSPECTIVES ON STATE-INTEREST GROUP RELATIONS

Until the early 1970's the dominant paradigm analyzing state-interest group politics was pluralism (Williamson, 1989: 49). Pluralist theory argues that society can be viewed as an aggregation of "...individuals who can be seen to behave collectively" (op cit: 51). Individuals will come together in groups, or organizations, to lobby the state for resources or favourable policy initiatives. Groups organized around certain interests will be in direct competition with other groups. For example, while farmers and farm workers collectively lobby the government for agricultural subsidies, teachers, at the same time, are also lobbying for more favourable conditions.

In the pluralist paradigm, "...influence is widely, not equally, dispersed" (op cit: 52). Consequently, while some groups, i.e. capital, have an unequal access to resources, their influence is held in check by the presence of numerous other groups. Polyarchy, a central concept within pluralism, emphasizes "...rule by minorities rather than rule by a majority" (op cit: 53).

Another way in which interest group power is held in check is through the state. For pluralists, the state is the arena into which interest groups bring their issues for mediation. In acting as an impartial umpire between competing groups, the state seeks to ensure "...a degree of fairness in the balance of influence among different organized interests" (op cit: 55). The poor and the disorganized turn to the state to act on their behalf against more

organized and powerful interest groups.

The pluralist paradigm has been criticized from many different angles. Citing Alan Cawson, Peter Williamson writes:

"Pluralism has proven to be deficient because of its underlying assumptions of a competitive political marketplace, its voluntarism and methodological individualism in its implicit theory of interests, and especially in its portrayal of a neutral state which is disengaged from interest conflicts as the same time as it preserves an institutional and ideological boundary between public and private spheres" (op cit: 57).

The primary criticism of the pluralist model is its portrayal of the state. Indeed, Williamson argues that the state in the pluralist paradigm is completely "non grata" (op cit: 55). Essentially, the state is the arena in which group politics is "...brought to bear. In this schema the state mirrors society, being shaped in its decisions and structure by outside pressures" (op cit: 55). By viewing the state as a reflection of society, pluralism is unable to conceptualize the state as an actor in its own right capable of setting the political agenda and exercising power to develop its own organizational structures (Albo and Jensen, 1989: 200).

The pluralists narrow definition of the state further reduces the importance of the state in their studies. The state is often defined simply as a democratically elected and accountable government. State institutions, such as the bureaucracy, are often excluded in the pluralist examination of state-interest group relations. Yet, with the emergence of the welfare state, and the enlargement of the bureaucracy thereupon, a theory of state-interest group relations requires an adequate understanding of the role state institutions play in determining government policies and

in monitoring state funded interest groups.

CORPORATIST THEORY: AN ALTERNATIVE TO PLURALISM

Responding to growing disenchantment with pluralism, Philippe Schmitter, in 1974, wrote an essay, "Still The Century Of Corporatism", in a attempt to offer an alternate understanding of the development of state-interest group relations within society (Williamson, 1989: 9). Schmitter begins his essay by providing a clear definition of corporatism:

Corporatism can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports (op cit: 10)

Schmitter's definition is diametrically opposed to pluralist propositions. Schmitter recognizes that interest groups are dependent, not independent, upon the state for sanctioning or status². He also recognizes that interest groups often work together, as opposed to being in perpetual competition with each other, and are often represented by a specific association or organization.

Unlike previous studies of corporatism, which emphasized the incorporation of interest groups in the formulation of public policy, Schmitter's definition treats corporatism as an institutional structure. As such, corporatism is viewed as a system which structurally restricts competition and openness among organized interests.

Corporatist theory has undergone considerable development

since 1974. The first revision to Schmitter's initial treatment of the subject occurred during the late 1970's. At this time, Schmitter to discusses corporatism as a system of interest intermediation rather than interest representation (op cit: 14). The distinction is important. Interest intermediation recognizes that "...interests associations could also perform a regulatory function over their members in a quasi-public manner" (op cit). Instead of simply representing an interest sector, intermediary organizations act as intermediaries between the state and other interest organizations. As well, intermediary organizations are able to exercise power in regulating and sanctioning other interest organizations within a given sector.

Given the importance of intermediary organizations to corporatist arrangements, a greater understanding of these organizations has been the central focus of the corporatist paradigm since 1985. A new dimension to the corporatist literature was added when a number of empirical studies demonstrated that the state since the late 1970's was increasingly willing to devolve power to organizations known as private interest governments, or PIGs. Schmitter offers the following definition of PIGs:

"A private interest government exists where a non-state association allocates goods, services or status that are monopolistic in nature and indispensable for members; it is therefore capable of affecting and potentially controlling their behaviour, and does so with the specific encouragement, license or subsidisation of the state, thus imposing certain public standards and responsibilities on the behaviour of the association" (Schmitter, 1985: 47)

PIGs, therefore, are accorded the equivalent of state power over a particular interest sector.

The definition of a PIG excludes organizations such as secret societies, business corporations, cartels and QUANGOS. All these organizations either do not "...have members in the same sense as an interest association, or they do not represent a generic social category, and/or they have not received a mandate for exercising public functions (op cit: 47).

Whereas corporatist literature has been effective in advancing an understanding of state-interest group relations, for clearly defining the term corporatism, and for advancing an understanding of the role of intermediary organizations in the establishment of corporatist arrangements, a number of problems remain with the corporatist literature. First, despite the importance of the state to the corporatist paradigm, the state remains theoretically underdeveloped within the literature. Second, in narrowly studying institutional arrangements, corporatist literature has ignored the interconnection between social-economic and political developments and the emergence of corporatism within society. To date, corporatist theorists have relied upon Marxist historical and theoretical studies, most notably those of Claus Offe, to offset deficiencies within the corporatist paradigm.

THE STATE, CLAUS OFFE AND CORPORATISM

Instead of portraying the state as a neutral arbitrator, the state, for Marxist state theorists, is structurally and institutionally committed to protecting and advancing the long-term interest of capital ³. Structurally, Marxists argue that the capitalist state "depends upon revenue from privately organized material production" to sustain its many social services (Joppke,

1987: 239). Its reliance upon a healthy economy requires the state to ensure favourable conditions exist for capital accumulation. Instead of acting as neutral umpire, the capitalist state reflects a strong class bias and enacts policies that enables capital to maintain a distinct advantage over other interest groups.

While the capitalist state is intricately connected to capital interests, there are critical differences between capitalist arrangements in non-democratic and democratic societies. In non-democratic societies, the state's coercive institutions (the police, judiciary and the military) are often utilized to protect and advance capital interests. Fascist and the military regimes of Latin America are often cited as examples of non-democratic capitalist states.

While the democratic state in capitalist societies maintains a large coercive apparatus, it relies upon "consent" to maintain the social conditions favourable for capital accumulation. In other words, the state relies upon support from all classes for its policies and activities. The state will induce organizations to voluntarily comply with policies that clearly enhance capital interests. Conversely, to ensure the long-term viability of capitalism, the state will enact policies detrimental to the short-term interests of capital. As Joppke argues, the post-war enactment of labour and factory legislation and the exponential growth of the state in the areas of social expenditures (subsidized health care and housing), resulted in a strengthening of organized labour vis-a-vis capital (op cit: 237).

In turning his attention to the question of state-interest

group relations, Claus Offe argues that the basis of consent, prior to 1970, relied upon the state's ability "...to serve as many of the specific demand inputs as possible, given the limitations of fiscal and other resources, so as to satisfy a maximum of special interests"(Offe, 1985: 224). In other words, the state recognized that increasing demands emanating from civil society were a given, and the state's prime objective was to satisfy as many demands as possible.

In satisfying demands, the state was required to expand , or encroach, into areas of civil society previously autonomous from its domain. Despite expansion, however, the state, as portrayed by Offe, remained passive and reactionary: "Again, the standard of rationality is to make 'adequate' responses to problems that are accepted as they emerge"(op cit: 225). Indeed, the state exercised minimal control over the burgeoning interest groups and their demands. As Offe contends, policy makers were not interested in controlling the "intensity and content of specific demands that are being made in the political process, nor over the number and identity of organized collectives by which such demands are being made" (op cit: 223).

Despite the proliferation of interest groups since 1945, the state, for Offe, retains its class bias throughout. The effectiveness of an interest group to access state policy makers increases the likelihood that its demands are heard and satisfied. As empirical studies by Panitch, Miliband, Clement have demonstrated, relations between business interests and state officials in a capitalist society are interconnected(see Panitch, 1977; Miliband, 1969; Clement, 1975). The close association between

business and the state ensures business demands are considered and given priority. Therefore, capital interests have an advantage over other interest groups in getting their demands fulfilled.

Changing Political Rationality

Economic expansion throughout the 1950's and 1960's enabled the state to sustain increasing levels of social investments necessary for capital accumulation-urban infrastructure, research and development, education and training, etc- and social expenditures necessary for legitimation(Joppke, 1987: 239). With the onset of the recessionary period after the mid-1970's the state found itself under pressure to stimulate the economy by reducing social expenditures and increasing social investments. Of course, reductions in social expenditures threaten to undermine the very foundation upon which the welfare state was built: "The basis of the capital-labour accord- a "positive-sum" growth economy- vanished, and the instrument of class compromise itself became the object of intense social and political struggle(op cit: 244)."

In response to the "economic and institutional crises" of the mid-1970's, the state shifted from one type of political rationality to another. Offe is quite vague as to what he means by economic and institutional crises. However, one assumes Offe is referring to the "fiscal crisis" that confronted most western countries in the early 1970's(see O'Connor, 1973).

Politically, the state could no longer fulfil the insatiable demands stemming from civil society. Demands needed to be channelled into something more manageable, and interest groups needed to be contained and monitored. One feature of the new rationality, the channelling of demands, required the state to

become more active in shaping political priorities. No longer could the state simply respond to demands as they emerged. The state had to assume an active role in establishing the political agenda and generating consensus for that agenda.

The "new political problematic" facing the state was to create consensus in an era when conditions were conducive to civil strife: to ensure long term survival, interest groups vying for declining state resources are inclined to political action to obtain their demands. Thus, the political objective of the state is to curb the power of, "Shortsighted, narrow-minded, irresponsible, and illegitimate mass organizations" while generating agreement on public policy and priorities (Offe, 1985: 230).

Ironically, at the same time that the state is concerned with curbing interest group power, it recognizes that such organizations are ,increasingly, indispensable for the formation of public policy. Offe cites two reasons for this development. First, with the emergence of the new political rationality, the state becomes reliant upon interest group expertise in the construction of public policy.

Offe does not offer any insight into the reasons why interest groups are important information agents. However, an argument can be constructed to support Offe's claim. In an era of restraint, the state must assess the urgency of services, both in social and political terms, and establish priorities accordingly. In advanced capitalist states, in which information and specialization is changing rapidly, it is impossible for state officials to understand the complexity and political ramifications of issues, especially at the local level; thus, the need to rely upon interest

groups to provide information and direction.

Securing acceptance for controversial public policies is the second reason why interest groups are indispensable to public policy:

" The advantage of corporatist modes of interest representation over democratic representative ones resides in the potential of the former for depoliticizing conflict, that is, in restricting both the scope of the participants in conflict and the scope of strategies and tactics that are permitted in the pursuit of conflicting interests...Traditional channels of the democratic policy lead to 'over-participation' or an 'overload' of unresolved issues(Offe, 1985: 242)."

Although Offe, at times, refers to interest groups in pluralistic terms, i.e. there are many interest groups soliciting state favours, one also gets the sense that different groups can be represented to the state by a singular organization. Indeed, for corporatism to be effective it is important for a singular organization to be selected as a representative of other organizations. The state, after all, relies upon a representative organization to secure compliance and commitment among divergent and vocal groups.

Grant further develops this argument by referring to corporatism as a

"...process of interest intermediation which involves the negotiation of policy between state agencies and interest organisations arising from the division of labour in society, where the policy agreements are implemented through the collaboration of the interest organisations and their willingness and ability to secure the compliance of their members(Grant, 1985: 3-4).

Like Offe, Grant acknowledges that one of the essential components of corporatism is the "...importance of groups engaged in corporatist bargaining being able to discipline and control their

members to comply with agreements negotiated with the state or other parties"(op cit: 21). Certainly, interest groups that are diversified and have the ability to act in a "relatively autonomous" manner are unpredictable and potentially obstruct a conflict-free resolution to policy crises. The ability of an interest sector to control "possible mavericks" is one of the "enabling conditions" that influences the state's decision to enter into corporatist arrangements.

Of course, one of the difficulties facing the state is deciding which group should be selected as the representative organization:

"At the same time, however, it is a source of weakness because no one is able to justify and legitimate (other than on an ad hoc basis) which groups are entitled to what kind of status, and for what reasons"(Offe, 1985: 236).

After 1970, the task confronting the state in North America is to utilize the positive attributes of interest organizations while curbing the dysfunctional tendencies of those very same groups. The development of corporatist arrangements is the primary method by which the state accomplishes this delicate balance.

Corporatism And The Political System

Since the late 1970's, reliance upon corporatist arrangements to generate consensus has increased. One of the reasons for this development is the inability of the present political system to reach agreement on controversial policies. Intra-party and inter-party deliberations hinder the government's ability to act:

"In fact, there is presently not one major issue of domestic-policy making on which one party opposes another party more strongly than factions oppose each other within one and the same party. It is hardly an exaggeration to argue that the party as a political institution has ceased to perform the function of formulating and securing agreement on programmatic

policy guidelines"(op cit: 243) .

Frustrated by political paralysis, state and political officials turn to alternate solutions to engender consensus. The first option open to the state is to offer inducements to produce desired compliance. Often, however, organizations do not respond to incentives, or the state must continually increase the incentive to gain ongoing cooperation.

The second method of political control is to create a framework of conditions so "... that individual actors cannot escape even if they wanted to"(op cit: 245). Reliance upon coercion , however, often leads to active resistance and increased conflict, thereby, defeating the purpose of the new political rationality.

The third, and, in Offe's opinion, the most effective form of political control, is incorporation of interest groups into the political process:

"What remains is the political method of absorbing potentially obstructive political resistance by granting 'voice' options to those who are, due to the second method, deprived of some of their 'exit' options in order to prevent them from exerting their veto power on policies"(op cit: 246).

Given the failure of current political practices, state and government officials are inclined to choose corporatism over the status quo.

Tripatism: A Form Of Corporatism

Having argued that the state gains many advantages through corporatism(i.e. consensus, reduction of potential conflict, discipline of local groups, needed expertise), Offe turns his attention to the impact of the new political order upon class relations within capitalist societies. His point of departure is to examine the most prevalent form of macro-level corporatism,

Tripartism: the arrangement by which the state, capital and labour enter into discussions on economic policies.

The rhetoric associated with Tripartism claims that the new political arrangement is a major achievement for labour. After all, tripartism enables labour to participate in the development of state economic policies. Despite appearances, however, Tripartism favours capital.

Labour's participation in tripartite relationships is mandatory. As previously argued, labour, as with other interest groups, is reliant upon the state for political and legal status. Such status can be easily withdrawn. To avoid the loss of status, labour must demonstrate an openness to work with the state in developing policies. Moreover, labour leaders are expected to ensure their members act responsibly and are bound by commitments reached through tripartism.

While labour's relationship with the state is asymmetrical, the state's relationship with capital is equally unbalanced. The state is dependent upon capital for economic growth and tax revenues. Capital, therefore, is not compelled to participate in tripartite discussions. Often the state has to offer inducements to persuade capital to attend conferences on economic policies. Moreover, there is no expectation upon business leaders to ensure member compliance: "The traffic runs in one direction, because the viewpoint of organized capital can be transmitted to the political system but the spokesmen of these groups can make no binding commitments "(op cit: 252).

In the final analysis, corporatism, for Offe, greatly benefits the state, is not binding upon capital, and curtails the disruptive

tendencies of labour, and, indeed, all interest groups.

Offe: A Critique

The "relative autonomy of the state" continues to remain a central problem for Marxist and neo-Marxist theorists.⁴ In arguing the capitalist state has "real autonomy" and has the capacity "...to implement policy preferences and shape the structure of society according to their own interests", Marxist analyses are prone to constructing a monolithic, omnipotent state (Albo & Jansen, 1989: 182-183). In many instances, Offe's analysis reinforces the state-centric perspective. Through corporatism, the state controls interest group demands and actions. Interest groups are unable to resist state encroachment or corporatist strategies.

By focusing exclusively upon the state, Offe is silent on the impact of corporatism on interest groups. He fails to develop an adequate understanding of the benefits interest groups obtain from corporatism. One is mystified as to the process by which the state chooses one interest group over others to represent a particular interest sector. Finally, Offe's analysis does not offer insight as to how a chosen interest group acquires legitimacy for its new role.

Offe is not alone in minimizing the role of interest groups. Recently, in her neo-Marxist treatise on non-government organizations, Vogel writes: "Voluntary organizations such as development NGOs interact with the state at a relatively low point in the hierarchy and, as a result, have little power to shape the nature of state policy" (Vogel, 1989: 63). In criticizing liberal and conservative state theorists (Nisbet, Kerrine, and Nehaus), Salamon warns:

"Taken together, the overall result has been to stress the expansion of the state, to convey an impression of government dominance of societal problem-solving and service-provision, and to leave little conceptual room for a vibrant nonprofit sector" (Salamon, 1987: 34).

Any theory of state-interest relations must take into consideration the role and influence of interest groups in shaping state policies and actions; otherwise, one is left with a top-down analysis which virtually excludes interest groups from the analysis.

The final problem with Offe's analysis is his view that corporatism is inherently logical and, in the final analysis, the only remaining option open for the state to alleviate interest group pressure and conflict. Contrary to the state-centric perspective, Schmitter argues that corporatism does not come about through "...deliberate, grandiose efforts of political design" (Schmitter, 1985: 37). Corporatism is neither a logical nor desirable alternative to resolving state-interest group conflicts. With the exception of Belgium and the Netherlands, neo-corporatist arrangements have not been sustainable at the macro (national) level (op cit: 37). Moreover, the emergence of neo-corporatist arrangements are often the result of the state's and interest group's inability to resolve policy crises:

"..they [corporatist arrangements] have been the unintended outcome of a series of disparate interest conflicts and policy crises in which none of the class or state actors involved was capable of imposing its preferred solution upon the others" (op cit).

Such arrangements begin "...as second-best compromises which no one really wanted or defended openly..." and which really does not fully satisfy anybody but does contain enough elements to partially satisfy everybody (op cit).

Nations in which state-interest group relations are

adversarial in nature often rely upon the use of physical and legal coercion to resolve political and economic crises. The rise of the "exceptional" state in Britain is testament to this phenomena. However, the reliance upon coercion is, in the long-run, a poor strategy for the state to pursue:

"This is backed ultimately by the resource which, at least in theory, it is supposed to monopolise-physical coercion-but if this were to be relied upon too frequently the 'economy' of the state form of political organization would diminish greatly(op cit: 42).

The effectiveness of corporatism relies upon extracting "voluntary compliance" from interest groups to resolve crises. By finding compromises without resorting to violence, the state is more effective in maintaining "...credibility of its symbolic status as a unique social institution which embodies and protects the public interest..."(op cit: 43). Thus, through corporatism, the state's allegiance to capitalist interests, which is manifested clearly when the state exercises coercion, remains "fraudently" hidden(op cit).

Whereas corporatism has difficulty maintaining support at the macro and micro (firm) levels, it flourishes at the meso (industry) level. In many ways, this development is not surprising. With the exception of capital and labour, the ability of interest groups, such as nonprofit societies, to effect state policy at the macro level is limited. As Schmitter argues, however, it is at the meso level, where the division of labour between the state and interest groups intersect, that the state relies upon interest groups for expertise, and critically, for policy implementation: "...but the structural point of departure lies at the meso level in an arrangement of mutual convenience between representatives of

interest associations and representatives of state authority"(op cit: 44).

Given corporatism's value as a method of interest intermediation at the meso level, corporatist theory is considered by some as a middle-range theory:

Neo-corporatism offers us a middle range theory of interest intermediation. As explained by Merton, middle range theory lies between all-inclusive general theories of social systems that are too remote from social reality to account for what is observed, and detailed descriptions of particular phenomena that are not generalised at all. Middle range theory does involve abstractions, but they are close enough to what is observed to facilitate empirical testing(op cit: 26).

Corporatist Elements

Offe's treatment of corporatism relies upon a macro analysis. He traces the effects of broad historical developments on the construction of corporatist arrangements. So while Offe's analysis provides a comprehensive overview, corporatist theorists, such as Schmitter and Grant, provide a more detailed analysis of the structural elements of corporatism.

Wyn Grant argues that two other enabling conditions must exist before corporatist arrangements can come into existence. First, there must exist, paradoxically, a strong and simultaneously weak state:

"It must be, on the one hand, autonomous enough in the policy arena at issue not to be 'colonisable' by the interest or interests involved, and credible enough to threaten these interests with a worse possible outcome-usually direct regulation- if they do not agree to respect the 'public-regarding' provisions it imposes. On the other hand, the state must be weak enough to recognize that the costs of implementing a given policy authoritatively will exceed its likely benefits, and willing enough to devolve some of its most distinctive resource-legitimate coercion- to organisations which it does not administratively control"(op cit: 26).

Second, an interest sector must be willing to take on the responsibility for organizing a given sector, profession or class. Unlike Offe, Grant argues that interest sectors always have the option of refusing corporatism:

"Affected groups may refuse to organize themselves appropriately; targeted associations can turn down the invitation to participate; incorporated associations can defect if they find the costs of collaborating too high" (op cit: 35).

Organizations will join corporatist arrangements if there is a prospect of benefiting from such a partnership. The devolution of state power to certain interest organizations enables those interest organizations to gain greater control over their own development and direction. As well, such interest groups gain control over other organizations within a given class, sector or profession. In short, organizations that acquire state power through corporatism, achieve power and status in relation to their own internal structure and in relation to external organizations within their interest sector.

Corporatism and Legitimacy

As a process of interest intermediation, corporatism and private interest governments in particular,

"...require legitimation if they are to function effectively and durably. Their actions must stand a high probability of being obeyed voluntarily (but not necessarily enthusiastically) by those affected by them, as well as by those participating in them"(op cit: 59)

Since corporatist arrangements endure at the meso level, they are relatively unknown to the public: "Not only are their allocative mechanisms kept secret, but the very existence of private interest governments is often not known to the large public"(op cit: 60). Ostensibly, the norms and procedures of political democracy require

state institutions to be held accountable to public scrutiny and subject to public ratification. Yet, the corporatism and PIGs's power is founded upon exactly the opposite premise to political democracy: "Indeed, much of the power of PIGs, especially of the segmental or selective sort, depends on such invisibility and ignorance"(op cit: 60). It is difficult to ascertain whether corporatist arrangements, if publicly known, could achieve acceptance in democratic societies.

According to Schmitter, to date, corporatism "...has been so far a consumer, not a producer, of legitimacy, and that its supplier has largely been the state"(op cit: 61). Schmitter's argument is problematic, however. Certainly, in the initial stages of the new arrangement, the state must confer power to PIGs. Yet, if corporatist arrangements are to be of value to the state, PIGs must be proficient, over the long-run, in ensuring compliance for policy issues and implementation strategies, and be able to control the actions of potentially troublesome interest groups. Failure by PIGs to sustain favourable results would compel the state to re-evaluate and adopt different strategies in dealing with state-interest group intermediation. Thus, PIGs need to generate support, or legitimacy, from different interest groups if they are to retain their status and power.

Given that PIGs derive status and power from their ability to satisfy state requirements, PIGs are cognizant of the need to employ different strategies in securing compromises and compliance within an interest sector. Such negotiated compromises may be

"...less of a problem for those categories of interest where individual actors are very weak and dispersed, e.g. farmers, unskilled workers, the petty bourgeois, but it could pose a

serious challenge in those categories where 'going it alone' through market power or state influence is a real alternative, e.g. capitalists and privileged professions"(op cit: 57).

Logically, therefore, PIGs are compelled to pursue two strategies simultaneously. First, PIGs must endeavour to weaken those agencies which have the capacity to 'go it alone' and be disruptive. Second, PIGs need to create an environment which will entice privileged interest groups to avoid the "...temptation to exploit momentary positional advantages to the maximum, and the fate of landing in the worst possible outcome in which all lose"(op cit: 58). Minimising risk and maximising predictability is the *raison d'être* underlying all negotiated compromises between PIGs and constituent members within an interest sector.

Once the roles, responsibilities and legitimacy of PIGs are firmly entrenched, it is very difficult for interest organizations to disassociate themselves from corporatist arrangements: "Moreover, whatever their precise legal status, 'Corporatist institutions, once established, make it difficult for the constituent parts to regain their previous autonomy'"(Grant, 1985: 13). From this observation, one can conclude that during the initial stages of any corporatist arrangement, PIGs are required to focus their energies upon solidifying their base of power in relation to constituent members within an interest sector. Once power is attained, corporatist arrangements are unlikely to be susceptible to challenges from within an interest sector. In the long run, therefore, the vulnerability of corporatism lies in the tenuous relationship between PIGs and the state, not between PIGs and their constituent members.

One of the central problems with the theoretical literature to

date is its exclusive reliance upon studying corporatist arrangements between the state-capital/labour interests. Indeed, the dual-state thesis, proposed by Alan Cawson, argues that it is only in the realm of "production" that corporatist arrangements will emerge (Williamson, 1989: 178). In production politics, the state "...has only influence, not control over what changes the intervention might bring about and, therefore, over its direction and success" (op cit: 170). Consequently, since there is a mutually dependent relationship between the state and capital and/or labour, corporatist arrangements will emerge in this sector. Conversely, it is unlikely, so the argument goes, that consumer or clients, or nonprofit societies, are capable of organizing themselves to the point that a dependent relationship could emerge. Within this realm, corporatism is not perceived as a viable strategy. Thus, state-class interests are conducive to corporatism, while state-non-class interests are conducive to pluralist arrangements in which the state directly controls the relationship.

In studying state-nonprofit relations within Vancouver's mental health system, this thesis will demonstrate that corporatist arrangements can and do evolve between state and non-class interest groups, and will offer some possible explanations to account for this phenomenon beyond what is currently available in the literature.

The Nonprofit Sector: A Definition

While Claus Offe focuses his analysis at the macro level, and corporatist theorists focus their studies on a better understanding of the genesis and development of intermediary organizations, the theoretical literature has neglected to develop an understanding of

those interest organizations which are affected by corporatist arrangements but do not possess the power of the state or an intermediary organization to develop and shape the nature of corporatist arrangements. To adequately understand the construction of corporatism, it is necessary to include all affected interest organizations into the analysis. Why do interest organizations, such as nonprofit societies, accept a subordinate role in the new institutional arrangements? How can such organizations affect the decisions of the state and intermediary organizations? What is the long term prospect for interest organizations under corporatism? These questions, along with others, will be explored in subsequent chapters. However, before turning attention to these issues, it is first necessary to review the nonprofit literature to ascertain its relevance to an understanding of corporatism.

Ralph Kramer describes nonprofit societies as being

"...essentially bureaucratic in structure, governed by an elected volunteer board of directors, employing professional or volunteer staff to provide a continuing social service to a clientele in the community"(Kramer, 1981: 9).

Despite common features, nonprofit agencies vary considerably. For example, some nonprofit societies allow clients, or consumers, to sit on their board of directors; others do not. Furthermore, nonprofit societies perform different roles.

Functions can be divided into direct services

...which include residential care and community-based programs, and indirect functions, of which advocacy, support of medical research, and public education are the most common. Organizations that provide direct rather than indirect services have the largest staff... and those sponsoring various forms of residential care employ the largest number and most diverse types of employees(op cit: 105).

Finally, nonprofit societies vary in their dependency upon the

government for funding. Some societies, usually smaller in size, are able to muster sufficient funds from corporate and individual donations. Other larger agencies are almost totally dependent upon government funds.

Nonprofit societies are distinguished from state, or statutory, agencies in a number of ways. Unlike state agencies, which provide universal and comprehensive services, nonprofit agencies provide "...specialization in a problem, a group of people, or a method of intervention"(op cit: 258). Similarly, nonprofit societies are organized on the basis of a particular clientele, while statutory agencies are organized along functional lines(op cit: 43). Finally, there is usually a vast difference in the "size, bureaucratization, complexity and professionalization" between nonprofit and statutory agencies(op cit).

While it is not unusual for government bureaucracies to employ thousands of people and have budgets into the tens of millions, nonprofit societies typically employ between 10 to 150 staff and have budgets ranging from \$50,000 to a few million dollars per annum. Of course, the modest size of nonprofit societies gives them a "special advantage" over statutory agencies: they are able to provide "...greater accessibility, less stigma, higher standards, or a more qualified, complete, or personalized service"(op cit: 245)

Nonprofit societies are distinguished from private proprietors in that

"...they do not have as one of their primary goals the production of profits for a limited set of owners. There can be profit, but that excess revenue must remain with the organization and any decision about profitability is secondary to other goals of such organizations"(Gibbs, 1990: 1).

As nonprofit societies are smaller than statutory agencies but larger than proprietary agencies, they tend to occupy the middle ground between state and proprietary organizations (Young, 1986: 171).

Organizationally, most nonprofit societies follow a typical evolutionary pattern. Nonprofit societies often emerge as the "...sole providers of services to controversial, stigmatized, or deviant groups, for whom the government has not accepted responsibility" (Kramer, 1981: 235). In their formative years, nonprofit societies begin as "...freewheeling, pioneering, and loose..." organizations (op cit: 107). Over time, however, nonprofit societies lose their pioneering spirit and become institutionalized, i.e. more bureaucratic and professional. Indeed, as Hall suggests, professional staff come to dominate and propel nonprofit societies: "Professional managers define their long-term career interests in terms of the profession. Thus, they would shape the organization's interests in how those activities are viewed... by the profession" (Hall, 1987: 15).

The shift from a grass-roots to a professionally driven organization significantly alters the nature of nonprofit societies. As agencies become more professional and bureaucratic, they begin to resemble "mini-state bureaucracies". The advantage nonprofit societies enjoy over statutory agencies begins to diminish. Furthermore, as professional managers define their long-term career interests in terms of their success (success being defined as the ability to generate additional funds for programs and staff), nonprofit agencies cannot help but become expansionary in nature.

The Nonprofit Sector And Corporatism

Unlike the state and the nonprofit sector, the "...phenomenon of government-nonprofit interaction has been largely ignored in both public debate and scholarly inquiry..."(Salamon, 1987: 30). The result of such neglect is the absence of a valid theory to explain why nonprofit societies emerge, flourish, and change, and to explain the changing nature of relations between nonprofit and government agencies.

In addressing the problem of why nonprofit societies emerge, Lester Salamon examines two conflicting theories: 1) Market/Government Failure Theory and 2) Voluntary Failure Theory. With respect to the Market/Government Failure hypothesis, Salamon argues that as the welfare state focuses upon producing a range of collective goods that "...command community support", there will always be some "...unsatisfied demand on the part of segments of the political community that feel a need for a range of collective goods but cannot convince a majority of the community to go along"(op cit: 35). In this context, governments are apt to turn to the nonprofit sector to provide specialized services.

A variation on this Market/Government failure theme argues that where governments are providing services to minority groups, their size and inflexibility hinders their ability to respond to the changing needs of a particular clientele. Once again, the failure of statutory agencies to provide responsive services compels governments to contract out services to nonprofit societies.

Salamon argues, however, that the Market/Government failure hypothesis has little theoretical value in explaining the emergence

of nonprofit agencies in capitalist societies. Assuming governments want to provide for some unsatisfied needs, they are not restricted to using nonprofit societies to supply additional services. Governments could contract out services to private proprietors or they could give funds to the clients themselves to purchase their own services. The fact remains, however, that nonprofit agencies do flourish in capitalist societies (op cit: 36).

A second theoretical explanation turns the market/government failure on its head. In the normal course of events, individuals with a particular need approach governments for funding. As nonprofit societies are viewed by government officials as "akin to those of government", and as nonprofit societies enable governments to establish "experimental" projects without creating a "monstrous public bureaucracy", governments are usually willing to provide money for innovative, pilot programs (op cit: 38).

Experimental nonprofit agencies, after a while, assume a life of their own, and they become expansionary. At some point in their evolution, nonprofit societies begin to be viewed by government officials as failing to fulfil their stated mandates, i.e. nonprofit societies become too large and, therefore, too bureaucratic, less accessible and too costly. Once nonprofit agencies are perceived as having "failed", they are subject to a variety of government actions. Such actions include:

- A. Take-over, or nationalization, by the government sector.
- B. State administration of nonprofit societies. Nonprofits retain their legal status but are subject to firm rules and regulations which usually includes having government representatives sit on their board of directors.

- C. Reprivatization, or contracting out, of services. Annually, government contracts are tendered out for competition.
- D. Pragmatic partnership. This strategy requires both the government and nonprofit societies to negotiate a workable compromise. Both sectors recognize the strategic value of the other in providing social welfare services. (Kramer, 1981: 273-290).

To date, studies derived from the nonprofit literature are generally descriptive in nature or focus upon understanding the origins of nonprofit societies at a particular moment in time.⁵ Even when examining the origins of nonprofit societies, theorists maintain a narrow focus of inquiry. Nonprofit societies emerge as a response to a particular need: the failure of government or markets to respond to the needs of particular groups leads to the creation of nonprofit societies, or disenfranchised groups create their own nonprofit societies to address particular needs. These analyses are not "...situated within a broader theoretical understanding of the relationship between state and society" (Grant, 1985: 18). In Salamon's opinion, a theoretical understanding of state-nonprofit interaction is in the earliest stages of development.

Given the lack of theory regarding nonprofit societies, it is not surprising that the study of state-nonprofit interactions within the mental health field have focused upon pragmatic, empirical problems. Specifically, report after report has examined ways in which to devise a more effective, accountable and responsive system. While such studies are valuable, they disregard

broader theoretical questions. As a result, problems such as the effect of state encroachment and control through corporatist arrangements upon the nonprofit sector, are ignored. Certainly, the strategies governments will pursue in handling expansionary nonprofit societies will depend upon the political and economic context in which they operate. Offe's understanding of the politicization of nonprofit-state relations in advanced capitalist societies provides a way to theoretically understand changes within the mental health field and a way to embed the literature on nonprofit societies in a wider theoretical context.

SUMMARY

The starting point of any contemporary inquiry into state-interest group relations begins with an examination of the welfare state. Neo-Marxist, liberal, and conservative theorists agree the welfare state represents

"...a gigantic enlargement of the apparatus of government-particularly the national government-at the expense of social institutions, among them private nonprofit groups. The central image has been that of a large bureaucratic state, hierarchic in structure and monolithic in form, taking on social functions performed by other social institutions (Salamon, 1987: 33-34).

The equation of a monolithic state and declining nonprofit sector is not supported by reality, however. Whereas it is true that the welfare state did take on many of the functions performed by institutions such as the family and the church, it is equally true that state expansion led to the phenomenal growth of ancillary institutions.

The growth of the welfare state and supplementary institutions have given rise to a particular division of labour in capitalist

society. To ensure a "safety net" remains in existence, the welfare state provides universal social (medical, education, housing) and welfare (income assistance, family allowances, old age, invalidity and survivors' pensions) services for all citizens (Gough, 1979: 2). Conversely, interest groups provide services to specific class/sectoral interests (Schmitter, 1985: 40). Through this division of labour, the state is able to maintain its universality and claim to nonpartisanship while providing additional resources to specific groups.

The following chapter will examine the establishment and development of Vancouver's community mental health system, with particular emphasis given to the development of two societies: the Coast Foundation Society and the Greater Vancouver Mental Health Society. The emergence of these two organizations coincided with the expansion of the provincial welfare state. However, as shall be demonstrated, benevolence was not the major factor behind the state's support of the development of nonprofit societies. Only when nonprofit societies were able to secure a monopoly position in the provision of specific services did the state provide financial support.

In accordance with Offe and other corporatist theorists, chapter two will demonstrate that the B.C. provincial state initially established few restrictions on interest group demands or actions. By the beginning of the 1980's, however, state officials began contemplating the introduction of regulations to monitor nonprofit societies. With the onset of the recession, the state began its restructuring of nonprofit societies through the establishment of corporatist arrangements. Such arrangements were

designed to curb demands emanating from the nonprofit sector without creating widespread conflict. As well, corporatism, it shall be argued, enabled the state to implement long discussed regulatory measures.

The following chapter will also show that corporatist arrangements in Vancouver led to a mutually dependent relationship between the state and GVMHSS, and that these arrangements emerged in the social service sector and not in the arena of production. A possible explanation for this development is offered in chapter three.

Finally, the following chapter will examine the ways in which the GVMHSS, as the intermediary organization between the state and other interest groups, was able to legitimate its new role while encroaching upon the aspirations and activities of another nonprofit organizations, the Coast Foundation Society.

Endnotes

1. While private boarding home operators were instrumental in providing residential services, it will suffice to focus analysis on the relationship between the state and the major nonprofit societies, since Vancouver's nonprofit societies were responsible for providing clinical, rehabilitation and residential services.
2. For Claus Offe, the attribution of status to interest organizations refers to: resource status- allocation of state resources to interest groups; representation status- the extent to which the state permits organizations to represent a potential membership (unions are often cited as an example of representative status); and organizational status- the extent to which internal relations are controlled by the state (Offe, 1985).
3. The re-examination of the state by neo-Marxist theorists was in direct response to the inadequacies of the pluralist paradigm. Neo-Marxist's writers accept a much broader definition of the state and state functions. However, within the Marxist paradigm, defining the term "state" is more complicated than first appears. Nicos Poulantzas defines the state as being composed of
... several apparatuses or institutions of which certain have a principally repressive role, in the strong sense, and others a principally ideological role. The former constituted the repressive apparatus of the State, that is to say the State apparatus in the classical Marxist sense of the term (government, army, police, tribunals and administration). The latter constitute the ideological apparatuses of the State, such as the Church, the political parties, the unions..., the schools, the mass media..., and from a certain point of view, the family (Poulantzas, 1972: 251).

The fascist state is often cited as an example wherein political and civil society are compressed into one. Within liberal-democratic states, civil and political society are perceived as being separate. Consequently, a more restrictive definition is needed to define the state. Following Ralph Miliband, Leo Panitch defines the state as the,

...complex of institutions, including government, but also including the bureaucracy (embodied in the civil service as well as in public corporations, central banks, regulatory commissions, etc), the military, the judiciary, representative assemblies, and (very importantly for Canada) what Miliband calls the sub-central levels of government, that is, provincial executives, legislatures, and bureaucracies (Panitch, 1977: 6).

Panitch's definition is noteworthy for two reasons. First, a number of important institutions, such as the family, the church, unions, corporations, and community nonprofit societies are not included in the definition. These institutions are said to be located within civil society. Second, Panitch's definition does include the "sub-central levels of government". For Canada, this inclusion is particularly relevant. Social welfare services, for example, are the responsibility of both the federal and provincial levels of government.

The state performs its social and economic activities "in any of three ways: provision, subsidy, and regulation." (Papadakis, 1987: 31; Gough, 1979: 3-4). Provision refers to when state employees directly provide social services. Such services include "social security, education and training, health and housing", to people in need. "Rent benefits and mortgage interest relief," are examples of state subsidies. Regulation refers to social legislation (Factory Acts), policies controlling access to service (licensing, social housing eligibility, etc), and policies governing service standards (Papadakis, 1987: 31).

In western democratic societies, the reliance upon the state to provide services varies tremendously. England has a long history of "statism". Central and local governments provide services; nonprofit societies are largely underdeveloped and poorly funded. In the Netherlands, on the other hand, the provision of social services is achieved almost exclusively through the utilization of nonprofit, voluntary agencies. In the Netherlands, therefore, nonprofit societies are well established, largely bureaucratic, and well funded. They are also subject to external demands for reporting, budgeting, management control and other forms of accountability (Kramer, 1981: 108).

A reduction in any one of the three state activities may lead to an increase in any of the other two activities. In privatising social services, for example, the state, may increase its regulatory functions to ensure that private agencies maintain minimal levels of care.

4. For an excellent discussion on the relative autonomy of the state as it relates to Canada see Gregory Albo's and Jane Jenson's "A Contested Concept: The Relative Autonomy of the State" in Glen Williams's and Wallace Clement's The Canadian Political Economy Montreal: Queen's University Press, 1989
5. See Kramer, Ralph Voluntary Agencies In The Welfare State Berkeley: University of California Press, 1981; Salamon, Lester, 1987, Gibbs, Barrie "The Nonprofit Sector" Unpublished Paper, 1990.

Chapter II-The Evolution of Vancouver's Mental Health System From 1972 To 1992: A Case Study In Corporatism

The post 1945 welfare "safety net" created by the federal state provided the mentally ill with the means to survive outside the hospital. Once the mentally ill were able to live in the community, provincial governments began to dramatically downsize mental hospitals. ¹ Despite access to welfare services, however, many of the mentally ill found themselves unable to cope in a non-institutional setting. Many were homeless or resided in substandard boarding homes. Clinical support, emergency response units, and services facilitating community adjustment (recreation, leisure, and specialized education) were all lacking. While local, or municipal governments, acknowledged that resources were needed, they received little financial support from the provincial state to develop such resources.

Until 1970, Vancouver's mental health system, as elsewhere in North America, was also lacking in resources. Except for the Broadway Clinic, which operated as an out-patient service for Riverview hospital, Vancouver had no clinical services; moreover, there were no support services (social and recreational facilities or sheltered workshops) (Seager, 1973: 61). Of all Vancouver hospitals, only the Vancouver General Hospital (VGH) reserved any psychiatric beds. Yet, although 41 psychiatric beds were available through VGH, the hospital had no emergency psychiatric resources. People in need of immediate psychiatric help were assessed through normal emergency procedures. ² Furthermore, it was estimated in early 1972 that, given adequate resources, VGH could process in excess of 120 referrals per month. Needless to say, 41 beds were

inadequate to meet the current needs of the Vancouver system. ³ Responding to this state of affairs, the University of British Columbia's Department of Psychiatry sponsored a retreat in early 1972 specifically to examine the "crisis" within Vancouver's mental health system (op cit: 63).

Hospitals were not the only institutions concerned about the lack of resources. The media printed a number of critical articles. One article claimed the "fragmented non-system...had produced a chaotic situation in an area which has exceedingly high rates of attempted suicides, heroin and alcohol addiction, and other indicators of high pathology" (Ayre, 1986: 104). In 1971, Mental Health professionals within Vancouver's metropolitan health units, through their Medical Health Officers, expressed their concern for the lack of mental health services for every age group. ⁴

One of the curious aspects of the Vancouver situation is that unlike the rest of the province, Vancouver's "Incorporation Act" rendered the municipality responsible for "...all city matters of public health", including mental health services. ⁵ Consequently, city officials clearly believed that it was their responsibility for providing a wide range of services for the mentally ill. Funded through the Vancouver School Board, the municipality, however, was restricted in the services it could sustain. Indeed, the city's Department of Mental Health Services focused its efforts on providing education and consultation on general mental health issues. As early as March 22, 1972, Dr. Bonham, the city's Chief Medical Officer, and Dr. R.J. McQueen, Director of Vancouver's Mental Health Services, approached the provincial government for additional funding so that it could expand city services for the

mentally ill. ⁶

The growing distress over the lack of resources, combined with the realization that the provincial government was quite concerned about the imminent provincial election, galvanized the different interest groups into action. On July 12, 1972, the Metropolitan Board of Health of Greater Vancouver

"...authorized the creation of a Mental Health Planning & Advisory Committee to work on the coordination of mental health services in the Metropolitan Health Service areas and to undertake planning activities for the improvement of such services." ⁷

Not surprisingly, this committee consisted of representatives from the city's Health departments, the hospitals with psychiatric services, the Department of Psychiatry, University of British Columbia, the Alcoholism Foundation and the Narcotic Addiction Foundation, representation from private psychiatrists and the Greater Vancouver Hospital District. Throughout its deliberations the committee maintained close contact with the provincial government and senior administrators from Riverview.

On October 6, 1972, the committee presented its recommendations to the Metropolitan Board of Health of Greater Vancouver. The recommendations called for an equal partnership between provincial, municipal, and private agencies for the development of mental health services in Vancouver. More importantly, the committee echoed a familiar theme when it urged the provincial government to provide the city with monies for additional staff so that planning for a coordinated mental health system could immediately occur. Such planning would not be carried out in isolation from hospital and community services. Indeed, the hospital sector was to play a major part in developing resources in

their local areas. In contrast to this vision of a decentralized multi-service system, the report warned against the formation of a "...single agency to achieve on a monolithic basis a viable mental health service." ⁸

Reacting to public pressure and the increasing demands from the city, the provincial government, in early 1972, appointed its own consultant, Dr. John Cumming, to look into the Vancouver situation. Dr. Cumming came to British Columbia highly regarded. He served as Assistant Director at New York State Hospital, and he was the primary person responsible for deinstitutionalization within that state.⁹ Just two and a half weeks after the city's Mental Health and Planning Advisory Committee presented its recommendations, Dr. Cumming presented his "Plan For Vancouver" to the Metropolitan Board of Health on October 25, 1972.

While Dr. Cumming agreed with some of the city's recommendations, i.e the need for decentralized services based upon clearly defined geographical areas and an immediate focus upon providing services to the most seriously ill population, he rejected the recommendations that suggested the city become responsible for the provision of direct services through their health departments, as well as the suggestion that the city administer the planning of Vancouver's mental health services. Instead, he recommended the creation of an alternative system focused around the creation of multi-disciplinary Community Care Teams. Each team would be located in a catchment area whose population ranged from 50-100,000 people. ¹⁰ Although Dr. Cumming envisioned that the teams would be responsive to local needs and, therefore, largely autonomous, he did recommend that one

coordinating body be responsible for establishing the community care teams.

Although Dr. Cumming's proposal highlighted the need to develop localized community care teams, he also made a number of other recommendations. First, he believed that for a mental health system to be effective, it needed to develop a number of ancillary services. In particular, Dr. Cumming called for the development of hostel housing and for the creation of agencies to provide basic (food and medical care), and rehabilitation services (social skills and vocational sheltered workshops). One assumes that Dr. Cumming's believed that the organization responsible for developing the teams would also accept responsibility for developing these ancillary services. Finally, given the substantial reduction in hospital beds over the previous 15 years, Dr. Cumming's recommended the restructuring of Riverview into a regional hospital.

Dr. Cumming's "Plan" created a dilemma for the newly elected provincial New Democratic government. Clearly, the city and the hospital sector wanted control over the development of mental health services in Vancouver, but Dr. Cumming's had recommended the establishment of a separate body overseeing the creation of Vancouver's mental health system. A political compromise was reached in late 1972 when an Executive Committee was established to administer what it called the Greater Vancouver Mental Health Project. This executive committee was to consist of five members: two from the city's Mental Health Planning & Advisory Committee, two from the Community Care Services Society and one member chosen by the four members of the executive committee. ¹¹

The Community Care Services Society was an interesting

organization. Essentially, it was a society in name only. Officially, this society was known as the Community Care Services Society of the Provincial Department of Health, Community Health Programs-Mental Health.¹² Its membership consisted of senior level bureaucrats from the different provincial ministries, consultants such as Dr. Cumming, and researchers. This society accepted proposals and budget submissions and made recommendations for funding. Although it had no legal mandate, it enabled the provincial government to maintain a significant presence in Vancouver.

Surprisingly, on May 1, 1973, the provincial government, having obtained a compromise, turned over the administration of the Greater Vancouver Mental Health Project to the Metropolitan Board of Health of Greater Vancouver. It is unknown why the government chose to transfer responsibility for the newly formed project to the Metropolitan Board of Health. Perhaps the provincial government wanted to ease longstanding tensions between the provincial government and the city. Another factor may have been the recognition by all those involved that the NDP government presented a window of opportunity for social service agencies. While the previous Social Credit government parsimoniously controlled funds for social service programs- in the 1971-72 fiscal year the Social Credit government spent \$148.5 million on social services- and the new NDP government was committed to financing much needed social services in this area. In the 1974-1975 fiscal year, the NDP government more than doubled the budget for social service to \$367.4 million dollars (McDonald, 1984: 5). In 1973, therefore, many believed that the opportunity which existed might

disappear with a change of government. Certainly, a sense of urgency prevailed throughout the system to get things done. Given this urgency, it is likely that all parties believed a long protracted struggle over who controlled the G.V.M.H. project would be counterproductive.

Events occurred rapidly after 1973. Dr. John Kyle was appointed Executive Director of the project on June 1, 1973. By January of 1974, six Community Care Teams had been established. On June 1, 1974, the G.V.M.H. Project officially became the Greater Vancouver Mental Health Service (GVMHS). By the beginning of 1975, the Broadway Clinic, Venture (a 16 bed short stay crisis residence) and Vista (an 11 bed facility, half for women) were all seconded from Riverview to GVMHS. As well, the Maples Family & Children's Clinic was seconded to GVMHS from the Burnaby Mental Health system.¹³

By 1975, GVMHSS employed a total of 87 staff. Except for a small clerical component, most of GVMHS employees possessed "professional credentials." Typically, a Community Care Team included a consulting psychiatrist, nursing staff, an occupational therapist, Master's level clinicians and clerical support. Despite the fact that many of GVMHS's employees were seconded from Riverview Hospital, and were, therefore, provincial employees, GVMHS assumed responsibility for bargaining with employees associations.

Almost overnight, GVMHS had become a major force within Vancouver's mental health community. With the development and secondment of a number of impressive resources, and with its professional staff, GVMHS unquestionably commanded the respect of city officials and professional medical practitioners. Needless to

say, a central office was required to administer the vast resources placed under GVMHS's jurisdiction. Early in 1973, Dr. Kyle established such an office on West Broadway.

Early on, Dr. Kyle was cognizant of the need to downplay the role of the central office in the affairs of GVMHS. As he stated in his 1973 Annual Report, the central office's role was simply to develop policies and procedures for the Community Teams, to engage in research and evaluation, and to provide short term and long term plans. ¹⁴

In the first year, each Care Team looked to the newly created Citizens' Advisory Committees for guidance. Although central office was responsible for screening suitable candidates, the local area citizens' committees were responsible for making the final decisions regarding the hiring of each Team Director. Given that each Citizens' Advisory Committee's mandate involved hiring the Team Director and participating in identifying local needs and assisting in the development of services in meeting those needs, it is not surprising that each Team Director was quite responsive to local concerns rather than the wishes of central office.

Dr. Kyle was astutely aware that GVMHS's acceptance as a "legitimate" organization in Vancouver's mental health system required him to develop excellent relations with all external agencies. In his 1973 report, Dr. Kyle was lavish in his praise for the role played by the Citizens' Advisory Committees in helping select Team Directors and in helping find suitable locations for the Teams. His correspondence with R.J. McQueen, the city's director of Mental Health Services, indicates that each person held the other in deep respect. Dr. Kyle recognized the complementary

nature of services provided by the city and the G.V.M.H. project. Most importantly, Dr. Kyle expressed a keen willingness to work closely with the hospitals to develop comprehensive services for Vancouver.

◦ With the rapid rise of GVMHS as a leading organization in Vancouver's mental health system, Dr. Kyle's cautionary style was discarded after only a year. Instead of praising the Citizens' Advisory Committees, he stated his concern that the "...committees have not maintained their interest since the Teams were established and that alternate ways of ensuring community support were required".¹⁵ Another development was the appointment of Mr. John Seager as Supervisor of Patient Services. Each Team Director was to report to this new position. Ostensibly, Mr. Seager was to "...provide more direct leadership to the operating centres".¹⁶ Both of Dr. Kyle's statements indicates that he was not happy with the lack of direction provided by the Citizens' committees and that central office would need to take a much more active role in administering the Teams. Dr. Kyle was careful not to completely transfer power to the centre. He made it clear that the Team Director was responsible for the "quality of decisions and implementation".¹⁷ By the end of 1974, however, there was a definite shift in focus from responding to the needs of the local community to responding to the direction established by central office.

Throughout the early years, GVMHS was preoccupied with developing its own internal operating structure and systems. However, Dr. Kyle did not lose sight of the fact that the organization needed to maintain a prominent profile within political circles. Indeed, one of the most important roles GVMHS

performed throughout the early years was to act as an intermediary between the city and the province. While reporting to the municipal Metropolitan Board of Health, Dr. Kyle actively participated, as an invitee of the provincial Ministry of Health, on the Regional Manager's committee in Victoria. GVMHS was to keep Victoria informed on local issues and emergent problems.

Besides his relationship with Victoria, Dr. Kyle acted as a consultant to the Community Care Services Society. Upon his recommendation, the society made decisions regarding funding allocations. However, except for providing letters of support and recommending funding for agencies, GVMHS, as an organization, did not actively help support the development of ancillary services in Vancouver. One proviso to the preceding note: there were individuals within GVMHS who, on their own time, did help establish a number of community agencies, most notably Ms. Helga Hicks and Dr. Hugh Parfitt.

The chronicle of major events for both organizations can be charted as follows:

TABLE II: CHRONOLOGICAL DEVELOPMENT OF COAST FOUNDATION AND THE GREATER VANCOUVER MENTAL HEALTH SERVICES SOCIETY

GVMHSS	COAST FOUNDATION
<p>In 1973, the Greater Vancouver Mental Project was established to oversee the development of community based mental health teams.</p>	<p>January 1972, the Mental Patients' Boarding Home project was established. The same year, the project was incorporated as Coast Foundation Society. The organization's democratic roots were firmly established during this period.</p>
<p>In 1974, the Greater Vancouver Mental Health Services (GVMHS) replaced the GVMH Project. Although reporting to the Vancouver Metropolitan Board of Health, GVMHS also maintained close relations with the provincial state.</p>	<p>In 1974, Coast constructed a new apartment block. Entering the housing field enables Coast to secure a niche within Vancouver's mental health</p>

In 1978, GVMHS assumed responsibility for coordinating the Mental Health Liaison program. Coordinating part of the mental health system required GVMHS to become more externally focused.

In 1985, GVMHS incorporated as a nonprofit society. The organization's new name is the Greater Vancouver Mental Health Services Society (GVMHSS).

In 1987, GVMHSS accepted responsibility for administration of Vancouver's nonprofit societies. In the same year, GVMHSS required nonprofit societies to sign legally binding contracts.

In 1989, GVMHSS helped establish the Katherine Sanford Society. Between 1989-1992, the new society purchased a number of community residential facilities.

In 1989, GVMHSS assumed responsibility for enforcing standards of residential services.

In 1990, GVMHSS established a consultative process to establish priorities for allocating funding .

system.

In 1978, Coast began its shift towards a hierarchial organizational structure with the establishment of a Management Council.

In 1981, Coast hired its first Executive Director.

In 1981, Coast purchased four community homes. The purchase of the homes substantially increased Coast's size and scope. Expansion required Coast to adopt a hierarchial decision-making structure.

Between 1981-1990, Coast was preoccupied by internal strife and is unable to effectively challenge GVMHSS's increased regulation of the nonprofit sector.

One Of The Ancillary Services: The Emergence of Coast Foundation

GVMHS was not the only organization to emerge as a major player during the early 1970's. Other community based nonprofit societies, most notably Coast Foundation Society, came into existence.

In late 1971 a group of unemployed teachers banded together

, found a sponsoring agency -the Unemployed Teachers' Association- and applied to the Federal government for a grant under the Local Initiatives Program. Upon receiving the grant in January 1972, the Mental Patients' Boarding Home Project was established. Initially, the project "...was apparently intended as an activator group and remedial education program for the residents of psychiatric boarding houses".¹⁸ At the time there were 26 boarding homes in Vancouver, housing approximately 200 residents.¹⁹ Very early in the project, it became clear to all those involved that "remedial education" was not a practical goal. Many of the people housed in the boarding homes were heavily sedated and had been institutionalized for over 20 years. The goal of teaching was soon replaced by more practical concerns: housing, helping discharged patients find work and obtain unemployment benefits, and, most importantly, providing residents with activities so that they could increase their mobility and motivation.

In March of 1972, the project obtained a grant from the city and purchased a twenty-four passenger bus. The project then began taking residents from the boarding homes to activities in the city. Originally, the project utilized the city's Community Centres as its base of operations. However, in April 1972, the project leased a house in East Vancouver to serve as an activity centre and as a central office. Those operating the society were very concerned with making the house as non-institutional as possible:

East End House, as it came to be known, was restored to a condition of appearance as much as possible like that which it originally was in some fifty years ago. Bright but traditional color schemes, period wallpapers, and comfortable but archaic furniture were used, to create an intimate, reassuring, environment in which the boarder participants in project programs (most of whom are in their middle or later years)

could feel entirely at home. Greater care was taken that not the minutest object--not a coffee mug, not an ashtray--should be reminiscent of the past institutional experiences of the boarders, many of whom spent lengthy periods in Riverview or other large hospitals. ²⁰

With the acquisition of a permanent facility, the project began attracting a core group of "ex-psychiatric patients" to its new residence. These ex-patients were attracted to the project's liberal ideals. Besides their anti-institutional biases, staff believed in the importance of soliciting input from the project's participants about the programs and activities they would like to see developed. As well, all decisions were reached by a democratic vote of all those employed by the project. Finally, project staff were firmly committed to maintaining its grass-root origins; they did not want to become too rigid and bureaucratic.

Despite the project's progressive views, it derived its ideological beliefs from a liberal, rather than a radical, tradition. As early as 1973, there were discussions between the Social Service Department of the Vancouver General Hospital and the project for joint programming. In comparison, the Mental Patient's Association (M.P.A.), an organization which began as a self-help group of ex-psychiatric patients and which gave equal voting rights to all its members (staff and participants alike), was strongly vocal in its opposition to the psychiatric and legal professions. The M.P.A.'s twenty year anti-psychiatry crusades are well known. Certainly, in 1972/73, M.P.A. would never entertain the idea of joint programming with medical professionals.

Despite the project's early successes in obtaining a permanent residence and a bus, the first year of operation was unstable.

Project staff had to reapply every six months for renewal of its federal grant. Often staff were not paid due to administrative delays in receiving money: "A skeleton crew of volunteers worked for three months receiving only token honorariums paid out of Society funds to cover expenses." ²¹

The hand-to-mouth existence experienced by the project led to the constant threat of expropriation by another agency. In 1973, VGH expressed a willingness to "absorb" Coast's programs into its social service department. More pointedly,

"...an established recreational agency (which had apparently made a commitment to City Council some two years ago to do something for the boarding house dwellers in the way of recreation), attempted an administrative takeover and absorption of our operations, in order to capitalize on our methods and established rapport". ²²

Not surprisingly, the precarious financial position created continual anxiety for all those associated with the project.

In 1972, two events occurred which impacted upon the project's tenuous situation. First, on July 10, 1972, the project was incorporated under the Societies' Act. Coast Foundation Society became the name of the new organization. By registering under the Societies' Act, Coast no longer needed to rely upon the goodwill of a sponsoring agency to apply for funds. Coast could apply for money on its own behalf. The second event was the hiring of Peter Tomlinson as the organization's "Research Planner". Essentially, the Research Planner acted as spokesperson for the organization. He was also responsible for writing funding proposals and acquiring funds for the organization. Although this position constituted many of the responsibilities of an Executive Director, the organization's anti-hierarchical bias precluded any individual

assuming the title of Executive Director.

In his first year, Tomlinson focused his energies on cultivating relations with a number of different agencies. He was an active participant on the Citizens' Advisory Committees. He invited Dr. Kyle and members of the Community Care Services Society to visit the organization's activity centre. He established a close rapport with Dr. Cumming.²³ Most important, Tomlinson established good relations with VGH and with the city's Director of Mental Health Services, Dr. R. J. McQueen.²⁴

Tomlinson realized that while contacts were critical, in the long term, the organizations's survival also depended upon its ability to carve out a niche within Vancouver's mental health system. In 1973, changes occurring elsewhere presented Tomlinson with the opportunity he was seeking. During 1973,

"...the Federal Department of Urban Affairs had just recently amended the National Housing Act to provide 100 per cent mortgage financing in addition to project start-up funds, to nonprofit agencies sponsoring housing for special needs groups"(Tomlinson, 1976: 25).

Later that year, Jackie Hooper, a social worker, who had been rejected by the M.P.A., approached Tomlinson with the idea of constructing a twenty-six apartment block in Vancouver's west end.

The idea of developing an apartment block caused considerable trepidation. Nobody in the organization had any experience working with realtors, contractors, and the Central Mortgage and Housing Corporation (C.M.H.C.). The business (developing sophisticated accounting systems) of administering a mortgage in excess of \$300,000 and maintaining accurate government records evoked fears of impending bureaucratization. Many within Coast were vehemently

opposed to entering the housing field. On the positive side, the new NDP government was firmly committed to financing new social service resources, so it was likely that ongoing operating expenditures for the apartment block would be financed by the provincial government. Indeed, in 1973, upon the recommendation of Dr. Kyle and Dr. Cumming, the Community Care Services Society promised to provide an annual grant of \$17,000 to cover operating expenditures. ²⁵ Tomlinson and others decided to forge ahead with the new project.

Within Coast, the split over the proposed new housing project came to a head in early 1974. For Coast to secure funding from C.M.H.C., the organization was required to change its by-laws. Incorporated within Coast Foundation's by-laws was a clause stating that upon dissolution of the organization, all assets would revert to the general membership. C.M.H.C. required Coast to include a clause in its by-laws to state that upon dissolution of the organization, assets funded by the housing corporation would revert back to that corporation. For many within Coast, C.M.H.C.'s insistence on this clause provided a perfect example of how expansion would lead to outsiders determining what Coast could or could not do.

Tomlinson and his supporters carried the day. On June 22, 1974, the original society was dissolved and a new society, with new by-laws, was created --the Coast Foundation Society (1974). The acquisition of an apartment block created two separate divisions within the organization: the Research/Planning and Housing division and the Recreation and Resocialization division (Activity Centre). As well, the administration of just under two

million dollars in assets required a level of expertise previously absent in the organization.

In spite of the changes, however, the events of 1974 did not cause a permanent rift within Coast Foundation. Between 1975-1981, Coast remained a medium sized nonprofit organization. During this period, Coast did construct two new apartment blocks (1977 and 1979). ²⁶ However, the organization's operating expenditures remained relatively modest: for the year 1980, Coast operating expenditures were \$625,250, of which \$372,930 was associated with the Housing Division. ²⁷ In 1979, the organization employed 14 staff, only two more than in 1974.

Coast's moderate size enabled the organization to maintain its decision-making structure. In 1974, each division was "...comprised of one co-ordinator and a work team, the size of the team to be determined by the board of directors on the recommendations of the teams involved". ²⁸ The work teams interviewed and hired their own coordinators. Hiring decisions were finalized by a democratic vote of all division staff, and the term of office for the coordinator was one year. Theoretically, the coordinator was responsible to the Board of Directors.

Both the coordinator and the work team had the right to call meetings. All issues affecting the divisions were decided by a democratic vote of all staff. Despite the presence of "General Staff Meetings", in which staff from all divisions and the Board of Directors participated, each division operated autonomously from all others and from the Board of Directors. The Board of Directors, five in number, consisted of staff, former staff and client members.

Coast's experience in developing its first apartment block greatly enhanced the organization's reputation. Overnight, Coast had become a leader in providing "innovative" housing. Only M.P.A. offered any other housing (four group homes) and that organization seemed unwilling to actively pursue any additional housing projects. As well, 26 psychiatric boarding homes also operated in Vancouver.

Peter Tomlinson's hard work and the organization's newly earned reputation impressed government officials. By 1974, Coast enjoyed a reversal of its funding situation. In 1973, Coast received \$73,561 from its federal L.I.P grants and \$16,510 from the Province of British Columbia. In 1974, Coast received \$30,695 from the federal government and \$72,818 from the Province of British Columbia. Unlike federal funding, provincial monies were guaranteed annually. Moreover, given Victoria's commitment to the Vancouver Plan, provincial funds were not expected to disappear overnight. No longer did the society have to worry about daily survival or a "hostile" take-over.

In 1975, Peter Tomlinson left Coast to work with Dr. Cumming at the Community Care Service Society. Although Tomlinson's vision was missed by Coast, it was fortuitous for Coast that he joined the Community Care Service Society, since over the next eight years, Tomlinson remained a strong advocate for Coast while within government circles.

Gary Forsgren replaced Tomlinson as Research/Planner in 1975. Unlike Tomlinson, who valued decentralization, Forsgren favoured a more traditional management structure, where roles and responsibilities are defined, policies and procedures entrenched,

rational planning processes implemented, and critical decisions enacted by those individuals ultimately responsible. If anything went awry, government officials would hold the organization's signing officials accountable. Despite Forsgren's bias towards traditional management practices, he inherited an organization quite resistant to change, especially in this direction.

Internal pressures began to erode the organization's democratic orientation. The first group to experience the strain of managing a demanding organization was the Board of Directors. The five member Board found itself continuously involved in the organization's daily operations and in resolving ongoing personal disputes. Often, decisions made by the Board were unpopular with staff. Consequently, many of the long-standing Board members were exhausted after four years of tension. By 1978, the organization experienced difficulty in retaining board members.

Upon the Board's request, the organization's first Management Council was established in 1978. The council was to be a decision-making body, provide information and make recommendations to the Board, and provide a channel for appeals in case of dismissals.²⁹ Each division coordinator participated on the Council and could exercise one vote in making decisions. Although Gary Forsgren was chairperson of the council, he could not vote.

By 1979, therefore, the Board received direction from the Management Council, not vice versa:

"Sid drew to the attention of the meeting that the Board relies heavily on the Management Council for its direction, since the Council is closely involved in the Society's day-to-day operations, and the Board will act in response to the Council's recommendations."³⁰

Between 1979-1981, Management Council acquired increasing responsibility for making executive decisions. Moreover, the division coordinators also acquired executive powers. For example, in 1979, during the development of the Recreation and Resocialization coordinator's job description, the coordinator was no longer responsible for reporting to the Board of Directors; instead, the coordinator was to report directly to the Management Council. Furthermore, the new job description granted the division coordinator powers to hire and fire staff:

"Re hiring and firing, etc, the manager must have the final say for recommendation to Management Council. If a manager is responsible for operation of a team and he/she doesn't have ultimate responsibility for hiring and firing, he/she will be ineffective as manager." ³¹

With the shift towards a more traditional management structure, Forsgren, once again, initiated a number of corresponding changes. In 1979, the Board adopted a committee structure: personnel, fundraising and nominating committees were established. That same year, the Board began its first Long Range Planning process. In 1980, the organization's localized regime (each division had their own practices) was replaced by uniform policy and procedures. Job descriptions were written for all staff, and a system was developed to consistently review salaries and benefits.

Forsgren resigned in 1980, and in 1981 the organization hired its first Executive Director, Dianne Weldon.

By 1981, Coast was an organization in transition. The organization's grass-roots orientation was being replaced by a more hierarchial, bureaucratic structure. Management's vision for the organization conflicted with many of the staff who had been with

Coast since 1974. With Coast's second major expansion after 1981, tensions grew throughout the organization.

The Centralization Of Social Services And The State

Between 1975-1984, political and economic changes within British Columbia substantially impacted GVMHS and Coast Foundation Society. The first of these changes was the centralization of social services by the provincial state.

In December 1975, the New Democratic Party was defeated and the Social Credit party returned to power. For many social workers, the NDP years are fondly remembered as a time "...when the government introduced a new system of decentralized social service delivery by means of community resource boards" (McDonald, 1984: 7). In reality, however, the changes introduced by the NDP began the shift towards a more centralized social service system. The creation of the provincial resource boards shifted responsibility for the administration of social services from local agencies and the city to the province: "...the Vancouver Resources Board, which had been formed from the amalgamation of two children's aid societies and the City Welfare department..." (op cit). The resource boards did, however, solicit input and generated citizen interest in the social service system.

The succeeding Social Credit government continued the process towards centralization. In 1976, the government dissolved the Vancouver Resource Boards and the Citizens's Advisory Committees, and transferred the Boards' responsibilities to the newly created Ministry of Human Resources (MHR). As McDonald writes,

"By mid-1977 policy-making in social welfare services was solidly concentrated in the hands of the Minister and a headquarters staff of senior bureaucrats. Increasing

reliance was placed on uniform policy directives prepared in Victoria and administered in each region of the Province"(op cit: 8).

Despite fears to the contrary, the Social Credit government did not dismantle the social service system established by the NDP. Indeed, in most areas the government maintained and expanded services, and in the area of child welfare, the government created two new programs.³² In one of the programs over 200 positions were added to the Ministry of Human Resources to "...provide intensive home based counselling services for families with children at risk"(op cit). Grants to community-based agencies were also maintained. During the Social Credit's previous term, the government spent a total of \$242,678 on community grants; in 1982-83, the Social Credit government provided \$6.78 million to community agencies(op cit: 6).

Along with the shift towards centralization, the provincial state began to examine more rational methods of allocating and administering funds. To accomplish this goal, provincial ministries contemplated two initiatives to rationalize funding: the consolidation of multi-ministry funding into one ministry, and contracting:

"Similarly, efforts have been made to relieve the policy coordination problems and administrative duplications created by multi-ministry funding of a large number of quangos. In a number of multi-ministry funding instances, it has been proposed that the ministry representing the largest funding source undertake the budgeting, monitoring and evaluation functions."

"Contracts are replacing the variety of other funding vehicles used in the past. From the government's perspective, annual or multi-year contracts provide a much better instrument for establishing agency mandates, specifying the type, quantity and quality of the goods or service to be provided and the conditions under which changes will be acceptable, establishing procedures and indicators for evaluation, and

agreeing upon the ongoing information requirements of both parties" (Langford, 1983: 570).

Within the Ministry of Health, the call for a rational delivery of services, which included financial and service accountability, were not new themes for those working in the mental health field. In 1979, for example, the government had commissioned Dr. Cumming to examine the delivery of mental health services throughout British Columbia. As Zoe Ayre describes: "Towards the end of the 1970's, the government again felt it necessary to assess the functioning of existing services so as to improve the efficiency and effectiveness of the system of mental health care" (Ayre, 1986: 105). Whereas Dr. Cumming praised Vancouver's mental health services, he delivered a devastating indictment on the province's Boarding Home system, and, once again, recommended the decentralization and redistribution of Riverview.

With regards to the consolidation of funding, the state made a number of changes that were to affect provincial mental health services. In 1979, the Ministry of Human Resources (MHR) provided funding to seventy-four "Achievement Centres" throughout the Province of British Columbia.³³ As well, the MHR funded all community residential homes, including homes caring for the mentally ill, throughout the province. While the MHR allocated funds, it was the Ministry of Health which was responsible for ensuring agencies were accountable for the funds they received. The process of funding allocation was disconnected from the process of funding administration and monitoring. Many people in Victoria believed that such a system was counterproductive. As the Ministry of Health did not distribute funds, it did not possess any leverage

to demand certain standards and performance levels from agencies. Consequently, by 1984, achievement centre and community residential funding was transferred from the MHR to the Ministry of Health. Note: although Mental Health Services assumed responsibility for administration of budgets and funds in the community residential field, the MHR continued to pay a portion of the per diem rates received by each boarding home.

By 1984, Mental Health Services in Victoria had assumed responsibility for both the development of mental health policy and the allocation and administration of all provincial funds to mental health agencies.

Contracting was the second initiative aimed at rationalizing the delivery of services within the nonprofit sector. The shift from per diem funding to contracting, was, once again, a natural outcome of internal developments in Victoria. Prior to 1980, "QUANGOS, or quasi-autonomous non-governmental organizations-private organizations delivering public policy for government" received little scrutiny from provincial ministries (Langford, 1983: 564). Governments assumed a "see no evil, hear no evil" approach when dealing with nonprofit societies:

"The general criterion of satisfactory policy performance was the silence of agency clients and the acquiescence of board and advisory committee members associated with the various agencies. Formal ex ante or ex post evaluations were virtually unknown" (op cit: 569).

By the early 1980's, government complacency regarding QUANGOS changed. With the onset of the government restraint policy, QUANGOS were quite vocal in their criticism of government policy. If acquiescence reflected performance, then QUANGOS, by being outspoken, were performing poorly.

Centralization And The Vancouver Mental Health System

Within Vancouver's mental health system, the thrust towards centralization and rationalization is best exemplified by changes within the residential community care field. In 1976, considerable pressure was exerted upon the provincial government to resolve the chaotic situation within the community care system. At the time, all "personal, intermediate, and extended" care homes in Vancouver, and throughout the province, came under the same licensing requirements covering personal care homes. As such a number of client groups were assimilated within the system: the elderly, the mentally handicapped and the psychiatric population all came under the jurisdiction of personal care.

By the late 1970's, a number of problems existed with the residential care system. First, as people were becoming older and as more people were being deinstitutionalized (from Riverview and Woodlands), many within the field demanded a more efficient system. For example, the scarcity of beds required a better system for monitoring bed availability.³⁴ Another problem with the system was the assessment criteria for residents. People were accepted into homes based upon financial need, not upon levels of care required. It was quite possible, therefore, for homes to consist of a mixture of people needing different levels of care. Moreover, boarding home operators were notorious for demanding docile residents: "...many boarding home operators, who are private entrepreneurs, demand docile, easy to care for clients, since this maximizes profits."³⁵ Finally, the residential community care system lacked a Licensing Act which defined adequate standards of care and building and nutritional requirements.

In 1978, the provincial government reorganized the community care system. First, people wishing to be placed into residences were assessed on the basis of health, not need. Different levels of care received different per diem rates. Consequently, it no longer paid for boarding home operators to take the most docile clients. Another change was the separation, both in terms of assessment and administration, of the elderly from the mentally ill. Of course, in dividing the two populations, two organizations were required to administer each system. Finally, the Community Care Facilities Act was enacted in 1979. This act clearly defined levels of care and responsibilities of boarding home operators. The changes introduced by the provincial government were designed to develop a centralized, rational and efficient system.

With the exception of Vancouver, the administration of this new system was taken over by the province. In Vancouver, responsibility for administering the city's community care facilities was transferred to the Metropolitan Board of Health. In July 1978, the Metropolitan Board of Health transferred responsibility to GVMHS: to manage its new responsibilities, GVMHS created the Mental Health Liaison program (MHLP). Since GVMHS was the only community agency with the capacity to provide psychiatric assessments and contained the bureaucratic structure capable of monitoring placements, it was the logical choice for coordinating and administering the new system.

Due to its new responsibilities, GVMHS's mandate expanded. As well as providing direct clinical services and acting as an intermediary between the city and the province, GVMHS was now responsible for directly coordinating an important part of

Vancouver's mental health system. Moreover, if GVMHS chose to enforce all the clauses associated with the Community Care Facilities Act, it, potentially, could assume responsibility for "regulating" Vancouver's boarding homes.

In developing a close working relationship with the community residential system, GVMHS was required to become more externally focused. In 1982, GVMHS further expanded its external orientation by establishing, within its senior management structure, a support services component. This component was, and is, responsible for enhancing

"... program-oriented ties with the management of public, private and nonprofit organizations involved in housing, vocational rehabilitation, social-recreational programs and emergency services...The support Service's mandate is the development of inter-agency agreements in order to actively create a climate which will increase patient access to existing community resources and to gain support for the development of additional resources." ³⁶

Ostensibly, therefore, GVMHS's support services component was firmly committed to collaborating with all community agencies. Between 1979-84, two new resources came under GVMHS's jurisdiction. In 1979, an after-hours emergency resource was established. In 1982, GVMHS was requested by S.A.F.E.R. (Suicide Attempt Follow-Up, Education and Research), for financial reasons, to be incorporated within GVMHS's apparatus. Besides the addition of these new resources, GVMHS remained relatively stable throughout the nine year period.

The Housing Crisis of 1979-1980: The Rapid Expansion of Coast Foundation

The second major event that affected developments within Vancouver's mental health system was the housing crisis of 1979-

1980. During that year, spiralling housing prices and changes to the Long Term Care system enticed many boarding home operators to sell their properties: two hundred and thirty-nine beds were lost to the elderly and to the psychiatric populations (Albach, 1985: 56). Of these 239 beds, 97 were beds for psychiatric residents.³⁷ Without question adequate housing had become the number one priority within Vancouver's mental health system.

Faced with the devastating prospect of losing 97 beds, Ms. Helga Hicks, GVMHS's Director of Support Services, and officials of Long Term Care, approached Coast in 1981 to ascertain whether the organization would be interested in purchasing four community homes. For G.V.M.H.S, Coast was an attractive alternative to private operators. Coast was not motivated by profits; therefore, Coast would not be likely to sell property during upsurges in the real estate market. Moreover, Coast had developed a track record of being able to finance and operate housing projects.³⁸

With little debate, the Coast Board of Directors approved the purchase of four new homes in 1981. The purchase of the four homes led to the creation of a new division (Community Homes Division), to the hiring of 26 new staff, and to an increase in the operating budget from approximately \$650,000 to \$2.2 million dollars annually. In addition to the four homes, in 1981 Coast constructed a new apartment block, and in 1982 and 1983 acquired two large federally funded grants. These grants required the organization to find jobs for its clients (members).

Expansion left its mark on Coast in a number of different ways. First, with the increase from 14 to 50 staff, and with the implementation of different supervisory levels, it was no longer

feasible to have a decentralized decision-making structure. It was not possible for 50 staff to continuously come together to make decisions on specific program issues. As well, due to funding requirements, Coast could no longer develop programs in isolation from external constraints. External authorities required that someone be responsible for ensuring that legal and contractual obligations were achieved. Consequently, both internal and external changes required Coast's management staff to assume ultimate responsibility for all programs and policies.

The acquisition of the new homes also impacted upon Coast's philosophical orientation. The new Community Homes Manager was professionally trained in providing care for the mentally ill, and indeed, the primary focus of the Community Home Division is to "care" and "help" residents in their daily lives.³⁹ Community home residents require 24 hour supervision. The concept of "caring" for an individual creates a distinction between staff and members: acting as "caring" professionals, staff are required to maintain appropriate boundaries. The concept of "care" also requires staff, managerial and program staff, to be accountable. Standards and licensing requirements must be implemented, programs are developed to provide therapeutic value, and staff must be well trained in providing mental health care.⁴⁰ The acquisition of the new homes, therefore, introduced a new source of tension within the organization, between the professional orientation of the Community Homes Division and the grass-roots, non-professional orientation of the Housing and Resocialization divisions.

Like GVMHS, Coast's expansion required it to assume a more external orientation. Coast's Community Home Division was required

to interact with GVMHS's Mental Health Liaison Program; the Resocialization and Recreation Division was required to work closely with the federal civil service. Each year, to ensure funding renewal, the Resocialization Division was required to provide an extensive written submission, with a detailed budget, to a federal review board. As well, the division was required to document all employment statistics. Demonstrating success was critical if Coast wanted its funding renewed.

Nonprofit agencies within Vancouver's mental health system viewed Coast's emergence as a major player with trepidation. On the one hand, there was a general expectation that Coast would assume a leadership role in promoting mental health issues. On the other hand, Coast's size generated apprehension. A brief description of Vancouver's nonprofit sector is required to understand why other nonprofit societies were anxious with regards to Coast's new stature.

Between 1975-1980 many different nonprofit societies were established in Vancouver. In the housing field, the Lower Mainland Society for Rehabilitation for Young Adults (LMSRYA) operated "rehabilitation" group homes for 22 young adults (Finch, 1978: 20). Look-out, a short-term emergency resource, located in Gastown, provided valuable services for the hard-to-house. The Arbutus Vocational Rehabilitation Society (AVRS) and the Vancouver and Burnaby branches of the Canadian Mental Health Association (CMHA) operated "sheltered workshops" for people interested in gaining work experience. Finally, the Kettle Friendship Society, joined MPA and Coast Foundation as organizations providing social and recreational activities.

For all these agencies, simply surviving preoccupied their daily existence. In 1979, the Kettle, for example, existed on a budget of \$65,000 per year. The only way it could survive was through the acquisition of short-term federal grants.⁴¹ In 1978, CMHA closed down one of its workshops for financial reasons (op cit: 7). The LMSRYA was under constant threat of absorption because their facilities were considered too expensive.

Many agencies believed that Coast, if the conditions were right, would not hesitate in "absorbing" these fledgling organizations. While casting a wary eye at Coast, it was to GVMHS that the smaller nonprofit societies turned for support.

Recession And Restraint: Towards Corporatism

The final event that affected developments within Vancouver's mental health system was the onset of the recession and the introduction of the government restraint program. The economic growth of the 1970's came to an abrupt halt in the early 1980's:

"There was a significant decline in outside demand for B.C. resources, coupled with evidence of serious depletion in the forest industry. Corporate profits plummeted, bankruptcy rates soared, as unemployment nearly doubled from 6.5 percent to 12.1 percent between 1980 and 1982. The time had clearly come for a government of the right to unveil tougher measures" (Resnick, 1987: 10).

In 1982 the recession deepened and in 1983 the provincial government issued a stern warning:

"The growth and prosperity which came so easily in the 1960's have faltered, with the economic crisis of the past two years marking the turning-point. No one... should take a return to prosperity for granted... Most difficult of all, our expectations must change."⁴²

In 1983, the government called for a 25% reduction in the size of the civil service and the "down-sizing" of other social

expenditures; e.g. post-secondary educational institutions were to be cut back by 5% in 1984 and 1985 (op cit: 13-14).

The housing crisis of 1979/1980 and the fear of impending cutbacks created a sense of urgency within the Vancouver mental health system. Representatives from the Kettle, Coast Foundation, CMHA and the Riverview Volunteer Association met, on January 18, 1982, to discuss approaches in resolving the current "crisis". These agencies formed a loosely structured organization called T.A.G. (The Advocacy Group). Since T.A.G. had only a time-limited mandate, and given the group's belief that an ongoing, coordinated lobbying effort was essential to maintaining existing services, a new voluntary federation of community agencies was established. The new organization was, and is, called the Interagency Mental Health Council (IAMHC).

Both Coast Foundation and GVMHS assumed leading roles within the IAMHC. Coast Foundation's Paula Farquhar became the council's first Chairperson. Given GVMHS's close association with the provincial government, it declined to serve on the council's executive. Still, GVMHS did provide valuable staff resources to study gaps within the mental health system, and supported strategies for working with the provincial government.

Building upon the initial enthusiasm of the first few years, a few members of the IAMHC sought to expand the council's mandate from an "information and education focus" to one that also included responsibility for "planning and coordination." ⁴³ A proposal was circulated that recommended that the Service Planning Committee of the Interagency Mental Health Council become the official liaison between the Council and the Vancouver Advisory Committee (a

committee comprised of representatives from hospitals, private psychiatrists and community treatment). Since the Service Planning Committee would be the conduit between the Council and the Advisory Committee, it would be in a strong position to ascertain priorities and make recommendations for the Vancouver area. The proposal was soundly defeated by the larger body of the IAMHC.

There are several reasons for the proposal's defeat. First, the proposal was very complex and would have resulted in the proliferation of sub-committees or task forces. Community mental health agencies possessed neither the inclination nor the manpower to participate on the committees. Second, the community agencies were, and still are, wary of a committee of their own peers having the power to make recommendations regarding service priorities. Would the Service Planning Committee make impartial recommendations, or would it reflect the priorities of the committee membership? Finally, the Service Planning Committee with its IAMHC affiliation were perceived as being too diverse to perform a planning and coordinating role. Agencies from the Fraser Valley and Vancouver are both represented on the Council. Since these two distinct regions compete for funds, the Service Planning Committee would have had difficulty reaching consensus. Presumably, each area would protect its own interests.

The rejection of the Service Planning Committee's proposal was, in many ways, a missed opportunity. As community agencies were voting members on the Council, they could have influenced future government policy and direction in a time of rapid change through the Service Planning Committee. With the defeat of the proposal, the IAMHC remained, primarily, an information-sharing and

networking association.

While difficult to document, it is likely the council was very effective throughout the 1980's in presenting to Victoria a united front on mental health issues. The government's restraint program led to a "...20% reduction in funding for community-based social service quangos...", and in 1984 the government cancelled entirely several social service organizations. In the mental health field, however, Victoria was reluctant to engage in wholesale cuts. Those working in the field were able to ensure that Victoria remained committed to maintaining current levels of funding. Of course, between 1983-1987, agencies did not receive any increase in funding, which effectively resulted in a cutback as funding did not keep pace with inflation.

The onset of the recession and the government restraint program gave GVMHS pause to reflect. Internally, GVMHS was under pressure to acquire additional resources. As Bruce Vichert's statistics indicate, increasing patient case loads and an increase in the severity of illnesses being treated by the Community Care Teams put significant pressure upon GVMHS to acquire additional resources:

"The number of cases open at the beginning of 1980, plus new cases opened during the year, less the closures, indicates an active open involvement with 4,796 patients. The same figure for 1989 is 7,895, an increase of 65% (Vichert, 1990: 1).

Faced with increasing demands and a restricted funding base, GVMHS began to examine different options. With the centralization of mental health services in Victoria, GVMHS's role as an intermediary between the city and the province was not as important. Consequently, GVMHS decided, in 1985, that its

relationship with the Vancouver Metropolitan Board of Health was too restrictive. The Board was responsible for municipal health issues and "maintained minimal involvement with GVMHSS".⁴⁴ GVMHSS's new Executive Director, John Russell, wanted a board that could act as a resource and an advocate for the society. Although GVMHSS wanted to maintain its connection with the city, it also wanted the right to pursue its own mandate. As a result, in 1985, GVMHSS was incorporated, under the British Columbia Society Act, into a nonprofit society.⁴⁵

By becoming a nonprofit society, GVMHSS enlarged its capacity to pursue other interests. As a nonprofit society, GVMHSS could apply to the federal government for grants, could engage in fundraising activity and, most importantly, could enter into the housing field. The British Columbia Housing Management Commission's (BCHMC) guidelines stated that only nonprofit societies could apply for social housing units. By becoming a nonprofit society, GVMHSS could now compete with Coast in developing housing. Indeed, in its Constitution, GVMHSS identifies as one of its purposes:

"to operate a charitable institution (without profits to its members) for the purpose of constructing, providing, maintaining, leasing, owning and managing one or more low-rental housing projects for such persons as may be designated by the Province of British Columbia (where such designations are required)".⁴⁶

Through incorporation, therefore, GVMHSS was able to expand into a number of different areas.

Recession And Restraint: The Riverview Problem

The onset of the recession and the government restraint policy, resulting in decreased levels of funding for the Ministry of Health, required Victoria to examine the current state of mental

health services throughout British Columbia. The most pressing issue confronting Victoria was Riverview Hospital.

Thirteen years after Dr. Cumming recommended the downsizing of Riverview hospital and the substantial expansion of the community mental health system, Mr. Brian Copley, Executive Director of Mental Health Services, Ministry of Health, stated, on July 15, 1985, that the government would be engaging in a "Consultative Planning Process for Improved Mental Health Service System".⁴⁷ The consultative process was to develop a "...detailed plan to improve the Province's Mental Health System, including the possible replacement of outdated facilities on the Riverview/Valleyview site."⁴⁸

As well, the consultative process was to obtain the opinions of a variety of concern groups:

"Over the past few months Mental Health Services staff have talked with literally thousands of British Columbians from all areas of the mental health care system: consumers and providers, volunteers and professionals, employers and employees, representing the legitimate concerns of various individuals, interest groups, community, hospital and educational agencies involved".

Working from a tight time frame, Copley wanted the consultative process to be completed within six months: a draft plan was to be complete by November 30, 1985 and the plan was to be submitted to cabinet by January 15, 1986.

The consultative process announced by Copley was quite interesting for a number of reasons. First, the Ministry of Health and the Social Credit government were reluctant to initiate the process. Between 1972-1985, several reports and many agency submissions requested that the government take action. Moreover, in the early 1980's the problems of Riverview received considerable

discussion within the Ministry itself. However, it was not until 1985 that the government decided to take some form of action.

The Ministry's reluctance to tackle the Riverview problem was quite understandable. Previous experience demonstrated that closing down large institutions garnered few political rewards. The closure of Tranquille, in the late 1970's, a large hospital for the mentally handicapped, engendered widespread criticism. Parents berated the government for closing down the hospital without first developing community resources. People were being released into the community with nowhere to go. Unions, naturally, were quite upset that the closure of Tranquille would result in the loss of several hundred jobs.

Another reason for the Ministry's reluctance stemmed from a concern over funding. Although it was expected that mental health would maintain existing funding levels, the Ministry did not "...anticipate the infusion of substantial new funds into the system, at least for the foreseeable future." ⁴⁹ Thus, funding for the Riverview closure was expected to come from existing fiscal resources.

While the government was reluctant to address the Riverview question, other pressures were pushing the Ministry to take action. As indicated in chapter one, between 1962 and 1979 Riverview reduced beds from 6328 to 1306 (in 1985, the official bed count was 1306 but in actuality there were 1220 beds at Riverview). Certainly, given the reduction in beds the existence of a large institution such as Riverview, with its 73 million dollar budget, no longer made fiscal sense. Moreover, the cost of maintaining a person in Riverview was approximately \$300 a day; in the community,

residential care costs \$65 a day.⁵⁰ Economically, therefore, there was increasing pressure to downsize Riverview.

Another concern facing the Ministry was the

"outdated and often dilapidated building at Riverview Hospital, with limited staffing and program resources available for effective treatment and rehabilitation, both within the institutions and subsequently in community settings."⁵¹

Riverview itself was in need of a major restoration if it was to be effective. Consequently, by 1985, the government faced the choice of either upgrading Riverview or downsizing the hospital.

Instead of bringing out policy directives clearly outlining a plan of action, the Ministry of Health adopted a more cautionary approach to the problem by engaging in a consultative process. The process adopted by the Ministry and the government was a natural extension of internal developments within the public sector. By 1985, policy development and fiscal administration were centralized into the "political leadership of ministers" and ministries (Langford, 1983: 564). As Resnick writes:

"At the same time, neo-conservatism, B.C. style, vested greater authority in the hands of the provincial government at the expense of municipal bodies, school boards, college and university boards, and semi-autonomous government commissions" (Resnick, 1987: 14).

Policy initiatives as controversial as the downsizing of Riverview, therefore, required cabinet approval.

The politicization of "policy development" lends itself to caution. Senior bureaucrats, whose careers are reliant on the goodwill of Ministers, and the Ministers, themselves, are reluctant to engage in action without wide-ranging support. To gather support for controversial policies, governments engage increasingly in consensus building processes such as the "Consultative Process".

As Langford argues, the consultative process is only one of many that governments currently use to generate consensus:

"The scope of public sector activity has mushroomed; the process of deciding upon the allocation of public resources has become increasingly complicated by the development of policy-making and coordinating agencies, regional government, departmental planning branches, task forces and public participation; and a complex network of new vehicles for delivering policy has evolved(Langford, 1983: 564).

The "Mental Health Consultation Report" was finally released on September 29th, 1987, almost two years later than expected. The report called for the substantial downsizing of Riverview over a 10 year period. Specifically, the proposal recommended that Riverview's 1306 official beds be replaced by 550 medium/long term beds located in three to four regional hospitals; an additional 310 residential beds located in the community; and 60 acute care beds located in the general hospital system. Nine hundred and seventy beds were to suffice for the existing 1306 located at Riverview.

Beside bed allocations, the report recommended that family (general practitioners, psychiatrists, and case managers) and community (social/recreational; Life Skills/vocational) services be expanded. Such services were to support patients in their adjustment to living outside the hospital. ⁵² Finally, the report stated that Riverview's current budget of 73 million dollars would pay for the proposed initiatives.

Recognizing the need to develop community resources prior to scaling down operations at Riverview, the Ministry also provided additional "new" funding in the following areas:

A. \$60 million in capital funding for new inpatient facilities.

B. \$20 million over a three period to address critical

service shortages.

C. An average of \$2.6 million per year for 10 years to fund transition costs, including community education and staff retraining.

The report and the ministry's commitment for additional funding received cautious but favourable responses from those associated with the mental health system. Mental health professionals and agency directors were pleased that the government was, finally, committed to remedying the Riverview problem. While generally favourable, the B.C. Government Employees' Union, which represents over 1200 employees at Riverview remained concerned over the fate of its members. They strongly suggested that the BCGEU be directly involved in "... all phases of implementation to ensure an orderly transition to the alternative system of care".⁵³ Finally, general hospitals such as VGH, were dismayed that little provision for emergency psychiatric beds was made in the report. The government responded by increasing its commitment from 60 to 170 new psychiatric beds in general hospitals.

A year and a half after the publication of the Mental Health Consultation Report, the Minister of Health had yet to bring the plan forward for approval by cabinet. In the spring session of the provincial legislature, Dr. Tom Perry read letters demonstrating the public's mounting frustration over the government's reluctance to take action:

Dear Dr. Perry

As parents of a son who suffers schizophrenia, we ask your assistance in getting the government of B.C. to move positively to adopt the new Mental Health Act. This document was readied-I think they're referring to the mental health plan- in 1987, with input from many, including parents and families though the Friends of Schizophrenics Society. It was

to be put to cabinet in the spring of 1988, the fall of 1988, the spring of 1989... Delays. Why? Because of the government disrupting, retiring, downsizing and generally gutting the civil service, key personnel were affected. It's time to get on with this crucial bill." ⁵⁴

The debate between Tom Perry, John Cashore, from the New Democratic Party (NDP), and Peter Dueck, then Minister of Health, was quite heated. The NDP was determined to ascertain the status of the Plan. The Minister of Health was determined to offset criticism by restating the government's commitment to the plan:

"The commitment I made in the "Mental Health Consultation Report" released in 1987 still stands. Riverview Hospital will not be downsized until cabinet has approved a long-range mental health plan and community-based services are in place. I made that commitment last year, it still stands." ⁵⁵

Between 1987 and 1989, the rumour mill was bustling with activity. Several times civil servants working within Mental Health Services in Victoria announced the Plan was almost dead. Since they were powerless to comment on government policy, they urged all those within the system to put pressure upon Copley and the Minister of Health to resurrect the Plan and take it forward to cabinet. GVMHSS, community agencies such as Coast Foundation, the Inter-Agency Mental Health Council, and the Friends of Schizophrenics all sent submissions to the Deputy Minister of Health, Mr. Brian Copley, and to the Minister of Health, Peter Dueck, arguing for the speedy implementation of the plan. In early 1990, cabinet approved the Plan and the first allocation of new monies was approved for the 1989/90 fiscal year.

Since the "Plan's" implementation, \$10 million of the \$20 million "new" money allocated for covering critical shortages has been spent. However, by the end of 1991 transitional funds have yet to be allocated, and plans to construct "regional" hospitals and

community residential facilities to replace Riverview are only beginning to get underway.

Those within the Ministry and the mental health field were quite sceptical about the government's long-term commitment to the plan. By early 1991, concerns over the introduction of a possible new restraint program, and the effect such a program would have upon the Mental Health Plan, were echoed throughout the system. Several meetings, throughout 1991, with high level civil servants within Mental Health Services in Victoria and with the new Deputy Minister have led to the same conclusion: restated commitments from Victoria with no additional funds. ⁵⁶

While the politics of the Mental Health Plan were unravelling over these past six years, Riverview was quietly reducing beds and increasing its budget. Between 1985 and 1991, the Riverview bed count was reduced from 1306 to 1032 official beds (unofficially, the reduction was from 1220 to between 900-920 beds). ⁵⁷ Riverview's budget has increased from \$73 million to, depending upon sources, between \$90-\$100 million. While it is likely the rapid rise in Riverview's budget represents escalating staff salaries and cost of living increases, and thus very little expansion of new services, it is almost certain that there have been no staff reductions. The complex and potentially volatile issue of how to "downsize" Riverview's 1654 full-time staff remains unaddressed.

At a recent symposium, representatives from Riverview claimed that the reduction in beds has enabled the hospital to reallocate funds. Indeed, 16.3 million dollars have been reallocated. However, \$9.3 million are designated to cover budget shortfalls incurred by Riverview hospital and GVMHSS. Another \$3.7 million will help

"increase" Riverview's ward staff. Finally, \$3.3 million are designated to develop community programs. However, Riverview staff, in collaboration with other community agencies, are jointly operating the new community services. Thus, Riverview still controls how the new community programs are being developed.

Between 1985-1991, and especially during the initial stages of implementing the Mental Health Plan, key organizations (such as GVMHS in Vancouver, Riverview, Regional Managers associated with the Provincial Mental Health Services, and the general hospitals) have taken on the responsibility of setting priorities and making funding recommendations for their jurisdictions. The transfer of authority to these organizations has met with approval from Victoria. Indeed, it was the Mental Health Services that transferred authority to these key organizations.

The Ministry's track record over the years demonstrates that it was reluctant to take a leadership role in developing British Columbia's mental health services. With key organizations assuming responsibility for directing change, the Ministry avoids the politically dangerous situation of being held accountable for unfavourable responses to new developments. The organization responsible for setting priorities will be held accountable for decisions.

At the macro level, the state's strategy in obtaining consensus through a consultative process may, in the final analysis, have the opposite effect. On October 24, 1991, GVMHSS and Riverview co-sponsored a Mental Health Symposium. At this symposium, Riverview outlined its ten year plan to replace the hospital. According to Riverview's plan, the hospital will be the

major architect in developing mental health services in British Columbia. Certainly, Riverview has made a conscious effort over the past two years to separate itself from government and establish itself as the leader within the mental health field. Indeed, in 1990 Riverview was incorporated as a nonprofit society: it is now called the B.C. Mental Health Society. Ironically, Riverview is currently given the responsibility for organizing its own demise.

At the symposium, GVMHSS, like the B.C. Mental Health Society, also presented its vision of the future. Unlike Riverview, however, GVMHSS's vision has the community mental health system taking a leading role in developing mental health services in Vancouver. The system has yet to hear from the general hospitals or the Regional Managers as to their vision of who should be the leaders in mental health. Indecisiveness from Victoria and the emergence of powerful blocs could lead to conflict in the future.

Recession and Restraint: Devolving State Authority To GVMHSS

In 1985, the Riverview problem was not the only issue confronting Victoria. A decrease in funding combined with increasing demands created a zero-sum game. By 1986, ministry personnel were being openly criticized for delaying the Mental Health Consultation Report and for a lack of leadership within the mental health area. Community agencies based in Vancouver were particularly virulent in their criticism. Vancouver had long become a thorn in Victoria's side. As one Vancouver mental health official noted, Victoria viewed Vancouver as a "Black Hole, 50 miles away".

Tight funding created a sense of urgency in Victoria to ensure that scarce revenues were being utilized effectively. The impetus for contracting gained momentum after 1986. However, given the

perception that community agencies would resist signing contracts, and the fact that contracting is effective only when locally administered, Victoria was reluctant to introduce a contracting system.

In 1987, Mental Health Services delegated the responsibility for managing nonprofit societies to local administrators. In Vancouver, they approached GVMHSS to take on the new role of administrator.

The administration of Vancouver's eight nonprofit societies required GVMHSS to :

- A. Negotiate Contracts Between GVMHSS And The Agencies.
- B. Develop Program Standards "upon which programs can eventually be evaluated".⁵⁸
- C. To Monitor Program Performance.
- D. Plan And Establish Priorities For Vancouver's Community Mental Health System And Allocate Funds To Agencies

GVMHSS reluctantly accepted its new role as administrator. In the words of GVMHSS, "We took this role on as you know, a year and a half ago. We took it on with some trepidation and I think the agencies have accepted it with some trepidation".⁵⁹ After having spent several years fostering trust and cooperation, GVMHSS understood that its new role, if mismanaged, could either alienate GVMHSS from other community agencies or alienate its own service system from the central office: in its new role GVMHSS would be required to decide funding priorities between external agencies and its own internal services. GVMHSS could not please everybody. Finally, the prospect of an increased work load was another factor

contributing to GVMHSS hesitation to take on administrative functions. ⁶⁰

Despite its reluctance to accept the new role, GVMHSS believed that the alternative --the Ministry "setting up shop" in Vancouver-- would benefit neither GVMHSS nor the Vancouver community mental health system. GVMHSS was not interested in sharing its position of authority with another agency. More importantly, a local agency would be able to lobby and advocate on behalf of that particular region. A Victoria based agency would be required to compromise Vancouver's needs with those of other regions.

The theme of "if GVMHSS did not take on the role then a worse alternative would be forced upon Vancouver" was prevalent in 1987 (and still exists in 1991). Initially, agencies accepted GVMHSS as administrator because it was better to go with the "Devil you know." Certainly, the GVMHSS track record since 1980 indicated that GVMHSS would be a fair and equitable administrator.

Since 1987, GVMHSS has employed a number of different strategies, enabling it to successfully implement Victoria-based initiatives while maintaining widespread support among the community agencies.

GVMHSS's first responsibility as administrator of the nonprofit sector was to implement a contracting system. Prior to 1985, agencies received funding on a per diem basis. Agencies received money for each hour a client attended their program. A cap existed as to the maximum number of hours a program could claim in any given month. Not surprisingly, agencies consistently managed to reach their maximum number of hours.

The new funding process required agencies to sign formal

contracts clearly articulating obligations (service, reporting, and fiscal) between contractor and the agency. Part of the contracting process required agencies to submit monthly statistics in a number of different categories. In 1985, GVMHSS signed the first contract with Victoria.

In 1987, GVMHSS required each agency to sign "standard" contracts. The contracts contained two controversial clauses. First, GVMHSS wanted each agency to submit a line-by-line budget. Through this budgeting process, each agency was required to seek permission from GVMHSS to shift money from one item in the budget to another. Clearly, such restrictions affect an agency's ability to plan and make decisions regarding where to allocate resources. A general outcry from several agencies led GVMHSS to reconsider this clause. The line-by-line budget process was omitted from the contracts. The contracts now contain only gross budget figures, i.e. \$200,000 for agency X. What the line-by-line controversy demonstrated to the agencies, however, was GVMHSS's willingness to listen to their concerns and take action on them.

A second controversial clause provided GVMHSS with the right to expropriate any surplus that may accrue to an agency. If an agency wanted to use the surplus, they had to seek permission from GVMHSS. Once again, several agencies believed this clause to be an infringement upon an agency's right to decide how and when to utilize surpluses, i.e. to transfer surpluses from one part of the organization in order to offset deficits in another. To alleviate concerns, GVMHSS stated that they would not unreasonably refuse an agency's request to utilize their surplus. While this assurance was acceptable to most agencies, Coast Foundation refused to sign their

contracts for two years. In 1991, GVMHSS insisted that Coast sign its contract.

While originally exempt for the contracting process, Community Residential Facilities will be shifting over to the contract system in the next few years. ⁶¹

Besides formal contracts, Mental Health Services was very interested in developing program standards and evaluation criteria for all funded agencies. It was GVMHSS's role to help develop the standards. Instead of developing standards in isolation from other agencies, GVMHSS initiated, in 1989, "A Consultative Process To Develop Standards for Prevocational and Vocational Programs", and Residential services. The process brought together program directors to discuss what standards each agency was willing to observe. The recommendations from this consultative process was forwarded to Victoria. In 1989, Victoria released a standards manual for residential services; in 1991 a standards manual for rehabilitation services was issued.

Interestingly, despite GVMHSS's commitment to establishing standards, it is likely that comprehensive agency and program evaluations will not follow as quickly as originally intended. One can cite several reasons for this probability. First, GVMHSS's own bias is to evaluate an agency based upon their "motivation" and "commitment" to "caring" for the mentally ill. ⁶² Subjective measurements are viewed more favourably than objective measures. One result of this orientation is that smaller agencies that are able to maintain a grass-roots "feeling" meet with greater approval than larger agencies which concentrate on goals, objectives and results.

Another factor hindering the development of a comprehensive evaluation system is cost. Evaluations are expensive, and within the social services, money is scarce. Traditional resistance by the nonprofit sector to agency and program evaluations is the final factor hindering development in this area. As Langford states:

"The movement towards ministry evaluation of agency performance has not yet achieved the necessary legitimacy amongst the quango population, and cooperation is limited. In a well-publicized case, an agency preferred to have its funding cut off rather than cooperate in an evaluation of the service it was providing-despite the fact that the right to evaluate was established in the contract between the quango and the government(Langford, 1983: 571).

Finally, given GVMHSS's present desire to maintain goodwill among community agencies, it is unlikely that it would pursue a strategy that would precipitate overt resistance. Indeed, within the rehabilitation field, GVMHSS has assumed a position of non-interference. There are no current mechanisms in place to systematically review program performance. As Langford concludes:

"Governments have demonstrated little capacity for even deciding what "product" they want from their quangos, there is little consensus on the mechanisms required to enforce mandates if they existed, and the political leverage enjoyed by most quangos makes them reluctant partners at best in government efforts to evaluate their effectiveness as policy delivery agents(op cit: 572).

The Construction Of Consent: GVMHSS's Support Of The Nonprofit Sector

A demonstration of how effective the consultation process can be in averting possible conflict occurred in 1990 when Victoria announced that \$20 million was being allocated to cover critical shortages (Vancouver received \$1.7 million dollars in 1990, or 1/3 of the provincial allocation for that year). Instead of rationally assessing Vancouver's current needs, and allocating resources to agencies based upon such assessments, GVMHSS decided to engage in

a consultative process to establish priorities for Vancouver. The Executive Director from each agency was invited to participate in a day long workshop designed to discuss where the new monies should be spent. During the session each agency presented its proposals for funding and then assessed the merits of each other's proposals. Those proposals which received support were recommended for funding.

While agencies did not receive all the enhancements they requested, each agency did receive some additional money for their own organizations. More importantly, each agency came away feeling that, while not ideal, the process did allow for input, and GVMHSS did listen to their needs. The solicitation of input was regarded as important. In other regions, input was not sought and regional managers have met considerable resistance to changes they would like to implement.

The consultative process required each agency to compromise so that consensus on priorities could be reached. It is difficult for agencies participating in this process to publicly denounce the results of the process when they were active participants in that process.

The consultative process established priorities for the Vancouver area. GVMHSS reviewed the results of the process and made their final recommendations to Victoria. Interestingly, of the \$1.7 million allocated for the Vancouver area, GVMHSS, itself, received 62% of the money for its own organization. Thus, the consultation process did not hinder GVMHSS from strengthening its own agency.

Between 1987-1991, GVMHSS actively supported the aspirations of small, fledging nonprofit societies. With the exception of Coast

Foundation Society and St. James Society, however, agencies providing social, recreational and vocational services remained relatively insignificant until 1987. As indicated previously, in 1979, the Kettle Friendship Society operated on a budget of \$65,000 per annum. Ten years later, the Kettle's budget was in excess of \$500,000, and in 1991, in excess of \$800,000. The major infusion of money has occurred between 1989-1991. ⁶³ Other agencies such as the Mental Patient's Society and the Canadian Mental Health Association in Richmond have experienced similar growth.

GVMHSS's concern for the smaller agencies originated in the early 1980's. At that time, individuals within GVMHSS believed that substantial inequities existed within the mental health system. On the one hand, Coast Foundation received millions of dollars; on the other hand, the smaller agencies were just struggling to survive.

By 1987, the view of Coast Foundation as the system's "Fat Cat" was also held within GVMHSS and other community agencies. The smaller agencies argued that if they possessed Coast's budget they could also provide a wide range of services and offer competitive salaries to their employees. Moreover, given a more substantive program budget, managers would be free to focus their time and energy in performing management functions, i.e. submitting grants and proposals for additional funding. Program managers within the smaller agencies are usually required to serve as "Jack Of All Trades". They organize and implement programs, supervise staff, and perform management responsibilities.

As with the smaller agencies, GVMHSS sought to alleviate inequities between Coast Foundation and other agencies. In their paternalistic support of other agencies, GVMHSS, at times, found

themselves hindering Coast's development. In 1987, for example, Coast Foundation applied to BCHMC for the development of two new apartment blocks, one in downtown Vancouver and one in the Greater Vancouver area. At a meeting between Coast and GVMHSS held on July 22, 1987, representatives from GVMHSS made it clear that they would not support Coast's application. There were two reasons cited for GVMHSS's lack of support. First, Coast was too big and had reached optimum size. Second, Coast's application would "conflict with their [GVMHSS] support of MPA's proposal".⁶⁴

Between 1989-1991, GVMHSS's support of the smaller nonprofit societies took a different form. Prior to 1989, GVMHSS's focus was to develop the infrastructure of the smaller agencies. Since 1989, and since 1987 in the case of MPA, GVMHSS has actively supported initiatives by the smaller nonprofit societies to enter the housing field. For example, the Kettle began operations of four group homes in 1989, and in 1991 the Kettle joined Coast in providing satellite and community residential housing.

The presence of other nonprofit societies in the housing field significantly impacts upon Coast's status within the Vancouver mental health system. Whereas Coast held a virtual monopoly on housing until 1987, there are now several agencies competing for funds. In the past four years, funds that would have normally been given to Coast went to other agencies.

It would be wrong to insinuate that GVMHSS was not supportive of any Coast issues over the past few years. With the allocation of new monies in 1990, Coast, like the other agencies, received funding for innovative housing projects. As well, GVMHSS has been supportive in representing to Victoria Coast's concerns regarding

the organization's increasing deficit in the Community Residential Division. Of course, the fact that GVMHSS could not afford to lose an additional five community homes in the Vancouver area probably contributed to GVMHSS's support for Coast on this issue. Overall, however, the significance of GVMHSS's support to the small agencies, to the detriment of Coast Foundation, cannot be ignored.

Politically and pragmatically, GVMHSS's strategy of supporting the smaller agencies has been very effective. Politically, the focus upon Coast's size has deflected scrutiny away from GVMHSS's own size and rapid expansion between 1989-1991. In many ways, the smaller agencies have been quite accommodating in their silence. As one program director stated, "It is better to criticize Coast than bite the hand that feeds you."

Pragmatically, with the development of the smaller agencies, no one agency, such as Coast Foundation, can monopolize a segment of the mental health field. In a monopoly scenario, an agency with maximal resources has the ability to negotiate favourable conditions. Furthermore, regulation of such an agency is very difficult as that agency can threaten to withdraw its considerable services. Within a multi-agency system, GVMHSS has more options in bargaining with a truant agency. Thus, through the development of the smaller agencies, GVMHSS expanded its control over the Vancouver community mental health system.

Tactics Of Aggression: The Encroachment of The Community Residential Sector

Unlike the cautionary style of collaborating with the community agencies, GVMHSS, between 1987-1991, pursued aggressive tactics in relating with Community Residential Facilities (with the

exception of Coast Foundation, all community residential facilities in Vancouver until 1989 were privately owned). In 1986, GVMHSS, along with other regional managers, gave notice to community home operators that, forthwith, they were required to provide ".5 hours of professional care per resident per day, seven days a week".⁶⁵ The person designated as responsible for providing the "professional care" was the Person In Charge (PIC) of the community home. Prior to the enforcement of the regulation, PIC qualifications were quite diverse. A person with a Bachelor's degree and several years experience in the mental health field could qualify as a PIC. The new standard stated that only "professionals" who qualified for licensing, i.e. psychiatric nurses, could assume the job of PIC.

GVMHSS's rationale for enforcing this regulation is persuasive:

"We are dealing with a totally different system now, and that's why we have insisted we have never before been really hard on the issue of having professional nursing staff because the multiple meds, the side effects, additional physical illnesses that a lot of them have totally changed the system. It used to be in '78 when long term care came in the bulk of the people we had were personal care or just a little bit above, it's quite different and the number of unusual occurrences in facilities is rising very dramatically..."⁶⁶

Consequently, with the increased levels of care required in the community, GVMHSS believed the community home system required "professional" staff.

Although GVMHSS "grandfathered" existing personnel who were licensed but did not qualify under the new standard, it insisted that new hirings conform to Provincial regulations. In the case of Coast Foundation, a new employee who possessed over 10 years experience working in the mental health field was rejected as a

PIC. Besides interfering in the hiring practices of an agency, GVMHSS did not take into consideration, or were indifferent to, the effect the new standards would have upon the existing agencies. In 1990, professional nursing staff earned between \$35,000-\$40,000. Other mental health staff working in community residential facilities earned between \$20,000-\$25,000. Such discrepancies create friction and turmoil within staff groups.

Acting on direction from Victoria, GVMHSS, in 1991, began enforcing another previously ignored standard. In the community homes it was not unusual for three to four people to share a bedroom. Today, only two people can occupy a bedroom. While no one will argue with the reasonableness or desirability of the new standard, the lack of consultation regarding the enforcement of this standard, and the fiscal hardship the new standard causes (homes will now receive money for only 10 beds rather than 12) have generated frustration and anger over GVMHSS's actions.

The enforcement of these two previously ignored regulations demonstrates the degree to which GVMHSS can exercise power and affect the operations of a society under its jurisdiction. However, GVMHSS's actions are meeting some resistance. Pricare, an organization representing private community home operators, is currently contemplating action against GVMHSS. The struggle between Pricare and GVMHSS will test the limits of GVMHSS's power and the degree to which agencies can act autonomously.

GVMHSS's creation of the Katherine Sanford Society has also engendered considerable controversy over the past two years. The rapid escalation of real estate prices and the enforcement of regulations led, in 1989, to three community homes submitting their

notices: "Notice of closure for next year has been given by three facility owners resulting in the loss of 50 beds".⁶⁷ Reacting to the notices, and fearing a repeat of the 1980 housing crisis, GVMHSS decided to establish the Katherine Sanford Society:

"To deal with proposed closures and the inability of new operators to undertake the expense of property acquisition, a new non-profit housing society (Katherine Sanford Housing Society) was developed. The Society, with assistance from the B.C. Management Commission, will purchase sites or existing buildings for residential facility development and will assume ongoing responsibility for property management."⁶⁸

The Katherine Sanford Society is responsible for purchasing homes and then leasing to private operators.

In its first year of operation, two GVMHSS staff were active members on the Society's Board of Directors. Over the past year, GVMHSS has distanced itself from the society and is no longer represented on the Board. However, there still remains a close association between the two agencies: GVMHSS continues to provide administrative support to the society.

To understand why the Katherine Sanford Society is controversial one needs to understand how social housing units are allocated in British Columbia. Each year the province allocates 25% of its housing units to the various ministries. Mental Health Services negotiates with other ministries for housing units. Upon receiving their share of the units, Mental Health Services allocates units to the various regions. In Vancouver, GVMHSS is responsible for distributing the units.⁶⁹ In the past, Coast Foundation has received units for the construction of their apartment blocks.

With control over the allocation of units, GVMHSS has been able to rapidly develop the Katherine Sanford Society. In 1990,

Vancouver was allocated 36 units for social housing for the mentally ill. Twenty of these units were allocated for the construction of a new Venture, a short-stay psychiatric emergency residence operated by GVMHSS. Sixteen units were allocated to Katherine Sanford Society. Coast Foundation, along with the other agencies, received no additional units. ⁷⁰

The separation of ownership and operating functions enables the Katherine Sanford Society to control and stabilize developments within the community residential field. If an operator is not meeting expectations and complying with provincial standards, the Katherine Sanford Society can replace the operator with another without losing the home. As well, being nonprofit, the Katherine Sanford Society is not subject to the lure of the profit motive. Consequently, in times of a real estate boom, the Society will not be inclined to sell its property.

Many operators in the Vancouver mental health system have vocally criticized GVMHSS's close association with the Katherine Sanford Society. They argue that social housing units should not be utilized to subsidize private operators. Moreover, GVMHSS, through the new society, is directly competing with operators.

It is interesting to note that ten years earlier GVMHSS approached Coast to help alleviate the housing crisis. This time around, GVMHSS decided to establish a society which directly competes with Coast for unit allocations. Once again, therefore, Coast's ambitions are curtailed.

In deciding to create the Katherine Sanford Society, GVMHSS took a calculated risk. It decided the benefits associated with the ability to control developments within the community residential

field, in the long run, outweighed the hostility created by the new Society in the long run.

There are indications that GVMHSS's more assertive tendency to actively intervene in the community mental health system is showing up in the rehabilitation field. Just recently, GVMHSS, concerned over the lack of resources for "lower functioning" clients, has indicated its intention to increase its rehabilitation services. Indeed in 1990, GVMHSS developed a Lifeskills program; at the same time, Coast Foundation received funding from the federal government for a similar program. Coast Foundation Society, the MPA, the Kettle Friendship Society, and the Canadian Mental Health Association-Vancouver and Richmond branches) all provide rehabilitation services meeting the needs of a wide spectrum of clients. The question of which organization, GVMHSS or the funded agencies, is going to provide the bulk of rehabilitation services, is one of the emerging issues confronting Vancouver's mental health system in the 1990's.

GVMHSS's latest foray in providing services may be politically dangerous. To date, GVMHSS has been careful not to enter the exclusive terrain of the community agencies. If GVMHSS decides to provide more rehabilitation services, this may affect its relationship with the agencies.

Coast Foundation-1985-1991: From Internal Strife To Corporate Structure

Internal strife and structural changes preoccupied Coast's energies between 1985-1987. The rift between the organization's grass-roots orientation and professionalism of the Community Homes division came to a climax during these two years. Coast's first

"official" Executive Director resigned in 1982. Instead of selecting a replacement from within the Board of Directors, now eleven in number, Coast's Board decided to hire a new Executive Director from outside the organization. Bearing in mind that 1983 was the first year of the Social Credit restraint program, the board sought a candidate who was both a mental health professional and a "money man". In late 1984, a new Executive Director was hired. As well as possessing a Master's degree in Counselling Psychology, the new Executive Director was, and still is, a corporate executive in a developing international company.

An internal review of the organization's programs, and a funding scandal resulting in the loss of over \$100,000 to the organization, led to the resignation and termination of two of Coast's three senior managers. Not surprisingly, the two managers were responsible for the Housing and Recreation and Resocialization Divisions. Reacting to internal developments, three board directors, loyal to the "old guard", resigned in 1986-87. Professionalism had emerged as the dominant orientation within Coast Foundation.

Concern over Coast's internal affairs led GVMHSS to insist that an outside evaluator, Western Management Consultants, conduct a comprehensive review of Coast's operations. In its review, Western Management Consultants made several recommendations. The review found:

"There is a need for more strategic planning. Management technique does not appear to be strategically oriented. We believe that if management focus had been given to improving the Board relations or to arguing strongly for financial management, or for dealing with human resource issues in the collective agreement, then some of the difficulties which had been experienced over the past could have been avoided." ⁷¹

Indeed, despite earlier attempts in the late 1970's and early 1980's, Coast Foundation, by 1985, did not have a Long Range Plan. Such a plan could have anticipated changes to the external environment and placed Coast in a better position to react to developments between 1987-1991.

Western Management further found that Coast overemphasized its mental health orientation to the detriment of its "business" affairs. The review recommended:

"With respect to property management, there was no separate recognition given to their assets in the organization's structure even though the organization has properties to maintain with a value of over \$5 million...We noted from the structure that the management functions in community homes and housing divisions did not appear to be so different as to necessitate separate divisions. Both these divisions offer different forms of accommodation and if necessary and appropriate, we would see the consolidation of these two divisions as a natural thing." ⁷²

In accepting this recommendation, the Coast Board of Directors, in 1987 amalgamated the two residential divisions (Housing and Community Homes) into one division and created a third division called the "Property And Accounting" Division.

During the review, Coast's Executive Director resigned. In addressing the issue of replacing the Executive Director, the review's final recommendation advised the Board of Directors to hire a new person with extensive management skills: "Faced with the choice, it is essential that the organization choose management skills and experience in the position of the Executive Director rather than technical skills". ⁷³ In 1987, the Board of Directors hired a new Executive Director with no mental health experience but who possessed a Master's degree in Business Administration and ten years experience operating a large social service agency.

By 1987, therefore, Coast had taken on a corporate structure. The Executive Director and senior managers were experienced and qualified managers who were responsible for strategic planning, grantsmanship, public relations and legal/financial affairs. The organization's middle management and supervisory staff possessed professional qualifications (occupational therapy, social work or nursing) and/or mental health expertise (counselling, employment training and placement experience, and programming skills). Program staff possessed generic qualifications (experience working with a special needs population and post-secondary education; increasingly, Coast program staff are required to hold degrees) and are concerned with responding to client needs.

Coast's evolution into a sizable nonprofit society has affected the organization both negatively and positively. The organization's varied interest groups generate perpetual internal conflict. For example, there are those within Coast who strongly believe that, for rehabilitation purposes, members (clients) should participate in all facets of the organization. The utilization of members to perform skilled tasks requires a commitment by the organization to train members and to tolerate mistakes while training occurs; thus, inefficiencies occur. Others within Coast are interested in presenting an efficient, very professional image to the business community:

"We went to this method to involve the members in the "real" work of the clubhouse and with the logic that if we don't take a chance on our members and give them opportunities, who will. The other frustration is that much of our "business" side, fundraising, accounting, personnel, etc. deals with publics which may be quite sensitive to the foibles of our current reception systems." ⁷⁴

The site for conflict between the various interests is the

Board of Directors. Representatives from clients, professionals, and business interests all sit on the Board. Each group champions a particular vision for the society. The organization's senior management team expends considerable energy responding and mediating conflicts that originate at the Board level.

Continuous internal strife clearly places Coast at a distinct disadvantage when dealing with GVMHSS. The coerced review by Western Management Consultants clearly indicates that GVMHSS and Victoria had lost confidence in Coast Foundation. Consequently, between 1987- 1991, Coast was placed at a distinct disadvantage when reacting to GVMHSS encroachment: Coast could only negotiate from a position of weakness, not strength.

Between 1987-1991, Coast found itself powerless to resist GVMHSS initiatives. Coast was fortunate to build a new community home in 1987 (Ananda House) and, after protracted negotiations, a new apartment block in 1989 (Francis Court). Over the past two years, however, there has been no new funding from GVMHSS and BCHMC to build new housing, a trend that is likely to continue in the foreseeable future.

Despite open and frank conversations between Coast and GVMHSS, regulations requiring Coast to hire "professional" staff for its Community Homes and to reduce the number of beds in each home are now in effect. Coast has not been able to modify licensing requirements in these two areas. Interestingly, Coast's fear that nursing staff would greatly affect the way the homes operate have proved largely unfounded. However, the infringement upon Coast's autonomy continues to generate strong negative feelings.

Coast's emergence as a sizable corporate entity continues to

generate apprehension among other nonprofit societies within Vancouver's mental health system. While recognizing Coast's importance to the system, Coast provides similar services to other agencies and is, therefore, in direct competition with other agencies for funding. As more and more agencies are now providing housing, competition is increasing.

While agencies are competing with Coast for scarce funds, GVMHSS is viewed as a strong supporter of smaller agency aspirations. This situation has emerged despite the fact that GVMHSS has received the lion's share of increased funds between 1989-1991. To date, Coast has been ineffective in forming alliances with other agencies in an effort to offset GVMHSS's encroachment.

In tight economic times, Coast's size makes it vulnerable to cutbacks, since it is viewed as being better able to absorb a reduction in funding. A reduction of \$50,000 in a five million dollar operating budget is less significant than a \$50,000 reduction in a \$500,000 budget.

Despite disadvantages, Coast's size and management expertise provides the organization with many benefits. Taking advantage of its business acumen, Coast, between 1986-1991, successfully raised funds to purchase the building which accommodates the organization's rehabilitation and employment services. The purchase of the building, in a very expensive real estate market, provides Coast with security for its operations and with increased equity. Other fundraising activities have enabled Coast to fund a number of capital projects.

In 1992, Coast entered into a joint venture with B.C. Hydro to construct housing for the mentally ill. This is the first project

with a major business corporation and may provide the basis for future developments with other corporations.

During the government's restraint program, Coast never experienced a large reduction in any of its funding. With the increased funding that resulted from partial implementation of the Mental Health Plan, Coast received a large grant from GVMHSS for a work program and an outreach worker. Indeed, Coast's Community Services Division experienced rapid growth from 1988-1991: the budget expanded from \$600,000 to \$1.3 million; staff doubled in size. Such expansion resulted from an influx of both provincial and federal funds. Thus, Coast's management staff was effective in negotiating increased funding for its rehabilitation services.

Unlike the housing area, GVMHSS has been very supportive of Coast's rehabilitation services. There are several reasons for this situation. Key personnel within GVMHSS who are responsible for rehabilitation have maintained excellent relations with Coast counterparts. GVMHSS's and Coast's management staff are very cordial and respectful of each other. More importantly, in aligning itself with the smaller agencies, many of which until 1987 provided only rehabilitation services, GVMHSS has taken a hands-off approach in the rehabilitation field. As previously indicated, however, this situation may be changing and conflict between GVMHSS and the community agencies may be imminent.

With GVMHSS's entrenchment as funder and administrator, a corporatist arrangement has been firmly established. However, as shall be explored in the following chapter, such arrangements are not static and are subject to strains and tensions. As we shall see, it is unclear whether GVMHSS can maintain its role in the face

of macro level developments, i.e. changes within the provincial state, or from demands being generated from within GVMHSS itself.

In summarizing chronological developments within the GVMHSS and Coast Foundation, particularly with regard to their transformation along corporatist lines, we may say the following:

1. Pluralism best describes Vancouver's mental health system prior to 1980. During the 1970's a number of prominent organizations emerged, most notably the GVMHSS and Coast Foundation. Developing themselves as viable organizations preoccupied the activities of these two societies during this time. These societies were loosely connected and were not subject to intensive state intervention.
2. With the onset of the economic recession and the provincial government restraint program, state officials sought ways in which to contain nonprofit demands while depoliticizing possible conflict. The establishment of a corporatist arrangement between the provincial state and the GVMHSS provided the state with the opportunity to achieve its political objective.
3. The selection of the GVMHSS as the intermediary agency between the state and other nonprofit societies was a natural outcome of previous developments. GVMHSS had maintained close relations with the provincial state throughout the 1970's and had established a reputation of being able to carry out quasi-public responsibilities. Prior to the devolution of state power, GVMHSS had established reciprocally dependent relations with the provincial state.
4. Having assumed responsibility for the administration and

monitoring of the nonprofit sector, GVMHSS established its authority by securing the support of the smaller nonprofit societies and by curbing the aspirations of Coast Foundation Society. By the beginning of the 1990's, the GVMHSS had firmly established its power. Over the past five years, Coast Foundation has been unable to effectively challenge GVMHSS's authority.

Endnotes

Chapter 3- Corporatism: Towards An Empirical And Theoretical Understanding Of State-Interest Relations In Vancouver's Mental Health System

This concluding chapter will provide an overall assessment of the corporatist model in understanding the relationship between the state and interest organizations in a capitalist society. To accomplish this goal, the chapter will be divided into five sections. The opening section will provide a brief discussion of the state's role in capitalist society and the changing nature of that role within the Canadian conjuncture. Subsequent sections will analyze the changing dynamics of state-nonprofit relations in light of Claus Offe's theoretical argument, and will address the interpretative limitations of Offe's analysis regarding the nonprofit sector. The final section of the chapter will discuss possible future scenarios for corporatism in theory and in practice.

My purpose in reviewing theoretical and empirical issues is not merely to reiterate what has been considered previously, but to clarify and develop arguments that have been introduced throughout this thesis.

In chapter one, the discourse on corporatist theory focused upon an explication of the ideas articulated by Claus Offe. To broaden the critique of corporatist theory, and to thread a number of relevant themes through this chapter, it is necessary to situate Offe's theoretical argument within a larger theoretical corpus known as neo-corporatism.

Peter Williamson writes that neo-corporatism, as distinguished

from earlier "...forms of corporatist social thought and authoritarian practice...", emerged as a theoretical model with Philippe Schmitter's 1974 essay, "Still the Century of Corporatism"(Williamson, 1989: 3). Today, corporatist theory is recognized and respected as a "...political theory of interest representation" with, increasingly, sociological and economic implications(op cit: 16-17).

Throughout eighteen years of change and development, corporatism has contributed to the study of state-interest relations by developing and empirically verifying several key propositions. First, corporatism is a system of interest intermediation rather than interest representation. Corporatist institutions act as intermediary associations between the state and member associations, and as intermediary associations are critical for organizing and controlling conflicting functional interests(op cit: 14). Second, corporatism is being used more and more as a forum "...for making and implementing public policy", especially in the realm of production politics(op cit: 16). Finally, while corporatist theory recognizes that corporatism exists at different levels, it has focused most of its attention on examining corporatist arrangements at the meso/sectoral level. ¹ The lack of research at the macro/national level is due, primarily, to the lack of a "theory of the state".

Despite the state's central importance to any discussion of corporatism, corporatist theory has largely ignored theorizing on the effects of macro/national developments and state power on corporatist structures(op cit: 120). To remedy the absence of a theory of the state, corporatist theorists have, uncritically,

drawn neo-Marxist state theories into their analyses. As shall be argued throughout this chapter, corporatist theory must articulate a comprehensive understanding of the state if it is to maintain relevance as a viable theory of state-interest relations.

The Construction Of Consent In Post-1945 Canada

As indicated in chapter one, neo-Marxist state theorists have identified two major functions that the state must try to fulfil in capitalist societies: accumulation and legitimation.² To achieve its accumulation functions the state has to engage in two "...distinct sets of activities, social investment and social consumption" (Gough, 1979: 51). Social investment refers to "...projects and services that increase the productivity of labour"-urban infrastructure, research and development, and education (op cit). Social consumption refers to " projects and services that lower the reproduction costs of labour power"-subsidized health care and housing, social insurance schemes (op cit; see Joppke, 1987: 239). By engaging in these activities the state is able to contribute, indirectly, to increasing capital accumulation.

The state and the economy are dialectically related. On the one hand, the state engages in activities that reproduce the conditions necessary for capital accumulation; on the other hand, business provides the state with a continuous flow of revenue through taxes. A healthy economy enables the state to engage in "social expense" activities. Social expenses are economically unproductive but are required to maintain social harmony "...by helping to support non-working portions of the population-the elderly, the young, etc" (Joppke, 1987: 239). Social and community

workers, various types of counsellors, police, prison and probationary staff, and nurses are only a few occupations that fall under social expense activities. ³ The development of the welfare state after 1945 was based significantly on the expansion of the state in the provision of social expenses.

The Great Depression created severe disruptions within all western capitalist economies which in turn led to widespread social disharmony and conflict. Both capital and labour turned to the state to resolve the economic and social crisis. In constructing a new consensus after 1945, the state increased government spending, guaranteed "...social welfare-the core of Keynesian-increased demand and thereby stimulated production, leading to both full employment and high profits"(op cit: 240). As well, social assistance created a "safety net" for those who were displaced by the increasing industrialization of monopoly capitalism. As a result of these developments, "...the material interests of both workers and capitalist were reconciled"(op cit).

In Canada, by 1945 the principles of the welfare state were begrudgingly accepted by both capital and labour, but "welfarism" was, at best, unevenly implemented throughout the country. The federal state under Mackenzie King introduced welfare legislation in 1944(Panitch, 1977: 21). Despite the introduction of a centralized unemployment insurance program, federal acceptance of welfare programs was mostly philosophical rather than in the form of practical programs. One of the problems the federal state encountered in implementing wide-ranging welfare programs was the jurisdictional battle between the federal and provincial states over what level of government should provide social services.

Throughout the 1950's and 1960's administrative responsibility for health, welfare, and education was transferred to the provinces. Some provinces were committed to the development of welfare services while others were not. Indeed, as late as 1960 most provinces were more interested in providing "...functions related to capital accumulation, such as hydro-electricity power, transportation, industrial subsidies of various kinds, and, above all, education" (Stevenson, 1977: 84).

In spite of provincial resistance to introducing welfare services, especially in conservatively governed provinces such as British Columbia, expectations and demands for universal social services were unrelenting. Throughout the 1960's and 1970's, therefore, provincial governments found it necessary to substantially increase the state apparatus to accommodate increasing demands. As Armstrong states:

"The most striking feature of the enormous growth in the numbers of government workers is its unevenness by level of government. In 1946 the federal total was greater than the combined provincial and municipal total, but it was smaller than either of the other two by 1971" (Armstrong, 1977: 297).

Between 1961-1981, in British Columbia, the growth of the public sector was fourfold that of the previous 20 years (1941-1961, the provincial state increased from 1,851 to 10,233 employees; 1961-1981, the provincial state increased from 10,233 to 43,152 employees). The increase was almost evenly divided between 1961 to 1971 and 1971-1981. By the recessionary period of the early 1980's, the provincial state employed in excess of 47,000 employees (Rosenbluth, 1984: 1-6).

Despite the unevenness in development across the country, the

principles and institutions of the welfare state were firmly entrenched within Canadian society by 1971. State institutions, especially those associated with the provincial state, rapidly expanded to implement social service programs. However, given the provincial government's delay in providing new social services, it is not surprising to find that in 1971 a centralized, rational system to administer the new services did not exist and that confusion reigned between the provincial and municipal levels of government over which level of government was responsible for the management of the new social service programs. In any case, the period of rapid state expansion was financed by an unprecedented economic boom throughout Canada and by the state's willingness to incur increasing levels of debt.

All this signified that the welfare state had been firmly established, both philosophically and structurally, in British Columbia by 1971. The importance of this claim is twofold. First, one of the major distinctions between corporatist theory and pluralism is the recognition that the welfare state is a "unified entity" founded upon the provision of social services to all citizens. The state cannot simply be viewed as an "...arena where group pressures are brought to bear", as pluralists contend. In this schema the state mirrors society, being shaped in its decisions and structure by outside pressure" (Williamson, 1989: 55). The welfare state, however, has its own political orientation (provision of universal social services), its own structure (institutions), and its own political agenda independent from economic and social forces.

In direct contrast to the pluralist model, neo-Marxist

theories have tended to reify the state. Often neo-Marxists discuss the state in abstract general terms and as a result fail to recognize that there are different levels of the state, each level comprising a multitude of complex institutions. Between and within each level there are conflicts, negotiations, and compromises, and each state level may have different perspectives on policies and priorities. As shall be argued in the subsequent sections, the emergence of the nonprofit sector is intricately linked to the welfare state. However, in order to understand the way in which state-nonprofit relations develop and change over a twenty year period, one has to conceptualize the state in what Gregory Albo and Jane Jensen call "neo-institutional" terms-the state as more complex and as possessing greater internal conflicts than previously theorized(Albo & Jensen, 1989: 200).

The Emergence of The Nonprofit Sector In Vancouver's Mental Health System

Following from the works of Claus Offe, James O'Connor and Ian Gough, Christian Joppke argues that the post-war economic boom, and the return to full-employment led to increasing economic (consumer goods) and political (increased state social services) demands from all groups and classes within civil society(Joppke, 1987: 141-143). In the context of post-war developments, it was not surprising that many interest groups came forward to lobby the state for services addressing the needs of specific interest groups. To maintain social harmony, or legitimacy, the state was cognizant of the need to finance those social groups that were potentially politically disruptive. As long as the economic boom continued, the state could afford to finance an increasing number of interest groups. Thus, as

Offe argues, the welfare state's political mandate to maintain social harmony through increased expansion of "social expenses" was achieved without the state having to control the intensity, content, or the number of demands emanating from civil society.

Ostensibly, the nonprofit literature (Kramer, 1981; Young, 1986; Rose-Ackerman, 1986; Hall, 1987; Salamon, 1987) is complementary to Offe's corporatist arguments. The nonprofit literature argues that groups of individuals representing specific needs will approach the state for funding. Given that nonprofit societies are perceived as being akin to the state, and that such societies can provide cost effective "experimental" services to disenfranchised but politically motivated groups, the state is more than willing to provide money and support to nonprofit societies.

There are a number of events that occurred throughout the 1970's which are particularly germane to the emergence of nonprofit societies. By 1970, the provincial government had begun expanding its commitment to welfare services. Until 1970, such expansion was primarily focused upon the development of its own institutions. Throughout the 1970's both the New Democratic and Social Credit governments continued to expand the public service sector and began financing ancillary organizations such as nonprofit societies.

The enlargement of the state sector enabled the provincial state to develop a modern administrative structure to manage its expanding responsibilities in the fields of health, welfare and education. The centralization of administrative responsibilities within the provincial ministries was a critical part of the modernization process. In centralizing some social service sectors, responsibility for administering social service programs shifted

from the municipal (or local) state to the provincial state. Such a shift required negotiation and compromise between the two state sectors. Finally, by the early 1980's, the centralization process had the effect of distancing those individuals responsible for policy development and funding allocations from the areas, i.e. Vancouver, in which actual social service programs were being implemented. As a result, provincial bureaucrats became increasingly dependent upon agencies to provide information and recommendations needs at the local level.

Upon the advice of a provincial consultant, The Greater Vancouver Mental Health Service Society (GVMHSS) was created during the early 1970's. On the one hand GVMHSS was created as a community based resource to provide direct clinical services to the mentally ill of Vancouver; on the other hand, GVMHSS was created as an organization that could act as an intermediary between the provincial and municipal levels of the state. Throughout the 1970's and 1980's GVMHSS has maintained a close association with both levels of government. GVMHSS personnel have a long history of participating on various provincial committees. In the late 1970's GVMHSS assumed responsibility for coordinating and administering the Long Term Care program for Vancouver's mentally ill. Thus, at the outset GVMHSS was created as a political entity as well as a provider of direct service.

One of several nonprofit societies to emerge during this period was Coast Foundation. After existing on a shoe-string budget throughout its first two years of operation, Coast, taking advantage of changes within the federal social housing program, began developing housing for the mentally ill. The expansion into

housing enabled Coast to attract core funding from the provincial government. The acquisition of core funding stabilized Coast's precarious existence. However, despite Coast's reliance upon the provincial and federal state for funding, the organization was only peripherally connected to the state: for the most part, beyond audited financial statements, the state requested only minimum reporting requirements. Besides being only tangentially connected with the state, Coast had no formal connection with other nonprofit agencies within the sector.

With the expansion into housing, a split occurred within Coast between the organization's grass-roots orientation and its new expansionary, professional orientation. While the split was initially resolved during the mid-1970's, it became a focal point of contention in the late 1970's and early 1980's.

Events and developments throughout the 1970's raise several issues for corporatist theory. Throughout the 1970's all three areas under study (the provincial state, GVMHSS, and Coast Foundation) were preoccupied by their own internal developments. Although GVMHSS and the provincial Mental Health Services were closely associated, the state maintained only peripheral contact with nonprofit societies. Langford argues that senior ministry personnel within the state were, for the most part, unaware of, or demonstrated very little interest in, the burgeoning nonprofit sector:

"Using British Columbia as an example, funding was provided on an annual basis to existing agencies, rising more or less each year at the same rate as the rest of the particular ministry's estimates...Overall, there was little evidence of concerted thought at the centre (either in line ministries or central agencies) about the relevance of the entire cohort of social service quango

activities to the overall social policy goals of the government or the effectiveness of the performance of individual agencies on a year-by-year or multi-year basis" (Langford, 1983: 569).

Besides the lack of connection with the state, nonprofit societies acted in isolation from one another. In many ways, Vancouver's mental health system exemplified a pluralist system.

The existence of pluralism at the meso-level raises the question of how one explains such arrangements within corporatist, or indeed, neo-Marxist theory. One possible explanation focuses upon the distinction between the politics of production (class) and consumption (social services or social expenses). In this argument, corporatist theorists argue that within the realm of the economy the state has only "...influence, not control, over what changes the intervention might bring about and, therefore, over its direction and successes" (Williamson, 1989: 170). Even labour, which is legally dependent upon the state (through legislation, the state recognizes labour's right to organize and undertake collective action), has the ability to enact "...a range of sanctions, including labour and investments strikes but also a plethora of minor acts of non-cooperation which could adversely affect, and possibly render completely ineffectual, the intervention" (op cit). The potential power resources of producers stand in direct contrast to that of "...consumers or clients of interventionist policies. For one thing it is probable that consumers, while represented by an organization or organizations, will not organize themselves. Even if they are organized this would not place them on equal footing with producer interests" (op cit). Consumers do not have the power to seriously negotiate compromises with the state and are,

therefore, powerless to prevent the state from "...authoritatively imposing its decisions"(op cit). In the context of this argument, there is no need for the state to establish corporatist arrangements within the realm of consumer politics. Such an argument is not supported by empirical developments within Vancouver's mental health system. Consequently, the critical concern, and one this chapter will turn to later, is to account for the existence of a corporatist arrangement within the nonprofit sector.

A second explanation for the existence of pluralism argues, that with the emergence of new interest groups, pluralist arrangements are quite common but, over time, such arrangements are replaced by corporatism. While this is true in the context of this inquiry, such an explanation is too general. Specific questions are left unanswered: is corporatism the inevitable result of an evolutionary process between the state and interest groups, or does corporatism emerge as an effect of changes occurring at the macro economic-political level?

Within the nonprofit literature, individuals and state benevolence are cited as important factors leading to the emergence of nonprofit organizations in industrial society. Empirical developments in the 1970's call into question the importance of these factors. Throughout the 20 years prior to 1970, individuals approached the state for funding but such applications received no financial support. Only with the emergence of the welfare state, and the state's commitment to the development of social services, did individual demands receive support from the provincial government. The nonprofit literature fails to incorporate broader

economic-political developments within their analysis and, consequently, reduces an understanding of state-nonprofit relations to either descriptive terms or methodological individualism.

The state benevolence thesis is also subject to question. Throughout its early years, Coast Foundation struggled to survive. It was only when the organization began developing housing (politically, a high demand resource) that Coast received core funding from the provincial government. Equally, GVMHSS power during the first few years was derived from its political role as an intermediary between the city and the province. The ability of nonprofit societies, such as Coast and GVMHSS, to secure a niche and become politically influential within Vancouver's mental health system led directly to state support. Other societies', the Kettle, for example, inability to situate themselves politically accounted for their marginalized existence throughout the 1970's and early 1980's.

Centralization, Crises, and The Emergence Of Corporatism

In his treatise on "corporatism", Claus Offe argues that the economic/institutional crisis of the early 1970's required the state to reconstruct a new political rationality. In an era of diminishing revenues, the state could no longer afford to fund all the services being demanded. The dilemma facing governments, however, was that the very foundation of the welfare state was centered on the state's ability to provide an increasing number of social service programs. Ostensibly, a reduction in social services would create widespread hardship and conflict. The challenge facing all western capitalist governments during the 1980's was to channel demands into something more manageable, i.e. to reduce the level of

state spending to unproductive interest groups, while containing and depoliticizing conflict.

Offe is vague on what he means by the "economic-institutional crisis" of the early 1970's. Ian Gough's insightful analysis on the welfare state provides a better overview of the crisis. Gough argues that the welfare state is inherently contradictory. The return to full employment after 1945 created the conditions for the economic boom between 1945-1974: full employment ensures that the majority of workers have money to spend on consumer goods. However, the restructuring of the economy after 1945 resulted in less reliance on labour and an increasing reliance on technology. State expansion in the social services enabled capitalism to maintain full employment:

"There has taken place a far-reaching structural shift in employment over these years away from manufacturing industry and into the services, particularly the public services, and within this group particularly the social services...Their explanation of this fact is that the social services provide a cheap (that is, low-capital) means of maintaining full employment" (Gough, 1979: 106).

To sustain state expansion the state has to divert monies, on an increasing scale, from accumulation to legitimation and to increase taxes. Both of these conditions, inevitably, affect the economy's capacity to sustain high rates of growth: "It follows that any increase in state expenditure necessarily reduces the quantity of surplus value available for re-investment and this slows down the rate of capital accumulation and economic growth (op cit: 105).

With the onset of the recession in the mid-1970's the economic boom came to an end. To resolve the crisis within capitalism, i.e. to re-establish the conditions for accumulation, the "neo-

conservative coalition (old middle class-shopkeepers, farmers, etc and elements of the new middle class, "...the so called "Young Urban Professionals", and big business) sought a restructuring of state priorities away from nonproductive investment in social service expenditures to reinvestment in private capital(Joppke, 1987: 251). As a result, the "...instrument of class compromise...", the welfare state, became the object of intense class conflict as the new conservative coalition called for the downsizing of all social service institutions.

In reconstructing consensus, the state, Claus Offe argues, must rely on corporatist arrangements. After the mid-1970's the state takes an active role in bringing together representatives of particular classes to participate in consensus decision-making processes. Decisions are often required on the allocation of scarce funds and resources. Chosen representatives must have the mandate to represent a particular sector and be able to secure compliance from its membership. By including class representatives in resource allocation decisions, the state is able to depoliticize and institutionalize conflict. In agreeing to compromises, all parties are responsible for complying with the negotiated agreements.

Empirically, there are a number of events which occurred between 1980-1986 that relate to the above scenario. In 1980, the provincial state began to address the issue of "policy coordination and comprehensive audits" for nonprofit societies in British Columbia. During that year, the state adopted

"proposals for reform of the B.C. government's financial management system included provision which could have been used to develop a more extensive annual review of agency budgets, to establish the conditions on which grants or contracts were arranged, and generally to

increase the quantity and quality of information quangos would be obliged to provide the government" (Langford, 1983: 569).

By 1984, Mental Health Services had assumed responsibility for policy development and funding authorization for all provincial mental health services. This included responsibility for budgeting, monitoring and evaluation of nonprofit societies.

By 1980, the Vancouver mental health system found itself immersed in an escalating crisis. Each agency, including GVMHSS and Coast, experienced increasing demands on their services from mental health consumers. In 1979-1980, several private community homes gave notice of closure. Emergency resources were inadequate to meet the growing needs of the Downtown Eastside. To accentuate the problem, rumours persisted that the provincial government was about to implement restraint measures. Not only was the likelihood of increased funding for needed services remote, but there was growing fear that a restraint program could lead to the closing down of several agencies.

Reacting to a funding crisis and to a precarious future, agencies within the mental health system formed the Inter-Agency Mental Health Council. The council provides, for the first time, a forum in which agencies can formally meet. During its formative years, the council was effective in ensuring mental health issues remained a priority for the provincial government. However, agencies within the council failed to reach agreement on a mandate (even in 1992, the council's mandate continues to be discussed ad infinitum) which would have given agencies power to make recommendations for services and funding allocations within

Vancouver's mental health system. Consequently, the council, by 1987, had evolved into an information and communication resource for mental health agencies.

Between 1979-1984, Coast Foundation emerged as one of the two major organizations within Vancouver's nonprofit sector. Coast's new status and power was due to the acquisition of four community homes and federal funding for employment training and placement programs. Coast's expansion caused considerable changes in the organization's internal and external orientation. Internally, a professional, hierarchial administrative structure was established to effectively manage the organization's new scope of services. New tensions emerged within the organization, specifically, between the organization's professional/program orientation and the organization's administrative/business requirements.

Externally, Coast's community home division is required to work closely with GVMHSS in assessing and coordinating community home referrals. As well, the community homes are expected to comply with licensing requirements, to implement standards of care, and to provide detailed statistical and financial reports. The organization's rehabilitation services, however, were not subject to the same level of scrutiny that existed in the community homes.

Externally, Coast's new stature increased expectations from those within the mental health system for Coast to take a leading advocacy role on behalf of the mentally ill, especially in taking a leading leadership role within the Inter-Agency Mental Health Council. At the same time, Coast's emergence as a multi-million dollar organization created considerable trepidation among the smaller agencies which feared Coast's expansionary tendencies.

Like Coast, GVMHSS also experienced considerable changes during this period. Responding to internal pressures for additional sources of revenue, GVMHSS became incorporated as a nonprofit society. Incorporation enabled GVMHSS to pursue different resources, especially federal funding. As well, the organization's nonprofit status distanced GVMHSS from its association with the provincial state. Throughout the period, GVMHSS becomes an active participant on the Inter-Agency Mental Health Council and an ally of the nonprofit agencies within the mental health system.

The provincial government unveiled its restraint program in the 1983-1983 provincial budget. Restraint measures represented a wholesale attack on social service programs within British Columbia. The public service was reduced by 25% and there was a 20% reduction in funding to "...community-based social service quangos," resulting in the financial collapse of a number of agencies (e.g. seniors' day centers) (op cit: 568).

In a climate of reduced funding for all ministries, Riverview hospital, with its considerable financial base, received new attention. The downsizing of Riverview, potentially, would generate additional revenues for a financially pressed ministry. Of course, the hospital and the British Columbia Government Employees Union were apprehensive and resistant to any proposed downsizing of the hospital. Complicating the matter was the extensive public outcry to the government's restraint measures. As a result, Mental Health Services was reluctant to initiate any concrete actions to downsize the hospital. Instead, senior bureaucrats initiated a public consultative process to discuss the Riverview problem.

As part of its decentralization process, Mental Health

Services in Victoria approached GVMHSS, in 1987, to assume responsibility for administration of Vancouver's nonprofit sector. In accepting its new role, GVMHSS assumed responsibility for establishing a contracting system, developing program standards and evaluation criteria for community agencies, and, most importantly, prioritizing funding requirements for the Vancouver system. By 1987, therefore, policy development and provincial budget allocations were centralized in Victoria while administrative responsibilities were decentralized to the local regions.

Empirical developments between 1980-1986 raise several important issues. Without question, empirical events support Offe's major contention that the economic crises (in British Columbia, the economic downturn occurred during the early 1980's), curtailed the state's capacity to accede to escalating demands from interest organizations. In a climate of diminishing revenues, the state's primary goal, after 1983, was to reduce social service expenditures while containing the inevitable conflict that such reductions would induce. Corporatist arrangements, in which intermediary organizations are responsible for generating consensus in the allocation of scarce resources, offer the state one method to achieve its political goals. It is not surprising, therefore, that the state assumed an active role in the establishment of corporatist arrangements.

The strength of Offe's analysis is that he identifies the external conditions, historical political-economic developments, which impact upon the state's capacity to act. Conversely, the nonprofit literature is conspicuous in its neglect of broader macro developments. While acknowledging the importance of macro

development on meso level arrangements, corporatist literature, to date, does not attempt to systematically explore this connection.

Ironically, a strength and weakness of Offe's argument is his understanding of the centrality of the state. In comparison to his analysis of the state prior to 1970 as "reactionary and passive" with regard to interest group demands, Offe sees the state, by the mid-1970's, as a principal force in galvanizing new corporatist arrangements. Offe is quite correct in advocating a central position for the state in understanding the development of corporatist arrangements. However, empirical developments throughout the 1980's call into question the image of the unassailable state. The centralization process of the late 1970's and early 1980's clearly strengthened the provincial state's ability to develop and enact policy initiatives. At the same time, the provincial government's restraint programs weakened its resolve to pursue innovative policies. Schmitter's argument that one of the enabling conditions for the emergence of a corporatist arrangement is, paradoxically, a strong and weak state, represents a closer depiction of events occurring between 1980-1986.

Interestingly, the provincial state support for proposals calling for greater accountability of nonprofit societies occurred three years prior to the onset of the government restraint program. It is very likely that the state, regardless of the political-economic environment, would have proceeded with the introduction of measures to control the nonprofit sector.

The introduction of the government restraint program affected the state's ability to implement accountability measures. On the one hand, the restraint program, which called for leaner and more

efficient civil and social services, provided a perfect ideological rationalization for the implementation of measures such as standardized contracts and levels of care. On the other hand, the state's reluctance to initiate controversial policies contributed to a very cautious approach in introducing measures such as standards and evaluation for rehabilitation services.

By 1987, a corporatist arrangement had been established within Vancouver's nonprofit sector. Yet, such arrangements are problematic within neo-Marxist or corporatist theory. Peter Williamson offers a number of insights to explain the existence of corporatism within the realm of the social services.

Williamson initiates his understanding of welfare corporatism by arguing that "dependency, rather than negotiation, is the key to any consideration of corporatism"(Williamson, 1989: 171). If such a proposition is true, then in those circumstances where the state is dependent upon specific agencies, a corporatist arrangement may develop.

In developing his argument further, Williamson contends that, within the welfare system, power is generated in two ways. First, professionals working within the welfare system "...enjoy a monopoly position in respect of their right to exercise particular skills based on a body of theoretical knowledge. Second, professions have rights of self-regulation in terms of competence and conduct"(op cit: 171-172). As well, professions achieve "...social closure around particular skills just as trade unions or employers' associations within a monopoly would achieve closure around a particular aspect of production(op cit: 173). Consequently, professionals lay claim to specific knowledge,

inaccessible to those outside the profession, which is critical to the development of public policy: "A bureaucrat or politician cannot, for instance, as a lay person decide the efficacy of various types of medical care"(op cit: 180).

Within the social services another group of professionals also hold power and are integral to the development of public policies, those being "permanent officials, managers or bureaucrats".⁴ Local managers attain their power by virtue of their influence or control over other organizations within a given sector. As well, the close relationship between senior bureaucratic officials and local area managers provide agencies external to the state apparatus considerable power in shaping public policy:

"What is of particular importance here is the relationship between the central bureaucratic officials and local agency or authority managers. Like other corporate interests these local welfare managers would have to be assumed to be in a position of sufficient producer power to overcome the formal hierarchy of a bureaucracy such that they were drawn into negotiations over the form of intervention. There is indeed a considerable literature which highlights the bargaining between central and local or regional parts of the state"(op cit: 181).

Through the exercise of professional power a dependent relationship develops between the central state and key local organizations, and, as a result, corporatism emerges as a distinct possibility within the welfare field.

Williamson is cautious in his analysis of welfare corporatism. First, he argues that inquiries into the area of welfare corporatism are only beginning. Welfare corporatism has "...not been subjected to the same level of investigation from a corporatist perspective...as has economic intervention"(op cit:

185). Consequently, empirical and theoretical questions are "...relatively thin on the ground"(op cit). Indeed, one of the central problems facing corporatist theory is to examine the similarities and differences between corporatism within the realm of production and the realm of consumption.

It is noteworthy that within GVMHSS, both elements of professional power existed. As the provider of community clinical services for the chronically mentally ill, GVMHSS held a monopoly position in Vancouver. With the centralization of power in Victoria, and the removal of a provincial presence in Vancouver, the state came to depend upon GVMHSS to assist in the coordination of services at the local level, i.e. in Long Term Care, and to provide ongoing information on the local situation. As well, throughout its history GVMHSS maintained a close association with the provincial state. It was not surprising, therefore, for Mental Health Services to approach GVMHSS in 1987 to assume responsibility for administering Vancouver's nonprofit sector.

Consolidation Of GVMHSS Power Within Vancouver's Mental Health System

Given the distinct advantages of corporatism, one readily understands why, for Offe, the state was predisposed to developing such arrangements. However, Offe's analysis offers only a weak understanding of why nonprofit agencies would enter into such arrangements, and, once entered, how agencies that are chosen to represent a given sector, called Private Interest Governments (PIG), are able to engender support for their new roles. Whereas corporatist theory has been weak remiss in theorizing the state, Offe's analysis is weak with regard to understanding developments

at the meso level.

In understanding developments at the meso level, some corporatist theorists, such as Schmitter, contribute a number of insights. Through corporatism, agencies acquire tangible benefits and increased power. By virtue of the fact that PIGs acquire the power to allocate scarce resources within a given sector, and the power to monitor and evaluate the behaviour and activities of agencies within that sector, PIGs are no longer on an equal status with other agencies; with their newly acquired power, PIGs control their own fate and the fate of other agencies.

Quite naturally, the delegation of public power to a specific agency, especially an agency that competes for funds, would, one expects, meet with considerable resistance from other agencies within the sector. To consolidate their authority, PIGs, according to Schmitter, must weaken potentially disruptive agencies, and must entice other agencies to participate in consensus decision-making processes rather than engage in militant actions.

A number of events, occurring between 1987-1992, bear on this development. GVMHSS accepted its role as administrator with considerable trepidation. Ostensibly, there are a number of reasons for GVMHSS's reluctance. First, GVMHSS was weary about the additional burden that its new responsibilities would place upon its own organizational structure. Only when Victoria agreed to additional staff support was this issue resolved. Second, GVMHSS was concerned that its new role would damage the good rapport GVMHSS had developed over the years with other nonprofit societies. Finally, GVMHSS was cognizant of the fact that its new role would be perceived by other nonprofit societies as a conflict of interest

situation: GVMHSS, as administrator, would be responsible for recommending funding for its own Mental Health Teams and for the external nonprofit societies. When it became apparent that the provincial state was committed to decentralizing administrative functions, and would establish a regional office in Vancouver to perform such functions, GVMHSS decided to accept the role as administrator.

Throughout its five year tenure as administrator, GVMHSS has pursued a number of strategies to consolidate its power. First, and foremost, GVMHSS supported the growth of the smaller agencies- especially in the housing field- while curbing Coast's expansionary aspirations. The effect of GVMHSS's actions are twofold. By supporting the development of housing through other agencies, including a new housing society created by GVMHSS, GVMHSS effectively ended Coast's monopoly in housing. Whereas in 1987, only Coast, and possibly the Mental Patients Association, had the capacity to develop a large number of housing units, by 1992 several agencies have acquired skills and expertise in the housing field.

Besides containing Coast, GVMHSS's strengthening of the smaller agencies had the secondary effect of engendering support among those agencies for GVMHSS's role as administrator. GVMHSS enhanced its paternalistic reputation by taking a "hands off" approach when dealing with the eight nonprofit agencies.⁵ True, in 1987, GVMHSS implemented the provincial contracting system, but, as of 1992, there is still only minimum monitoring and evaluation of agency activities.

GVMHSS's "hands off" approach was in direct contrast to its

active intervention in the community residential field. As Coast was the only nonprofit society operating community homes, it was unable to galvanize support among the other agencies in its conflict with GVMHSS. Conversely, GVMHSS could pursue aggressive action within this area without alienating its support among the funded agencies.

The introduction of consensus decision-making processes, whereby all nonprofit agencies within the Vancouver mental health system participated in generating recommendations for funding, was the second initiative implemented by GVMHSS during this period. The success of this initiative convinced GVMHSS to include agencies in monthly meetings to discuss system issues and to provide input into GVMHSS's strategic planning process.

The monthly meetings provide an official forum for senior personnel to meet regularly.⁶ Such meetings are important in organizing the interests of, and providing direction for, those working within the mental health system. As well, the meetings enable GVMHSS to develop strategies with the agencies on ways to address issues with the provincial state.

Between 1987-1991, Coast was incapable of galvanizing support for its issues and in countering GVMHSS's actions. There are several reasons for Coast's ineffectiveness. First, Coast was, once again, preoccupied by internal developments and conflicts. Second, while containing Coast's aspirations, GVMHSS has not implemented draconian measures to reduce Coast's power. GVMHSS could have dramatically reduced Coast's operations by decreasing its funding base. Yet, since 1990, Coast, as with all nonprofit agencies, received increased funding for new rehabilitation services.⁷

Conversely, the Ministry of Health has been reluctant to fund the increasing accumulative deficit within the Community Home Division. By maintaining the status quo, GVMHSS was effective in curtailing Coast's growth while not providing Coast with an issue- cut-backs to vital services to the mentally ill- that would generate a public outcry.

Events between 1987-1992 raise a number important issues for an understanding of corporatism. As indicated in chapter one, Schmitter, in contrast to Offe, argues that interest organizations always have the option of refusing to enter into a corporatist arrangement. GVMHSS's latitude to exercise choice, however, is open to interpretation. Senior personnel within Mental Health Services recognized that "setting up shop" in Vancouver would have been a very difficult enterprise. Vancouver has always valued its independence from Victoria, and throughout the twenty years between 1972-1992, Vancouver-based agencies have been effective, albeit on an intermittent basis, in generating a public profile in advocating for additional mental health resources. In recognizing that considerable resistance would result from a provincial presence, it is very likely that Victoria exerted pressure on GVMHSS to accept the role of administrator. If Williamson's argument on "professional power" is valid, i.e. power is derived partially from a close association with senior state personnel, GVMHSS was obliged to take on the new role in order to maintain its power base. Dependency between the provincial state and GVMHSS was mutual.

The "mutuality of interest" argument is further developed by Christian Joppke. He argues that:

"The basis of the capital-labour accord...vanished, and

the instrument of class compromise itself became the object of intense social and political struggle. The agents of this struggle, however, are no longer clear-cut class actors, defined by their relation to the capitalist means of production and acting on behalf of their class. Rather, the agents are social groups in the sphere of reproduction and collective consumption, whose very existence as groups is partly due, to the institutional network of the welfare state" (Joppke, 1987: 244-245).

The new social actors are welfare clients, state workers, and community and nonprofit social service workers. Their interests and livelihood are dependent upon the retention of welfare institutions and services. Potentially, therefore, this group of new social actors could form a socio-political alliance to combat the

"productivistically oriented social groups and classes, who favour a segmented society polarized between the owners of capital, jobs, and skills-and the swelling masses of have-nots who are no longer needed in the production system" (op cit: 251).

Joppke's argument has implications for an understanding of welfare corporatism. While corporatist arrangements, ostensibly, are strategically important to the neo-conservative political agenda, i.e. they depoliticize conflict in an era of welfare cut-backs, they may be, in the long run, vital to the retention of welfare services. In developing this line of reasoning, one has to recognize that state workers are unable to publically criticize cut-backs. Non-aligned nonprofit societies, however, are able to raise public awareness and protest welfare reductions. It is in the best interests of state workers, therefore, to support the organization and development of a strong, non-aligned collective voice, external to the state apparatus.

The establishment of corporatism in Vancouver contributes to the development of an organized sector. As a result, the sector is

better able to protect existing resources: a wave of cut-backs, potentially, would now be resisted by the collective action of the nonprofit sector. Consequently, there is a mutual interest between certain factions within the state, i.e. Mental Health Services, and interest organizations such as the nonprofit sector. In this scenario, state workers are reluctant to enforce policies, i.e. arduous accountability measures, that would alienate themselves from the alliance.

Future of Corporatism In The Vancouver Mental Health System and Related Theoretical Issues

The resolution of a number of developments within both the macro and meso levels will determine the future fate of corporatism within the Vancouver mental health system.

At the macro level, Riverview Hospital, as of 1992, is beginning to downsize its operations. However, in an attempt to secure a favourable future, Riverview personnel are seeking to maintain control over the planning of the hospital's downsizing and, more importantly, over the future development of all mental health service throughout the province. GVMHSS, supported by Vancouver's nonprofit societies, is quite resistant to any incursion of Riverview in the administration of the Vancouver system. As well, GVMHSS believes that community resources that are created through the downsizing of Riverview should be administered by community based agencies, such as GVMHSS. It is uncertain as to how the conflict will ultimately be resolved. The resolution, no doubt, will either decrease or increase GVMHSS's role within the provincial mental health system.

At the meso level there a number of developments that may

impact upon the future of corporatism. GVMHSS's strategy of supporting the smaller agencies vis-a-vis Coast is losing potency. By 1992, nonprofit agencies, such as the Kettle, MPA, Triage, and Lookout, are no longer concerned with daily survival or fear of incursions by other nonprofit societies. As well, all these agencies provide a wide range of housing and rehabilitation services. Like Coast, all these agencies are affected by actions taken by GVMHSS. Consequently, if GVMHSS pursues a direction that is not agreeable to all agencies, it could meet with considerable resistance.

Between 1987-1992 GVMHSS has been very effective in maintaining the support of all agencies within the nonprofit sector. However, issues are beginning to emerge that are potentially divisive. One such issue is GVMHSS's expansion of rehabilitation services within its own system, i.e. within the Mental Health Teams. Over the course of its history, GVMHSS has focused almost exclusively on providing clinical services. By developing rehabilitation services, GMVHSS, potentially, is competing with nonprofit societies for resources i.e., funding and clients. Issues similar to the one just described will continue to surface. It will be difficult for GVMHSS to maintain the level of support it enjoyed in the first five years of corporatism, and, as a result, it may be difficult for corporatism to be sustained over the long term.

Corporatist theory must situate the development of corporatist arrangements within an understanding of broader historical political-economic developments. With notable exceptions, the nonprofit literature omits macro developments from its analysis.

Corporatist theorists give "lip service" to the fact that macro developments affect meso level events, but continue to focus, theoretically and empirically, on meso level developments.

As described throughout this inquiry, the establishment of corporatist arrangements can be interpreted as part of a state strategy in reconstructing consent within capitalist society. Even if this true, however, future research needs to engage in comparative studies to ascertain why some states choose to restructure consent through an extension of their coercive apparatus, i.e. the police and judiciary, while other states adopt corporatist strategies. Only by incorporating macro, historical developments within an understanding of corporatism can the foregoing problem be studied.

As interest groups within the social services are intricately tied to the state, i.e depend upon the state for legal and financial status (increasingly nonprofit societies rely upon the state for funding), the starting point of any understanding of state-interest relations must begin with an analysis of the state. To date, corporatist literature has relied on neo-Marxist "theories of the state" in examining the state. Often, however, neo-Marxist theory discusses the state in abstract terms and conceptualizes the state as an homogenous entity. Given the state's importance as a starting point, there needs to be a more sophisticated understanding of the state. In Canada, the state exists at different levels, and between the different levels there is considerable negotiation and compromise. Within the state itself, i.e. the provincial state, there is conflict between the different factions. Conceptualizing the state in "neo-institutional" terms

will enable theoretical understanding of the "...state itself and on conflicts within its internal bureaucratic and political institutions"(Albo & Jensen, 1989: 200).

Developments within the nonprofit sector are as complex as developments within the state. Yet, an understanding of this sector remains relatively underdeveloped. For example, the evolution of the corporatist arrangement between GVMHSS and the provincial state was a logical outcome of events that occurred over a 15 year period. The recent establishment of corporatist arrangements between the federal state and native organizations, on the other hand, has taken a different course. In a one year period, 1992, native organizations have been created to fund and administer training programs previously managed by the federal bureaucracy. The creation of these arrangements over a short period of time has led to conflict between the state and the native associations and between the native groups themselves. The development of welfare corporatism, therefore, takes different forms at different times with different groups. Corporatist theory needs to develop its understanding of the complexity of the nonprofit sector.

The establishment of corporatist arrangements within Vancouver's nonprofit sector gives rise to a number of issues. As demonstrated in this inquiry, pluralism existed prior to the emergence of corporatism. It may well be that pluralism can coexist with corporatism: pluralist arrangements may exist in one sector while corporatist arrangements exist in another sector. However, another possibility is that although pluralism exists prior to corporatism, over a period of time the state will always introduce measures at organizing and monitoring the activities of nonprofit

societies. Hence, corporatism, or some other institutional arrangement, will inevitably emerge. Off'e analysis, on the other hand, suggests that changing economic circumstances will propel the state to construct corporatist arrangements. Certainly, this inquiry supports Offe's argument. However, to further develop an understanding of corporatism, more research is required.

Corporatist theory is only beginning to recognize that welfare corporatism exists as a verifiable empirical reality. It is unclear, however, whether welfare corporatism can be sustained over a long period of time. Equally, an understanding of the differences and similarities between welfare corporatism and "production" corporatism remain a critical issue for corporatist theorizing to explore.

This inquiry has demonstrated that corporatism can emerge within the nonprofit sector. Converging events occurred which compelled the state to devolve some of its power. As Schmitter suggests, the provincial state, during the early 1980's, was both strong and weak. Centralizing authority for the administration of social services had strengthened the provincial state. On the other hand, the economic recession and the government's restraint program generated ongoing conflict which weakened the provincial state. The second enabling condition that led to the establishment of a corporatist arrangement was the presence of a viable intermediary organization, which had fashioned a dependent relationship with the state, capable of implementing quasi-public functions. Thus, the conditions necessary for corporatism to exist within the welfare sector have been demonstrated by this inquiry.

Whether corporatism can be sustained in the nonprofit sector

is another question. Certainly, the GVMHSS has been effective in solidifying its status as an intermediary organization. However, over the next few years the provincial state may, once again, recentralize power, which will affect existing institutional arrangements. As the smaller nonprofit societies develop, and as GVMHSS continues to compete more and more with other nonprofit societies in providing direct services to the mentally ill, the smaller nonprofit societies may form an alliance with Coast Foundation in challenging GVMHSS authority. Such a challenge could, once again, undermine the basis of the existing corporatist arrangement.

Corporatism has only begun to be understood and clarified as a theoretical paradigm. This thesis has focused upon developing a better understanding of the conditions that give rise to corporatist arrangements, the reasons why corporatism emerges as a means of restructuring institutional arrangements within the nonprofit sector, and the strategies employed by intermediary organizations in legitimating and maintaining their authority among other interest organizations. This study has also attempted to explore broader sociological issues, i.e. the way in which corporatism relates to the reconstruction of consent within capitalist societies. Obviously, these issues have only been opened up in this study, but it is my hope that some light has been shed on developments in the Vancouver mental health sector, and that I have pointed to new directions for future research in the understanding of state-nonprofit intersections.

Endnotes

1. Many reasons are given to explain why the state throughout North America and Canada pursued policies of deinstitutionalization after the mid-1950's. The introduction of neuroleptic medication, which reduced negative symptoms, is often cited as the most important factor enabling the mentally ill to, once again, live in the community. However, as Andrew Scull, in his book Decarceration argues, the introduction of new medications could have been used to simply control patient behaviour in the hospital, while having little effect on discharge patterns.

Scull argues that financial constraints forced the state to pursue policies of decarceration. With the onset of the "fiscal crisis", the state could no longer afford to support the maintenance of large institutions and, therefore, began downsizing large institutions. In her book Managing Madness, Joan Busfield takes issue with Scull's interpretation. While Scull's argument has merit with the onset of the recession in the mid-1970's, it does not adequately explain why the state began decarceration in the 1950's and 1960's.

Busfield identifies three reasons for the decarceration movement: the emergence of the welfare system after 1945 which provided the mentally ill with access to basic food and shelter; the desire of psychiatrists to be integrated within the mainstream medical community rather than isolated in the hospital; and therapeutic optimism created by the emergence of new medications and new therapeutic interventions.

For a more complete examination of this issue, see: Scull, Andrew Decarceration New Jersey: Prentice-Hall, Inc. 1977; Busfield, Joan Managing Madness London: Hutchinson & Co., 1986; Davis, Nanette and Anderson, Bo Social Control: The Production of Deviance In The Modern State New York: Irvington Publisher, Inc. 1983.

2. City Of Vancouver, Health Department Records. **Metropolitan Mental Health Advisory And Planning Committee-1972-1973** Box # 146, E5 File #14.
3. Cumming, John. M.D. Unpublished Paper. **Plan For Vancouver Presented to Metropolitan Board of Health Of Greater Vancouver, October 25, 1972.**
4. City Of Vancouver, Health Department Records. **Greater Vancouver Mental Health Service-Historical Perspective by Dr. J.D. Kyle, Executive Director, Greater Vancouver Mental Health Services, 1976.** Box #145 A7 File #8.

5. Margaret W. Andrews. "The Emergence Of Bureaucracy: The Vancouver Health Department 1886-1914". **Journal Of Urban History 12 (February 1986)** p.p. 131.
6. City Of Vancouver, Health Department Records. **Review Of Metropolitan Board Of Health Of Greater Vancouver Minutes Since 1962 Re: Mental Health Services-important dates etc.** Box #144 D3 File # 4.
7. City Of Vancouver, Health Department Records. **Letter by Kevin N. Fox, Chairman Metropolitan Board of Health Of Greater Vancouver, to D.G. Cocke, Provincial Minister of Health Services and Hospital Insurance.** Box #146 E5 File # 14.
8. City Of Vancouver, Health Department Records. **Report by the Greater Vancouver Metropolitan Mental Health Advisory & Planning Committee to the Metropolitan Board of Health of Greater Vancouver. October 6, 1972.** Box # 46 E5 File # 14.
9. Tomlinson, Peter. March 25, 1991, Interview.
10. Kyle John D. Greater Vancouver Mental Health Service Historical Perspective p. 2.
11. City Of Vancouver, Health Department Records. **Metropolitan Board of Health Of Greater Vancouver Minutes of January 23, 1973** Box #144 D3 File #8.
12. Kyle, J.D. Greater Vancouver Mental Health Service-Historical Perspective, 1976. p. 5.
13. Ibid p.p. 4-5.
14. City Of Vancouver, Health Department Records. **G.V.M.H. Project Annual Progress Report-1973** Box #145 A7 File # 6 p.3.
15. City Of Vancouver, Health Department Records. **Annual Progress Report- July, 1974** Box #145 A7 File #7 p.11.
16. Ibid, p.3.
17. Ibid p. 9.
18. Coast Foundation Society. Annual Report-March 1973 p.1.
19. Tomlinson, P. & Cumming, J. "Coast Foundation Apartment Project" **Canada's Mental Health** Vol.24, No.1. March, 1976 p.25.
20. Coast Foundation Society Annual Report- March, 1973 p. 3.
21. Coast Foundation Society Annual Report- March, 1973 p.10.

22. Ibid, p. 11.
 23. Both Dr. Cumming and Peter Tomlinson became close friends over the years. They collaborated on a number of different projects and published several articles together.
 24. Tomlinson, Peter. March 25, 1991, Interview.
 25. Tomlinson, P. March 25, 1991, Interview.
 26. **Coast Foundation Society Financial Statements**, 1980.
 27. **Coast Foundation Society Financial Statements**, 1980.
 28. Coast Foundation Society **Coast Foundation Society: Organization, Structure, and Staff Policy** Unpublished, 1974 Paper p. 7.
 29. **Coast Foundation Society Management Council Minutes** December 1, 1978.
 30. Ibid, November 24, 1978.
 31. Ibid, November 2, 1979.
 32. Philip Resnick argues that, unlike central and eastern Canada, B.C. experienced high rates of economic growth during the mid-1970's. As a result, the Social Credit government could pursue "pro-business policies without the need to prune expenditures for education, health, or social assistance. For the moment, the provincial economy was not of the zero-sum kind that Thoreau describes, with public- and private-sector activities engaged in a competitive struggle for declining resources."
- Resnick, Philip "Neo-Conservatism on the Periphery: The Lessons from B.C." in **BC Studies**, NO.75 Autumn, 1987, p.10.
33. Cumming, John. Dr. **Report Of The Mental Health Planning Survey** Victoria: Queen's Printer. May, 1979 p. 94.
 34. City Of Vancouver, Health Department Records. **Letter From T. Cairney to Dr. Bonham Re: Trends in Personal, Intermediate and Extended Care** Box #144 C6 File #7.
 35. Cumming, John. p.91.
 36. **Greater Vancouver Mental Health Service Annual General Report**, 1982 p. 18.

37. Hicks, Helga. **Personal Interview With Helga Hicks, Director of Support Services, G.V.M.H.S.** April 3, 1991.
38. Sumpter, Paula **Personal Interview With Paula Sumpter, Former Housing Director, Coast Foundation Society** April 25, 1991.
39. Sumpter, Paula **Personal Interview With Paula Sumpter, Housing and Community Home Manager For Coast Foundation Between 1981-1989** April 25, 1991.
40. Sumpter, Paula **Personal Interview With Paula Sumpter, Housing Manger With Coast Foundation Between 1981-1987.**
41. Smith, Mark. **Personal Interview Mark Smith, Executive Director, Kettle Friendship Society.** February 21, 1991.
42. Dent, Marie E. H. **The Era of Restraint And Accountability In British Columbia: An Analysis Of The Challenge And Coping Mechanisms For Social Work Administrators And Workers In the Eighties.** Master Of Social Work Thesis: University of British Columbia, 1984 p. 17

Philip Resnick argues that the fiscal crisis was not as acute as the Social Credit government portrayed. True, provincial revenues were down in 1982 and 1983, but between 1972 and 1982 the government had been operating on surpluses and could therefore afford to operate on deficits for a number a years. However, given the Social Credit's ideological orientation, the provincial government chose to use the economic downturn as a means "... to turn its back on social spending and spurn any meaningful consultation with public sector employees or affected social groups." See Resnick, Philip's "Neo-Conservatism on the Periphery" p. 10-13.

43. Interagency Mental Health Council, Service Planning Committee **Memorandum-Re: Recommendations For Committee Structure Changes Within The Interagency Mental Health Council** March 27, 1986 p.1 .
44. Russell, John **Personal Interview With John Russell, Executive Director, Greater Vancouver Mental Health Services Society** April 8, 1991.
45. Throughout the 1985-1991 period G.V.M.H.S.S. has always attracted influential city alderman, such as Marguerite Ford and Sandra Wilking, to sit on its Board; thus, maintaining its connection with the city.
46. Greater Vancouver Mental Health Society **Act, Greater Vancouver Mental Health Service Society, Constitution** Revised 1987; 1989. p. 2.

47. Province of British Columbia, Mental Health Service. **Open Letter by Mr. Brian Copley To Proposed Participants In Consultation Process.** July 15, 1985 p.2.
48. Ibid, p.2.
49. Province of British Columbia, Mental Health Service. **Open Letter by Mr. Brian Copley To Proposed Participants In Consultation Process.** November 29, 1985 p.2.
50. Province Of British Columbia **Mental Health Consultation Report: A Draft Plan To Replace Riverview** Victoria: Queen's Printer, 1987. p. 28.
51. Ibid, p.1.
52. **Mental Health Consultation Report** p.21.
53. British Columbia Government Employees' Union **Response To The Consultant's Report On Riverview** November 27, 1987. See p.3 and 19.
54. Provincial Legislature, Minutes of Legislative Session **Dr. Tom Perry Addressing The Legislature** Thursday, April 27, 1989 p. 6395.
55. Provincial Legislature, Minutes of Legislative Session **Mr. Peter Dueck Addressing The Legislature** Thursday, April 27, 1989 p. 6400.
56. The Greater Vancouver Mental Health Services Society (GVMHS) and several representatives from community mental health agencies met with two senior bureaucrats in February of 1991. As well, the new Deputy Minister toured Vancouver's mental health system in the middle of 1991. These meetings did not result in any allocation of bridge, or transitional, funding into the community.
57. Vancouver Steering Committee **Minutes of April 24th, 1991 Meeting held at G.V.M.H.S.** It was reported at this meeting by an official from Riverview that the hospital actual bed count was currently between 900-920.
58. Interagency Mental Health Council **Memo to: Agencies Providing Prevocational and Vocational Services** August 31, 1989. p.1.
59. Coast Foundation Society **Transcript Of Presentation Given By G.V.M.H.S. To Board Of Directors Of The Coast Foundation Society, February 23, 1989** p.1.
60. Russell, John **Personal Interview** .
61. Greater Vancouver Mental Health Service Society **Annual Report** April 1, 1989-March 31, 1990.

62. Russell, John **Personal Interview**.
63. Smith, Mark **Personal Interview With Mark Smith, Executive Director, Kettle Friendship Society** February 15, 1991.
64. Coast Foundation Society **Minutes Of July 22, 1987 Meeting Between Coast Foundation and G.V.M.H.S.S.** p. 1.
65. Coast Foundation Society **Transcript Of Meeting Between Coast Foundation and G.V.M.H.S.S.** February 23, 1989 p.11.
66. Ibid, p.11.
67. Greater Vancouver Mental Health Services Society **Annual Report: April 1, 1988- March 31, 1989** p.22.
68. Ibid, p.22.
69. Burnham, Darrell **Personal Interview With Darrell Burnham, Executive Director, Coast Foundation Society.** November 12, 1991.
70. Burnham, Darrell **Personal Interview**.
71. Western Management Consultants **Organizational Review Of The Operations Of Coast Foundation November 10, 1986.** p.15.
72. Ibid, p. 7.
73. Ibid, p. 15.
74. Coast Foundation Society **Executive Director's Report** October 10, 1991.

1. Williamson argues that since 1984 several theorists have tentatively begun to examine corporatist arrangements at the national/macro level. Such inquiries have a distinctly sociological orientation.
2. As stated in chapter one, there is a third function, that of coercion, that the state in democratic societies will utilize if required. However, the continued use of force, in the long run, undermines the political legitimacy of the state and leads to widespread conflict. Citing Antonio Gramsci's works in this area, Stuart Hall, et al, argue that while the state is involved in the exercise of both coercion and consent, it functions best when it operates normally through political leadership. Even "...the coercive side of the state worked best when perceived as legitimately coercing".

See Stuart Hall, et al. Policing the Crisis: Mugging, the State, and Law and Order London: The MacMillan Press Ltd, 1978. p. 203.

3. As most neo-Marxist theorists recognize, the distinction between accumulation and legitimation is primarily for analytical purposes. Often, state activities, i.e. social services, fall into both categories. As Gough argues, social-assistance schemes have "...the aim in part of maintaining and adapting the reserve army of labour, a potential labour force, and in part in maintaining and controlling groups that threaten social stability". See Gough p. 52.
4. Ibid, p. 180.
5. In 1990, GVMHSS funded 13 nonprofit societies within Vancouver.
6. The Inter-Agency Mental Health Council was another monthly forum that enabled people within the mental health system to meet. While effective during its first few years, the council, by 1986, became, primarily, a vehicle for information sharing and, therefore, planning issues were not discussed. As well, the council is composed of representatives from both Vancouver and the Fraser Valley. Since these two regions compete for provincial funds, the Inter-Agency Mental Health Council finds it difficult to discuss substantive issues dealing with funding or planning.
7. In the 1990/91 fiscal year, Coast received an additional \$144,000 for a new supported employment program, and in 1992/93 Coast received \$200,000 for a West End project.

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APPENDIX A

METHODOLOGY

This thesis is a socio-historical analysis within the subject area of political sociology. The study utilizes a case study approach to assess a number of theoretical arguments. Through this approach, my intention was to describe, interpret and clarify events in order to provide direction for research on the problem of corporatism.

The genesis of this thesis can be traced to a number of factors. Some time ago I developed an interest in historical sociology and in issues pertaining to the state. Specifically, the emergence of the welfare state and the impact that this state form has upon different institutions, i.e. the family, trade unions and nonprofit societies, has interested me for the past decade. Second, I worked as a senior manager for Coast Foundation for the past eight years, and I have witnessed the fascinating shift in relations between the state, the Greater Vancouver Mental Health Society, and the Coast Foundation.

Sparked by an interest in the state and its relationship to the nonprofit sector, I began a review of the theoretical literature on state-interest group relations. While the state has received considerable attention from a number of different theoretical perspectives, state-interest group relations, especially those interest groups which are not associated with production (capital and labour), have received limited attention as a focus of study. As well, an examination of corporatism, to date, has relied upon empirical studies from England and the United States. It is my view that in order to further an

understanding of state-interest group dynamics, corporatism must constitute part of the analysis. Therefore, I have attempted such an analysis based on a Canadian example, hoping that it will stimulate further research of these issues in Canada.

Research for this study occurred in three stages, and with each stage a number of difficulties emerged. The first stage of research involved a comprehensive review of secondary material, i.e. reports, theses, articles and books. This material provided the author with an overview of historical developments within mental health in British Columbia. For the most part, however, the material was general, addressing either macro theoretical issues or analyzing historical events in cursory terms. Specific studies detailing events within Vancouver were noticeably absent. More important, research into mental health has focused primarily on the state. The interconnection between the state and the nonprofit sector has received little attention. As well, the historical development of nonprofit societies, such as Coast Foundation and the Greater Vancouver Mental Health Services Society, has received little attention.

Given the lack of secondary material, I found it necessary to engage in a comprehensive search for primary materials. Such materials were initially found in the Vancouver Archives. Archival documents enabled me to begin piecing together events that led to the creation of the Vancouver community mental health system, the Greater Vancouver Mental Health Services Society and the Coast Foundation. Besides the Vancouver Archives, other primary material was provided by the two organizations under study. These included Board Minutes, organizational reports

(especially Annual General Reports and Audited Financial Statements), and other pertinent documents.

One of the difficulties in examining primary sources of data is the identification of relevant information. Often, information is poorly catalogued. It is possible that I did not find a number of important documents could have inspired a different interpretation of events. The second problem with examining primary material concerns information that is omitted. Often minutes of meetings are edited before distribution for public use. Consequently, the intricacies involved in discussing particular issues or reaching decisions are often absent.

The final stage of research involved the interviewing of a number of key informants. The purpose of the interviews was twofold. First, interviews were used as means to fill in the gaps missing from the secondary material. Second, interviews provide a potential corrective to the secondary data sources. Informants were able to provide the author either with additional background information or a different interpretation of events than those described in the official documents.

Working in an official capacity within the mental health field provided me with some advantages and some disadvantages. I was able to identify and contact people who could provide information for this inquiry. I did not have to conduct a whole series of preliminary interviews in order to identify key informants. The second advantage of working in the field is that since I was involved in many of the events described throughout this inquiry, key informants would have found it difficult to misrepresent events, had they been so inclined.

Informants were candid, despite the fact that some of their information and opinions may have conflicted with my publicly stated views.

The most difficult aspect of the interview process was interpreting the information provided by informants. When interviewing people one knows, likes, and respects, there is a tendency to take at face value information provided. I tried to control my interpretative biases by focusing upon specific actions and decisions taken within the two organizations. This provided an "events" standard for interpreting historical developments which curtailed interpretative license.

The foregoing methodology generated the data upon which this thesis rests. The principal issues and problems have been identified, along with the researcher's own predilections (i.e. as a worker in the mental health field). Except for the personal interviews, all the data are publicly available for further scrutiny.

APPENDIX B: GLOSSARY OF TERMS

AVRS:	Arbutus Vocational Rehabilitation Society
CMHA:	Canadian Mental Health Association
CMHC:	Central Mortgage & Housing Corporation
GVMH Project:	Greater Vancouver Mental Health Project. Established in 1972 to oversee the development of community mental health teams.
GVMHS:	Greater Vancouver Mental Health Service. Replacing the GVMH project, GVMHS assumed responsibility for administering all the mental health teams.
GVMHSS:	Greater Vancouver Mental Health Services Society. In 1985, GVMHS was incorporated into a nonprofit society.
IAMHC:	The Inter-Agency Mental Health Council
LMSRYA:	Lower Mainland Society for Rehabilitation for Young Adults
Macro-Corporatism:	Refers to national arrangements often involving capital, labour and the state. The establishment of tripartism has been the primary focus of macro-corporatist studies.
Meso-Corporatism:	Refers to those arrangements that have been established with organizations concerned with sectoral interests, i.e. agriculture, steel, chemicals, and food processing.
Micro-Corporatism:	Refers to arrangements established between the state and individual firms (organizations). Such a relationship involves direct state intervention and does not involve the presence of an intermediary. To date, this level of corporatism remains conceptually vague and there is question as to whether this should be considered a true level of corporatism.
MPA:	Mental Patients Association
NGO:	Non-government Organization. NGO refers to those organizations receiving funds from the state which are either privately (for profit) operated or nonprofit.

PIG: Private Interest Governments

QUANGOS: Quasi-autonomous non-government organizations.

SAFER: Suicide Attempt Follow-up; Education and Research.
Service provided by GVMHSS to counsel people
regarding problems associated with suicide.

Tripartism: The arrangement in which the state, capital and
labour conduct discussions on economic policies.