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**THE SOCIAL CONTROL AUCTION: PRIVATIZATION OF YOUTH CORRECTIONS IN
BRITISH COLUMBIA**

by

Tuula Hannele Jantti

B. A., Simon Fraser University, 1985

THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS (CRIMINOLOGY)

in the School

of

Criminology

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The Social Control Auction: Privatization of Youth Corrections
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ABSTRACT

Privatization is a key concept in today's discourse on penology. The term refers to a shift of an increasing proportion of responsibility for services from the public to the private sector. Economic explanations are central to accounts of privatization; it is seen as a response to the "fiscal crisis", necessitating financial restraint and "downsizing" of government. While the relevance of economic factors is discussed, the importance of political and ideological factors is also outlined. Privatization, it is argued, reflects an overall need to restructure the welfare state.

This work explores the privatization phenomenon, delineating its meaning and canvassing its implementation. The discussion concentrates on British Columbia, outlining privatization initiatives put forth by the present Social Credit government. These initiatives have included several in youth corrections; the existence and extent of privatization in this area of government service is specifically reviewed. The *Young Offenders Act* is also recognized as a factor relating to changes in youth corrections.

Privatization has profound implications for the nature and extent of social control. This issue is addressed, and the role privatization has played in the expansion and diversification of social control is examined. While the "old" system of deviance management remains intact, community-based corrections have augmented the social control net. Privatization has not only contributed to the expansion of the social control net, but has also blurred its boundaries, rendering it difficult to ascertain the source, the beginning or the end of the correctional continuum.

While exploring issues pertaining to privatization, and presenting information on privatization initiatives in B.C, the thesis does not contain an evaluation of privatized programs. Such an evaluation is identified as a crucial issue for future research, in order to

determine the validity of the rhetoric surrounding privatization, specifically with respect to its proposed benefits.

Finally, it is suggested that privatization is an important government policy which will continue to be employed, and therefore must be addressed as an important issue by criminologists.

DEDICATION

To my family and friends, for their love and support.

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I expected acknowledgements to constitute one of the easier tasks in the process of completing a thesis, but have found this not to be the case. Numerous individuals have provided support as well as constructive criticism while I have worked on this manuscript, and I feel unable to adequately express my thanks. Nevertheless, I will try.

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CHAPTER I

CHANGING STRATEGIES OF DEVIANCE MANAGEMENT

The current development of alternatives to existing forms and strategies of deviance management indicates a trend towards "reform" in the social control system. The existing deviance management framework is being transformed and diversified. Alternative measures to traditional methods of control are being sought, adopted and implemented. Incarceration of "societal misfits" (Austin & Krisberg, 1981) is increasingly being supplanted by interrelated strategies, including those of diversion, deinstitutionalization, decarceration, and community-based corrections (Cohen, 1986; Massad & Sales, 1981; Scull, 1977). The present wave of reform has also encompassed the transcarceration of institutional inhabitants from traditional to non-traditional forms of containment (Lowman, Menzies & Palys, 1987; Warren, 1981). The privatization of deviance management strategies has played an integral part in the search for correctional alternatives by complementing the reform movement's emphasis on non-traditional, community-based forms of corrections. However, it has also been adopted as part of the traditional system of deviance management.

This thesis is about the current shifts in beliefs and strategies in corrections (Cohen, 1985:3). It purports to examine the privatization movement as a central component of a "reform movement" that has, it is asserted, dispersed social control throughout society, and widened and strengthened the net of social control (Henry, 1987). The link to the "fiscal crisis" of the state, the often-cited rationale for the adoption and implementation of privatization, is viewed in the context of rhetoric surrounding the present "reform" movement. The perception of privatization as a solution to the current problems of economic recession and the overcrowdedness of correctional institutions has, it is argued, not lived up to the expectations generated by its proponents; indeed, it is a basic assertion of the thesis that the rhetoric and the reality surrounding the privatization phenomenon have not matched each

other, and that "unintended" consequences have followed in the wake of the implementation of privatization within corrections.

The perception of the current reforms as functions of a crisis within capitalism is identified and explored as a key issue in this thesis. Accordingly, the economic, political and ideological conditions, which have accompanied the move from public to private responsibility for the administration of social control, are discussed with respect to the privatization movement. The whole reform movement, and specifically the push for privatization, has occurred within a particular political and economic context, which requires examination in order to lay the groundwork for the analysis of the restructuring of corrections. It is argued that an integral link exists between the economic and political-ideological conditions of the state, and the current alternatives to traditional methods of social control. More specifically, the reforms have occurred as a consequence of the perceived necessity for political and economic reorganization of the "welfare state". The welfare state is central to Keynesian economic policies, which were adopted in post-World War II Canada (as in most, Western nations). The state correspondingly assumed an ever-increasing role in the economic life of the nation. Gamble and Walton commented in 1976 (p.162) that

...the role of the State has become so overwhelming in modern capitalism that some have argued it constitutes a new stage in capitalist development... (the State now) manages demand, it socialises costs, and it seeks to maintain social peace.

In the early 1970s, however, the so-called welfare state faced a 'fiscal crisis', necessitating the search for, and the adoption of, alternatives to the government-controlled economic order. A move began to "undermine government's commitment to the social-democratic version of welfare" (Taylor, 1983:140). Canada, along with other Western nations, commenced a search for avenues which would reduce its financial responsibilities; "load shedding" and "drawing back the state" are catch-phrases indicative of the state's willingness today to relinquish some of its duties with respect to the provision of public goods.

The seeming demise of the Keynesian era has been accompanied by a move towards monetarism by many Western nations. Central to this school of economics, advanced initially by economist Milton Friedman, is the notion of minimal state interference in economics. In essence, monetarism advocates the withdrawal of the state from a central role in economic management, and a return to laissez-faire economics, accompanied by a reduction in public sector expenditures (Crane, 1981; Tarshis, 1984). While elements of monetarism have appeared in Canada, it is noted that, unlike the United Kingdom, where the Thatcher government has adhered to such economic policies, the picture in Canada is somewhat mixed. Indeed, it appears that Keynesian and monetarist policies co-exist at the federal level in Canada.

Shifts in the dominant political ideology are also relevant to the reform of corrections. The rise of monetarism as an alternative economic policy has been accompanied by the rise of the "New Right", or neo-conservatism. Prominent representatives of this ideology include the former Reagan Administration in the United States, the Thatcher government in the United Kingdom, as well as the governments of Bennett and Vander Zalm on the provincial level in British Columbia. This ideology stresses individualism; "people must be left free to choose" as to how their income is allocated (Galbraith, 1981:13). Inherent to this ideology is the rejection of the notion that the state should assume central responsibility for the provision of social welfare, and that it should play a central role in economics. Belief in the free market economy dictates a reduced role for the state in the redistribution of wealth, and the more efficient distribution of public goods deemed necessary for the maintenance of the state. The concept of minimal state interference in economics has been identified by Crane (1981:4) as constituting an integral component of the neo-conservative ideology:

these policies also reduce the role of government in directing the economy and influencing choices and consequently increase the power of business and financial leaders.

Such an economic and political-ideological context underlines financial restraint, and connotes, in the B.C. government's terminology, a "new reality" (Magnusson et al., 1981). The

expansionist, centralized governmental policies of the Keynesian era have yielded to those of decentralization and restraint. These shifts are examined in this work, as they provide the structural framework for the current reform in government policies. However, the renewed state support for various areas of social welfare, such as health and education, in the last two years in the province indicates that the economic picture is not clear-cut. Recent developments in the economic policies of the Social Credit government point to a situation that seems more mixed and ambiguous, and points to a co-existence of components of both Keynesian and monetarist concepts.

The criminal justice system has not been exempted from the restructuring in which governments have engaged. As Austin and Krisberg (1981:166) have stated,

the justice system is dialectic in the sense that it is affected by contradictions in the larger political economy and is subject to the ideological currents that support that structure.

And as Matthews (1979:100) has similarly recognized,

it has by now become quite clear that it is impossible to discuss current developments in particular institutions of social control, or the dynamics of social control practices more generally, except in the context of a broader analysis of the changes taking place in advanced capitalism. What has made this clear is that the current capitalist crisis has had a definite impact on the state, not only in terms of pressures to reduce state spending but, further, to reorganize the very ways in which social control is exercised.

Theoretical criticism regarding the "old" forms of deviance management have also contributed to the reform. Not only are the traditional containment methods of social control being criticized as being ineffective and expensive, but also as being inhumane, suggesting that something seems to have "gone wrong" with the previously utilized correctional methods (Cohen, 1985; Scull, 1981). In turn, the new forms of deviance management, such as community-based alternatives, are promoted by their advocates as being "more humane, less intrusive and more progressive" than the traditional methods of deviance management (Warren & Guttridge, 1984:138). The justifications for reform movements are critically examined, and the claims of progress are viewed skeptically. It is asserted in this work that all reform

movements must be examined within the broader context of the relevant economic, political, and ideological factors.

This thesis focuses on the privatization phenomenon as it has emerged in British Columbia. The political and economic history of the province is reviewed since the early 1970's. Since that time, "downsizing" the government has been central to the Social Credit government's policies, as has the reallocation of finances to areas compatible with the neo-conservative ideology of that party. The implementation of massive reductions in public spending has occurred; however, these cut-backs have been differentially distributed throughout the public sector, "subject to a complex set of pressures of political and ideological, as well as economic, nature" (Taylor, 1979:206). The redistribution of government resources makes it apparent that, despite the fiscal crisis, the government is allocating money in a manner consistent with the economic and political model of monetarism and neo-conservatism. However, the increased expenditures in recent years for social welfare programs point to a mixed economic picture.¹

The discussion then focuses on the youth correctional system of the province. The privatization phenomenon is reviewed and examined within this field through the utilization of archival measures documenting the existence, and growth, of the movement through the fiscal years 1982 to 1989. This examination illustrates the significance of privatization as a reform measure within youth corrections in British Columbia. However, it is also observed that the utilization of traditional facilities did not decrease in this period, indicating a gap between state rhetoric surrounding the move to privatize, and the actual realization of the concept. The implications of the overall privatization movement, and specifically the observations made regarding youth corrections in British Columbia, are then discussed with reference to the broader issues pertaining to social control.

¹While monetarist policies have been adopted, as will be discussed, Keynesian policies seemingly co-exist in British Columbia.

The concept of social control is central for the present discussion. The term has been the subject of various delineations and interpretations, signifying societal existence as based, to varying degrees, on consent or coercion (Lowman, Menzies & Palys, 1987). While the term receives further delineation in Chapter V, it is underlined here that this thesis utilizes Cohen's (1985:3) definition of the term, to indicate "planned and programmed", both proactive and reactive, "responses to expected and realized deviance". While Cohen's (1985) definition of social control is utilized in this discussion, it is noted that there is ongoing debate about the meaning of the concept.

The reform measures of deinstitutionalization and privatization have had profound implications for social control; specifically, it is argued that the social control net has expanded and diversified through privatization. Privatization has created "wider, stronger and different nets" through the proliferation of correctional programs in the community (Austin & Krisberg, 1981). Moreover, the traditional correctional framework has not disappeared in the wake of the new alternatives; rather, the old institutions remain intact, and are being increasingly utilized. The co-existence of an increasing number of "old" and "new" forms of deviance management has also made it difficult to identify who is managing the deviants, where the management is occurring, and where the boundaries of social control exist. Cohen (1985:62) has accordingly commented that

we are seeing, then, not just the proliferation of agencies and services, finely calibrated in terms of degree of coerciveness or intrusion or unpleasantness. The uncertainties are more profound than this: voluntary or coercive formal or informal, locked up or free, guilty or innocent. Those apparently absurd administrative and research questions - When is a prison a prison or a community a community? Is the alternative an alternative? Who is half-way in and who is three-quarter way out? - beckon to a future when it will be impossible to determine who exactly is enmeshed in the social control system, and hence subject to its jurisdiction and surveillance, at any one time.

The gap between both state rhetoric and the reality of the reform regarding state interference seems apparent and, arguably, the extent of social control has not decreased, but rather, increased through privatization. This gap, as evidenced by the expansion of the youth

correctional net in British Columbia, points to an ambiguous situation; while the state has reduced expenditures in various areas of service provision and/or delivery, quite the opposite has occurred within youth corrections in the province. This willingness to spend on youth corrections is identified as a crucial question for future research, and may have linkages to the neo-conservative ideology of the present provincial government. Therefore, while state rhetoric surrounding the privatization of youth corrections in B.C. has linked it to the necessity to reduce public expenditures, in reality these expenditures have increased; the reality seems more complicated, and requires recognition that reforms within youth corrections seem confused as to the rationale behind them.

The overall aim of this thesis is to elucidate privatization as an influential phenomenon in general, and, specifically, in the system of deviance management. To this end, this work is organized so as to allow the reader to comprehend the overall concept of privatization first, and then to apply this knowledge to the understanding of the phenomenon within the specific context of youth corrections in British Columbia. Therefore, Chapter II outlines the general reform movement, and then specifically focuses on privatization. Chapter III, in turn, sets out the political and economic framework for privatization in general, and then concentrates on the specific conditions in British Columbia which have promoted and ushered in this reform. The economic policies of the Social Credit government are delineated since the early 1970s, and the party's political agenda is examined. Chapter IV is a discussion of privatization within youth corrections in British Columbia. The discussion centers around a comparative analysis of the fiscal years from 1982 to 1989 in terms of the extent of privatization, in the form of contracted services, in this area. The significance of this reform measure is apparent through the utilization of this example; clearly, privatization must be contended with as a powerful governmental policy regarding corrections.

Chapter V, in turn, offers a discussion of the implications of privatization for social control, advancing the argument that the reform has actually expanded and diversified the

existing social control net. The example of youth corrections in B.C. is specifically referred to in this context.

Lastly, Chapter VI reviews the thesis as a whole, goes on to note the implications of this work for criminology, and then suggests directions for future work in the area of privatization.

CHAPTER II

PRIVATIZATION AS "REFORM"

The privatization phenomenon can only be understood as a part of a larger reformation of the structural framework of the welfare state. Privatization within corrections must also be placed within the context of other "reforms" within the system of deviance management. The discussion in this chapter delineates privatization as a component of a larger "reform" movement within the organization of the modern welfare state, and, more specifically, within the framework of corrections.

Subsequently, the concept of privatization is discussed, in terms of its meaning, its forms, and the rhetoric surrounding and justifying it. Privatization initiatives are then reviewed, and those in corrections are particularly examined, to indicate the extent of privatization throughout the world. The discussion of these privatization measures is crucial to understanding current and future developments in governmental policies regarding the nature and extent of the correctional continuum.

Reform Movements in Corrections

In order to understand the present reform within corrections, it is necessary to place it in an historical context. According to Cohen (1985:14), "any current changes can only be understood in terms of the system's original foundations". Ericson, McMahon and Evans (1987:356) similarly have observed that developments within corrections "are best understood in the context of the history of penal systems and broader contemporary trends in the power to punish".

To this end, it is necessary to summarize the major shifts in correctional thinking. The "master patterns" of correctional change have included shifts in emphasis between the private

and the public sectors, and between the societal inclusion and exclusion of deviant populations (Cohen, 1985:13). Cohen (1985), in his work, *Visions of Social Control*, has delineated these major changes in the rationale and actualization of punishment. Focusing on several variables, Cohen describes changes within the system of deviancy control, dividing the historical framework into three main time-frames; pre-eighteenth century, the period from the nineteenth century, and finally that from the mid-twentieth century to the present (1985). The pre-eighteenth century period was characterized by a dispersed, decentralized, community-based "system" of deviance control (Cohen, 1985; Ignatieff, 1978; Scull, 1977; Smandych & Verdun-Jones, 1986; Spitzer & Scull, 1978). State involvement in deviance management was negligible and arbitrary, at least in terms of the nature and extent of its participation (Cohen, 1985; Ericson, McMahon & Evans, 1987). As the institutional structure was relatively undeveloped, so was the categorization of deviance, as well as the professionalization of deviance management. The system of deviance control, therefore, could be seen as decentralized, non-institutional, and largely dependent on the private sector, owing to the limited amount of state involvement.

Reform of the system of deviance management brought about the age of the institution. The birth of the asylum and the development of the prison have been extensively documented by various authors, including Rothman (1971) and Ignatieff (1978). In *The Discovery of the Asylum*, Rothman delineates the transformation of the correctional system in the United States from the community-based system to that of exclusion of deviants in closed institutions. Ignatieff, in *A Just Measure of Pain: The Penitentiary in the Industrial Revolution, 1750-1850*, traces the development of the penitentiary to a stage where it constituted a central measure in the English system of punishment (1983).

The rise of the institution heralded the exclusion of the deviant from the community and the concurrent emergence of punishment as an area of organized study and contemplation. It also underscored the process of categorizing deviance, and the development

of professionalization in the field. State involvement in deviance control increased and, in effect, the system of deviance management was centralized (Cohen, 1985; Spitzer & Scull, 1978). Deviance control became a matter of public concern and mandate; the system was now largely run by the state and thereby supported by public funds (Spitzer & Scull, 1978). The primary responsibility for the provision and the delivery of punishment shifted from the private to the public sector.

The current reform movement, which began in the 1960s, is attempting to "undo" the existing penological infrastructure. The institutions of corrections are the objects of criticism, and allegedly "progressive" alternatives are now offered for the existing system of deviance management. The reform rhetoric stresses the importance of "liberating" the deviant from the confines of the traditional institutions; the focus of reform is the destructuring of the present system of deviance management. Cohen (1985:31) has termed this the "destructuring impulse". "Less is better" now with respect to the extent of state involvement in corrections; as well, the reduction of formalized structures and measures of control is also perceived as desirable (Cohen, 1985:31). "Away from the state", a current slogan, emphasizes the trend to decentralize the deviance management system. The vision is "abolitionist, destructive or at least reductive" (Cohen, 1985:43). The current reform movement seeks to "undo" the present system of deviance control, responding to criticism levelled at the measures now utilized to deal with the deviant populations. Reform, therefore, signifies dissatisfaction, at some level, with the current state of correctional practices.

Central to the move to "do away" with the exclusionary institutional means of deviance management has been the decarceration or deinstitutionalization movement. Indeed, the

state sponsored effort to deinstitutionalize has become a central element in social control practices of a number of advanced capitalist societies (Scull, 1977:3).

The term has its origins in the writings of Andrew Scull, who initiated critical discussions of the move in *Decarceration - Community Treatment and the Deviant: A Radical View*

(1977). It signifies a trend to reduce, close down, or phase out traditional state-sponsored institutions (Cohen, 1985). The move away from traditional institutions has been well-documented by several authors (Blomberg, 1987; Lerman, 1980; Linney, 1984; Scull, 1977, 1983; Steadman & Morrissey, 1987; Warren & Guttridge, 1984). The decarceration or deinstitutionalization movement has been accompanied by the recognition of community-based corrections as a viable alternative to the walls of exclusionary institutions. The utilization of non-traditional containment methods has been accomplished through the diversion of deviants from the formal correctional machine into an informal system, comprised of "soft-end" programs which are offered as alternatives to the existing institutional infrastructure (Austin & Krisberg, 1981). The deinstitutionalization movement has, therefore, been accompanied by that of transinstitutionalization - the transfer of deviant populations from state-run, traditional institutions to community-based facilities (Warren, 1981). The current reform movement, like those that have preceded it, is, therefore, primarily concerned with shifts in strategies of deviance control.

The destructuring movement has occurred within the realm of various systems of deviance management; the interdependence of the mental health and penal systems has constituted a critical factor in this context. The dialectical relationship which exists between the punitive and the mental health systems has been particularly significant within the decarceration movement. With respect to youth, Lerman (1982) has delineated the transfer of deviant youth from traditional to non-traditional institutions, specifically noting the movement of youth between the mental health and correctional systems. Through the relabelling or recategorization of youth as "acting out", the link between the systems has been fortified, increasing the ease with which youth can be moved from the one system to the other (Linney, 1984; Lerman, 1981, 1982; Teilman Van Dusen, 1981; Warren, 1981).¹

¹While the mental health system is not the topic of this thesis, the co-reform of the two systems is important to recognize as a crucial issue in terms of its effects on the overall nature and extent of control exerted over deviant populations. The interrelatedness of the management systems of mental health and justice has been especially crucial with respect to

Empirical evidence for the transinstitutionalization phenomenon exists, for example, for the United States. For example, a study conducted in California (1981), examining the impact of new juvenile justice legislation (AB3121), by which status offenders could no longer be detained in correctional facilities, found that many of the juvenile court practitioners talked about "getting around" the provision through redesignation of the affected youth as mentally ill - (Warren & Guttridge, 1984:122). Warren and Guttridge (1984) provide data on the admission rates to psychiatric hospitals in the Los Angeles area, finding that between 1976 and 1978, over 70 percent of the admissions were for anti-social, depressive, runaway, drug abuse, or personality disorders, while only one fifth of the admissions were for serious cases of mental illness. Lerman (1980:287) has suggested that

...instead of being admitted for classic psychiatric symptoms, the majority of juveniles entering hospitals most recently have been admitted because of general behavioral disorders: for example, "transient situational disorders", childhood disorders, personality disorders, and drug disorders.

Such mixing of vague diagnostic labels, and the recategorization of deviant youth have contributed to the close link between the correctional and mental health systems.¹

As noted, transinstitutionalization, corresponding with the release of deviant populations from traditional institutions, has also occurred in relation to a growing number of community-based institutions and programs. That is, clients released from the confines of traditional institutions have been allotted to alternative programs in the 'community', and, in effect, have not escaped institutionalization; only the institution which they occupy has changed.

Privatization has assumed a crucial role in transinstitutionalization, and in general in the overall search for alternatives to the present system of deviance management. Privatization has

¹(cont'd) youth. For further discussion, see Lerman, 1981, 1982.

²The *Young Offenders Act* in Canada may have relevance to this transinstitutionalization phenomenon. With respect to British Columbia, Clark and Eaves (1985:32) have documented an expansion of the mental health system in the province since the enactment of the *YOA*; while not addressed here, the reasons for this expansion require delineation and examination.

complemented the destructuring theme; as Weiss has pointed out, "privatization has converged with the move to 'deinstitutionalize' the aged, the retarded, and the delinquent" (1987:272). The relinquishing of central state involvement has underlined a shift in responsibility from the public to the private sector in deviance management. Privatization has served in the restructuring of the deviance management system, representing an alternative to public delivery of correctional services, consistent with the state rhetoric of reform.

Theories of Change

While "conventional" accounts of changes in the exercise of punishment have identified ideas and good intentions as the crucial basis for reform, this perspective has been criticized for its underlying assumption that reforms constitute continual progress, progress which is fueled by "discoveries" in the science of punishment (Cohen, 1985:15). The notion of change as being synonymous with progress in accordance with the refinement and sophistication of knowledge with respect to the science of punishment, therefore, suggests that all change is inherently positive. The intentions underlying change are assumed to be good, and the motivations to be those of benevolence, philanthropy and humanitarianism (Cohen, 1985).

Therefore,

...in the course of time, with goodwill and enough resources..., the system is capable of being humanized by good intentions and made more efficient by the application of scientific principles (Cohen, 1985:18).

The actual outcomes of reforms may not always match the "good" intentions, but "it is not the system's professed aims which are at fault but their imperfect realization" (Cohen, 1985:18). The gap between the rhetoric and reality is seen as an imperfection which further reform movements will work on and correct.

On the other hand, revisionist accounts of the changes in punishment practices paint the concept of reform as an inherently suspect one, and search for the "real" reasons for

changes in the overall framework in which they occur. It must be noted, at the outset, that an examination of reform movements which attempts to look beyond good intentions is not designed to diminish the relevance of such intentions to changes within the system of deviance management; according to Matthews (1979:111),

although we might agree with Scull (and Rusche and Kirchheimer, and Foucault) that 'humanitarianism' is not the primary force behind changing control practices, it does not follow that the ideology of humanitarianism is not significant in explaining such developments. ...ideologies such as humanitarianism do not descend from heaven - they have a real material basis, and practical consequences.

While the reasons for 'reform' movements have been located in a variety of sources by theorists, the revisionist perspective views change as a condition of the particular context within which it occurs (Lowman, Menzies & Palys, 1987). Accordingly, the rhetoric surrounding reform measures may consist of declarations of the implementation of good intentions, but the wider social context in which such changes occur provides the impetus for the adoption of new policies of punishment. It follows that the gap between theoretical rhetoric and reality, which appears to have manifested itself throughout the history of correctional change, is explainable by the analysis of the wider social and economic context within which such change occurs. The reality may in fact reflect other contributing motivations for reform. The issue of "appearance versus essence" is central to the perspective of revisionist historians. According to Lowman, Menzies and Palys (1987:4),

the revisionist conceptualization of social control is ushered in to serve the development of an anticriminology that recognizes the interrelatedness of different formal control institutions, and their links to informal control systems both within and outside the state.

Punishment, and changes as to its underlying philosophy and practice, are hence located within the social structure (Rusche & Kirchheimer, 1939). In line with the structural analysis approach of revisionist historians, the current push for privatization is viewed as being connected to changes within the economic, political and ideological order of the state. Reform is located in the needs of the system, which are those of the broader political economy (Cohen, 1985). As Cohen (1985:103) has delineated,

the motor force for change lies not within the crime-control system itself, but at the level of national (or even 'world-system') political and economic developments.

Therefore, Cohen (1985:100) continues,

ideas draw upon existing social, political, and economic arrangements, as well as previous ideas...and then, in turn, leave behind their own deposits which are drawn up to shape later changes, reforms, and policies.

Developments in the capitalist system have correspondingly manifested themselves in reformation movements within the system of deviance management. According to this view of correctional change, the realization of reform measures reflects the needs of the state; the rhetoric surrounding reforms constitutes merely a rationale, a justification for the implementation of the changes necessitated by the evolution of the social structure (Cohen, 1985). Correctional change must, therefore, be examined within the context of the overall prevailing political, economic, and ideological conditions that precede and surround such change. The overall structural framework must be examined in order to understand the reasons for the adoption, the implementation, and the actual outcome of specific reform measures.

Cohen (1985:30) has summarized the common claims of revisionist historians to be the following:

- 1) the motives and programmes of reformers are more complicated than concerns about inhumanity, administrative competence, or some sudden scientific discovery;
- 2) the emergence of prisons must be looked at in the context of the rise of similar institutions of the same period;
- 3) the aims of such institutions must be examined within the framework of a general theory, whether that theory stress power, social order, class relations, or the State;
- 4) a monopoly has been created for services by experts and professionals (also Scull, 1982); and
- 5) control institutions may continue their existence despite their apparent 'failure' to achieve or meet their declared goals.

Reform in this perspective constitutes change that has underlying reasons for its emergence which extend beyond those of humanitarianism, good intentions, or other reasons indicating a purely benevolent rationale for introducing changes within the system of deviance management.

Reforms In Context

In accordance with the revisionist perspective² on correctional change, reform movements have been placed within the broader social context by revisionist historians. For example, Rothman (1977) located the rise of the asylum and the penitentiary within the social context. According to Rothman (1977:18),

the response in the Jacksonian period to the deviant and dependent was first and foremost a vigorous attempt to promote the stability of society at a moment when traditional ideas and practices appeared outmoded, constrictive, and ineffective. The almshouses and the orphan asylum, the penitentiary, the reformatory, and the insane asylum all represented an effort to insure the cohesion of the community in new and changing circumstances.

For Rothman, the emergence of institutions of control was linked to the overall societal context which was changing (Cohen, 1985).³

Ignatieff (1978, 1983) located reforms within deviance management, in his discussion of the emergence of the penitentiary in England, in the transformation of the social structure as it related to the development of the capitalist state (Cohen, 1985).

Platt (1969, 1977) specifically examined the historical development of juvenile justice in the United States. In his work, *The Child Savers - The Invention of Delinquency*, (1st and

³Ignatieff (1983:83-85) has criticized Rothman for adopting a simplistic view of the social change and the changing ideology regarding deviance management, asserting that Rothman's account of the rise of institutions is but a retelling of what was occurring during the Jacksonian period of American history, as opposed to offering a critical examination of the social and economic conditions of that society. Therefore, while Rothman looked beyond the concept of reform as a meter of ideological progress in deviance management, his work did not critically examine the social context of reform beyond establishing a link of sorts between such conditions and the reforms that occurred.

2nd editions), Platt sought to 'revise' the history of youth corrections in the United States. Noting that the traditional explanations of the nineteenth century child-saving movement perceive it as humanitarian reform, as a victory over oppression and ignorance, Platt offers an alternate explanation for the changes that occurred during that period of time. As he states in the second edition (1977:13),

this book revises popular conceptions about the child-saving movement and analyzes the dynamics of the legislative and popular drive to criminalize.

The author identifies the movement as a moral class movement, as a force which stigmatized the youth that came within its reach. He asserts that the movement constituted a class-based, social control crusade, executed mainly by the "well-meaning" upper class women in order to maintain the economic and moral status quo. In the second edition of the *Child Savers*, Platt offers a self-critique of his earlier work (Hindus, 1979). He recognizes the inability of the labelling theory (which he used extensively in the first edition) to address the questions pertaining to general social institutions and structures. Platt then goes on to discuss the significance of political economy as a determinant of reform; accordingly, Platt describes the child-saving movement as a reflection of the changes in the mode of production, amounting to an attempt to achieve social order and stability in the turbulent Industrial Revolution (thereby preserving the class hierarchy). Platt, like other revisionist historians, therefore attempts to examine change beyond the rhetoric of reform, seeking answers in structural considerations, conditions which may have necessitated the particular reform in question.

West (1984) has delineated the historical development of juvenile justice in Canada. Tracing the historical status of youth within corrections, the author suggests that developments in youth justice have primarily been responses to changes in the social life of the country, particularly economic developments (West, 1984). Definition of the "problem" of delinquency, and the development of the justice apparatus responding to it, were articulated throughout history, and West (1984:26) suggests that

the belief that there was a growing 'youth problem' clearly coincided with the...changes in the broader social order.

The eventual passage of the *Juvenile Delinquents Act*, as well as the proposals for the *Young Offenders Act* in the 1970s and 1980s, are based on the needs of the capitalist economy, according to West; in summarizing his analysis of the reforms in the juvenile justice system in Canada, he states that (1984:52)

juvenile delinquency was thus analyzed as the creation of an emergent dominating Canadian capitalist class intent on maintaining control of working-class youth in burgeoning industrial cities.

The current destructuring impetus must similarly be placed within context. An examination of the links between changes in the capitalist state and reforms within the deviance management system is crucial to the understanding of changes in policies and practices of that system. This political economy approach, first delineated by Rusche and Kirchheimer (1939), stresses the interrelated nature of such changes to the political economy; according to Gough (1979:10), this approach is

essentially concerned with the relationships between the economy - the way production is organized - and the political, and social institutions and processes of society.

This perspective calls for the interpretation of the destructuring movement, and the accompanying call for privatization, as measures dictated by the current political, economic and ideological conditions of the modern capitalist state (Warren, 1981).

Accordingly, Scull's (1977:3,11) analysis of the decarceration movement locates reasons for the reform within the structural context of advanced capitalist societies, emphasizing the existence of a "complex dialectical interplay between transformations in the social control apparatus, and changes in the wider social system". Scull (1977:152) argues that decarceration "reflects structural pressures to curtail sharply the costly system of segregative control". In the second edition of *Decarceration* (1983), Scull further developed his analysis of the decarceration movement, answering criticisms advanced following the first edition of the book.

Specifically, Scull (1983) not only delineated the economic necessity for the welfare state to reduce its spending as a critical structural pressure to decarcerate, but also recognized the role of ideological factors in the reform. Scull (1983) criticized himself for not differentiating between the control systems of crime and mental illness in the transformation; the two fields had developed and transformed in different ways. As Cohen (1985:105) has outlined the difference,

while non-interventionism and benign (or not so benign) neglect has indeed been the fate of many of the mentally ill, none of this applies to crime and delinquency...control agencies are becoming more, rather than less interventionist, prison populations are not declining and community control is responsible for the overall system increase.

In effect, then, while the interrelatedness of reform in the two systems of control cannot be denied, the mental health industry has decreased, while deviant populations defined as criminal have come under increasing amounts of control (Scull, 1983). The ideological rationale underlying these differences may be the liberation of the mentally ill (to community-based services), while the current prevailing ideology has recognized the control of deviancy as a crucial component of "law-and-order politics" (Cohen, 1985:105). While the distinction between the two systems of control is important, and the recognition of the interrelatedness of the two systems crucial, it is not within the scope of this thesis to examine the mental health field.

In accordance with a structural analysis of the deinstitutionalization and privatization movements, the following three components will be outlined and examined: economic factors, political factors, and ideological factors which have brought about the push to privatize.

The Economics of Reform

The dominant rhetoric surrounding the move to reduce the role and functions of the state is that of financial restraint. The "economic hardships" of most western industrial

nations have become substantial in the past two decades; in fact, a so-called 'fiscal crisis' of the state has been reached (O'Connor, 1973; Ratner, 1987). Following World War II, the role of the state became central in economics according to Keynesian policies. Accordingly, the state adopted two sets of activities: state provision of social services, and state regulation of private activities (Gough, 1979).⁴ Concurrently, the growth of government was accomplished by growth in its expenditures (Taylor, 1983; Savas, 1987). The provision of public goods and services became a state mandate; the centralization of the provision of such goods was accomplished by the socialization of the costs of providing them (Chan & Ericson, 1981; Taylor, 1983). Governmental fiscal policies, therefore, included increased expenditures on public welfare programs (Taylor, 1985; Wolfe, 1984). The increased expenditures were specifically in three major areas: 1) social insurance schemes, public education and public health; 2) the financing of a public sector labour force, and 3) increases in the cost of services provided in comparison to the increase in costs for consumer goods and services (Taylor, 1983). Therefore, the state assumed responsibility to assist those unable to participate in the labour market, as well as legislating with respect to the protection of the working class and recognizing the right of unions to bargain (Wolfe, 1984).

The growth of government, in terms of size and expenditures, is readily observable in Canada. According to Wolfe (1984), Canada was one of the first advanced capitalist countries to adopt Keynesian economic policies, which were adapted to its economy, based primarily on

⁴John Maynard Keynes, a British economist, provided the theoretical framework for the centralization of economic functions and the increased role of the state in economics (Marchak, 1984; Wolfe, 1984). Keynes argued that the government was required to use its fiscal policy - its taxing and spending decisions - in such ways as to offset the fall in the level of private demand at times of high unemployment (Wolfe, 1984). In terms of unemployment, the government was given the mandate of creating jobs, which would allow people to have enough money for consumer goods, and hence economic growth would continue (Marchak, 1984). Keynes argued that governmental fiscal policies could be used to stabilize the cyclical fluctuations of the private market, economy (Wolfe, 1984). This, in turn, also justified, and indeed made necessary, the demand for higher wages by workers (such demands sustaining levels of aggregate demand), the increased expenditures on social and health programs, and the general commitment to public welfare programs (Taylor, 1983; Wolfe, 1984). This has been referred to as the "socialization of costs" (Taylor, 1983:125).

the export of resource staples. Prior to the adoption of Keynes' principles, Canada's economy had been characterized by a strong cyclical pattern (Wolfe, 1984). The federal government would take on megaprojects (e.g. transportation) in times of economic boom, and in times of bust would reduce its expenditures in an effort to balance the budget (Wolfe, 1984). According to Wolfe (1984:49), "thus government policies tended to exacerbate, rather than mitigate, the effects of cyclical swings in the economy". However, the Depression of the 1930s forced the government to seek alternatives to its economic policies. It was not until the Second World War, however, that the federal government began significantly to increase its control over the economy (Wolfe, 1984). The government then imposed various controls; it created Crown corporations to produce munitions (in the absence of a domestic supplier), it subsidized the building of new plants to produce war supplies, and it imposed controls over key commodities vital to the war effort (Wolfe, 1984). The government also imposed wage and price controls (Wolfe, 1984). The economic expansion of these war years contributed to the growth of unions (their membership more than doubled), thereby strengthening their bargaining power (Wolfe, 1984). In the throne speech of January 27, 1944, the government committed itself to the improvement of "social security and human welfare", and the *White Paper on Employment and Income*, read to the House of Commons on April 12, 1945, demonstrated the government's commitment to Keynesian economic principles by suggesting that it should construct its budget so as to safeguard the economy against recurrent inflation and deflation (Wolfe, 1984:54).

The economic policies of Keynes were applied extensively from the Depression onwards in order to maintain stability in the economy (Wolfe, 1984).⁵ By the late 1960s, however, high inflation became apparent in Canada, as it did in many capitalist economies (Wolfe,

⁵For detailed account of the economic developments in Canada in the 1950s and 1960s, see David Wolfe's article "The Rise and Demise of the Keynesian Era in Canada: Economic Policy, 1930-1982", (1984).

1984). Although the economy improved somewhat in the early 1970s,⁶ inflationary problems continued, and unemployment was rising (Wolfe, 1984). In 1973, OPEC boosted its oil prices, contributing to the general international commodities price boom, and a generalized recession hit the advanced capitalist economies, including Canada (Tarshis, 1981; Wolfe, 1984). By the mid-1970s, stagflation - the persistent co-existence of high inflation and unemployment - was felt in these economies (Crane, 1981). At the beginning of the recession, the Canadian government attempted to sustain the levels of employment and income; however, by 1975, the federal government was beginning to have its doubts about the workability of Keynesian economic policies (Wolfe, 1984). A change in economic strategy occurred, and in the fall of 1975, the Bank of Canada introduced monetary restraint as a method of bringing inflation under control, through the decrease of the rate of growth of the money supply (Wolfe, 1984). The so-called Anti-Inflation Program was subsequently introduced in October 1975 and was intended to reduce the rate of inflation through fiscal and monetary policies, to maintain government expenditure below the gross national expenditure, and which introduced wage and price controls (Wolfe, 1984). The balanced budget concept of the classical school was now making a comeback; as Wolfe (1984:72) suggests,

...the government's new economic strategy indicated that the traditional Keynesian notion of discretionary changes in fiscal and monetary policy to offset fluctuations in the economy was dead and buried; it had been supplanted by a return to the traditional Victorian 'balance the budget' orthodoxy, which had prevailed during the depression.

Crane (1981:1) has concurred with this view, stating that

...Keynesian economic management...had broken down by the mid-1970s when policy-makers found that traditional demand policies could not cope effectively with both inflation and unemployment at the same time.

The emergent economic policies of monetarism came to dominate governmental financial policies (Wolfe, 1984). In Canada, the remainder of the 1970s, and the early 1980s,⁶ have

⁶The federal government adopted restrictive fiscal and monetary policies in 1969-70, which improved Canada's balance of merchandise trade, and pushed the Canadian dollar upwards for the next two years (Wolfe, 1984).

been spent under this policy of restraint through a reduction in the supply of money, and through the government's decreasing commitment to its previous welfare mandate. However, while monetarist policies have been put into effect in certain areas, such as in restricting the money supply, Keynesian policies are still evident in the government's deficit spending. Therefore, while the federal government has assumed steps towards the adoption of monetarist policies, Keynesian economics still remain, to some extent, in Canada. Overall, however, it can be argued, with respect to the role of the state, that

a real move is underway within the state to undermine government's commitment to a social-democratic version of welfare (Taylor, 1983:14).

Overall, some reconstruction of capitalism appears to have occurred (Crane, 1981).

Monetarism is an economic strategy which is characterized by the goal of reducing the role of the state in the economy (Taylor, 1983). Essentially, monetarism calls for "rolling back the state", displacing it from its active role in economics (Taylor, 1983:115). Monetarism advocates the belief that controlling the money supply will enable the management of the economy (Crane, 1981).⁷ When the money supply is held to a stable growth rate, that reflects the underlying productive capacity of the economy, then over a period of time the problem of inflation is solved, and the conditions are created which are conducive to productive economic growth (Crane, 1981). According to Milton Friedman, the economist most associated with monetarism, inflation is indeed "always and everywhere a monetary phenomenon" (Crane, 1981:2). Inflation, then, is a situation where "too much money is chasing too few goods" (Crane, 1981:2).

In order for monetarist policies to work, "rolling back the state" is necessary; according to Crane (1981:2),

monetarists would seem...to say that governments cannot do anything directly to deal with unemployment and recession. Governments can only cure inflation and then rely on the private sector to generate new jobs and make new investments.

⁷For definition of monetarism, see Gilpin (1986).

Minimal governmental interference is advocated; monetarists believe in the workings of the free market place, as well as in the necessity for cyclical supply and demand as a means of determining prices and investment for production (Crane, 1981; Galbraith, 1981; Hanke, 1986). Monetarism views unemployment as a problem to be solved by the free market place (Crane, 1981). The price of labour, like that of any other commodity, is determined by supply and demand (Crane, 1981). Again, government intervention in the form of unemployment insurance benefits and minimum wage legislation are perceived as being adverse to the workings of the market place (Crane, 1981). Monetarists also believe that there is a natural rate of unemployment; no such thing as full employment exists (Crane, 1981).

The active, central role advocated by Keynesian policies for the government, is fundamentally rejected by monetarists. Crane (1981:3) suggests that

...monetarists are adamant foes of the public sector...they would abolish many government regulations, reduce the legal protection afforded unions, cut back on the social security net, and reduce taxes.

The belief in the workings of the free market place necessitates this belief in the reduction of the public sector.

The Thatcher government and the former Reagan Administration have been leaders in the adoption and implementation of monetarist principles (Crane, 1981; Galbraith, 1981).⁸ In economic as well as political terms, these governments are conservative (Galbraith, 1981). Such administrations have perceived the public sector as being too extensive, and have advocated the reduction of the state, both in terms of its size and expenditures (Galbraith, 1981). Since her election victory in 1979, Margaret Thatcher has implemented various monetarist principles (Godley, 1981). In the United Kingdom, reduction of state involvement in the

⁸The Reagan Administration's policies, while monetarist in their focus, follow principles of 'supply-side' economics (see Crane, 1981).

⁹Privatization has occurred in various political and economic systems, and is not a phenomenon that is specific to a certain type of a government. For example, both capitalist and socialist governments have adopted privatization as a viable policy option.

economy, reduction in the growth in the stock of money, lower taxation, and the breaking up of union monopolies have been implemented (Godley, 1981). Similarly, the Reagan government's policies focused on restraint, cutting back on public expenditures. According to Frank Stricker (1984), Reagan's implementation of conservative economics weakened the unions, reduced workplace protests, and undermined the importance of welfare programs. Stricker (1984:55) suggests that these measures, weakening the position of labour, are necessary for monetarism to work; "Reaganomics works against a weak and divided working class". While various countries have adopted monetarist principles, it is important to note that these policies have been strictly adhered to in United Kingdom, whereas countries such as the United States and Canada have adopted some monetarist policies and retained some Keynesian policies.

Privatization is an integral part of this restructuring movement in advanced capitalist economies. Privatization presents an avenue through which the state can withdraw itself from occupying a central role in the economy. Accordingly, privatization has an integral role to play in the implementation and execution of neo-conservative, monetarist policies. Quoting Hanke (1986:15), a professor of applied economics and a senior adviser to the Joint Economic Committee of the United States Congress,

Placing a greater reliance on the private sector is the centerpiece of the Reagan Administration's program of accelerated and sustained economic growth through market-oriented economic policies.

The Reagan Administration, in its 1987 federal budget, proposed to sell some of the government's assets, to withdraw support from some "essentially" commercial activities, and to increase privatization of its services (Hanke, 1986:15). This move is expected to save the United States' government some \$52,100 million over the next five years (Hanke, 1986). The belief in the workings of the market place is legislated; in February of 1982, President Reagan signed Executive Order 12348, which established a Property Review Board to examine privatization possibilities in the area of surplus real assets owned by the Federal Government

(Hanke, 1986). Similarly, the Thatcher administration in the United Kingdom has embraced privatization as a cost-effective approach to the downsizing of government.¹⁰ Throughout the 1980s, that administration has privatized several hundred public enterprises (Hanke, 1986). As Butler (1986:22) has suggested, "Britain's privatization program is a reversal of the sweeping nationalization program undertaken after World War II". By 1986, \$20 000 million of the government's assets had been sold to the private sector, while various services had been contracted out (Butler, 1986). For the Thatcher government, privatization has represented a viable economic tool to deal with the economic troubles of the welfare state. Not only has privatization reduced the size and the expenses of the government; it has been seen as a fund-raiser for the state, which in turn may be argued to be beneficial to all members of society in terms of increased public funds to be allotted to areas of need, as well as in terms of the reduced size of the national debt.

Privatization has been adopted and implemented by various countries as an economic policy, as have other aspects of monetarism. From the economic perspective, these shifts from the public to the private sector constitute a major shift in the dominant economic thinking, from public to private responsibility for the supply and/or delivery of various previously governmental functions.¹¹

¹⁰The argument about cost-effectiveness is one of the most often cited rationales for privatization; for example, see Hanke, 1986:16-18, 20. In his article entitled "The Privatization Option: An Analysis", Hanke recognizes Adam Smith as an economist who advocated privatization "as a means of eliminating waste and maximizing the value of assets" (Hanke, 1986:16).

¹¹The monetarist policies, and their political, economic and social implications, have been criticized on various grounds. Firstly, these policies are seen to create tremendous unemployment, and to widen the gap between the rich and the poor (Godley, 1981; Schofield, 1984). As well, the populations who depend on government assistance are particularly adversely affected by monetarist policies. Monetarism has also been stated to be a "throw-back" to the pre-1930s classical economics, which, in the long run, created the conditions for economic disaster (Wolfe, 1984). Alternatives to monetarism, such as post-Keynesian economics, have emerged (Crane, 1981).

The Politics of Reform

The shift in economic policies has been accompanied by a political-ideological shift from welfarism to neo-conservatism. As delineated by Savas (1987), the implementation of changes at governmental level must be politically feasible; changes must be accompanied by proper political rhetoric justifying the changes. The ideological benefits of individualism and private enterprise are central to this school of thought; these ideals have accompanied the destructuring movement, in "functional congruence with capitalism" (Gough, 1979:41; Wolfe, 1984:75). There has been a political and an ideological expression of the requirement to destructure and restructure the capitalist state (Taylor, 1983). Neo-conservative thought has set out to restructure the state as it was delineated under welfare policies. Accordingly, neo-conservatism advocates the implementation of a more laissez-faire, free market place economy, with restricted state interference in the economy. The approach thereby advocates

the need to deregulate large sectors of economic life, privatize public corporations and activities, and impose strict limitations on government spending (Resnick, 1984:133).

The paternalistic role assumed by the state regarding less powerful societal groups is criticized as inappropriate (Resnick, 1984). Neo-conservatism is anti-statist, supporting state reductionism and outlining the virtues of free capitalism. This set of ideas, which Schofield (1984:41) has termed to constitute those of the New Right, stress "anti-collectivism, a fervent hostility toward the State, and a belief in the virtues of rugged individualism". In the recession of the last decade, it is not surprising that political advantage in general, and specifically elections, have been won on the platform of state minimalism. The neo-conservatists point to a cause-and-effect connection between welfare policies and the state of economic affairs. As Resnick (1984:138-139) has summarized,

neo-conservatism thus encompasses a number of elements. It invokes individualism against collectivism, and repudiates the principle of equality...it rejects the redistributionist ethic of the welfare state and the interventionist role of government. It evoked populism and traditional morality in defending the social order of capitalism. It claims to be more democratic than its liberal or social democratic rivals. In various combinations, these ideas have contributed to the

electoral victories of the New Right in the U.S., Britain and Canada.

Attacks on social expenditures are, therefore, central for the New Right ideology, translating to reconsiderations of government spending on social programs (Resnick, 1984). The neo-conservative emphasis on minimal restrictions to do business has had an impact on the role and power of unions in such countries as Great Britain, the United States, and Canada. Indeed, it is the unions which have strongly opposed privatization and other decentralization initiatives, and governments have had to deal with these sources of political power. Madsen Pirie, imagining a conversation that could have occurred between Mrs. Thatcher and her aids, thought that the discussion could have included the following dialogue:

"All right, who votes against us?" - "Prime Minister, of course, we tend to find the Labour Party dominated by members of the labour unions". "Right, I want less of them". And indeed, there are now one-third fewer members of labour unions than there were (Pirie, 1988:4).

Union opposition has been strong, and is well-documented.¹² Unions are indeed one component of the bureaucratic structure of the welfare state whose power the neo-conservatists wish to reduce, if not eradicate.

These political and ideological viewpoints have produced an agenda which has corresponded with the economic policies of monetarism in advocating the extensive use of privatization and, therefore, the increased role of the private sector in the economic life of advanced capitalist societies. Chan and Ericson (1981:38) have accordingly suggested that

the welfare capitalist state is experiencing increased difficulty and the fiscal level in terms of its growth in relation to the private sector, especially when its role as a provider of social welfare services appears to have expanded rapidly. Consequently, there is pressure at all levels of government to reduce spending and limit expansion. Thus, our analysis provides some evidence to support the economic origin of decarceration as a government policy.

While the size and expenditures of the state have been reduced in various areas of government policy, it is crucial to realize that destructuring of the state has not occurred in

¹²see Hastings & Levie (eds.) (1983), whose work outlines union opposition in Great Britain. As well, the union position has been outlined by Ashley (1985); and Magnusson et al. (1984) have discussed union opposition in British Columbia.

all areas of government activity; in fact, some areas have experienced expansion. This restructuring has followed guidelines set out by the ideology of the free market place; financial support has been provided for initiatives that are conducive to business efforts, and government has adopted a role as a leader in paving the way for business efforts to increase in certain areas. Therefore, while monetarist policies have been adopted, Keynesian principles appear to be retained and utilized.

It is also curious to realize that, despite claims of decarceration within corrections, there has been a steady increase in adult carceration in Canada since 1945 (see Table 1). In fact, according to Chan & Ericson (1981:39), "there is a general increase in "flow" through the penitentiaries as well as a net increase of the standing population". Similar increases have occurred at the provincial level in British Columbia, as is evident in Table 2. The budget allotted to adult custodial services in the province has steadily increased during the recession (Table 3); this has also occurred at the federal level, as is apparent in Table 4 (Statistics Canada - Adult Correctional Services in Canada, 1984/85:110).¹³

Subsequently, it is crucial to realize that, while economic considerations have played a role in the reduction of the state, ideological and political considerations have influenced the change to take different forms in various areas of government mandate; while decreases have been experienced in certain areas of governmental services, the operating funds of other services have been increased, such as those of corrections. Therefore, while overall governmental policy may be reductionist in nature, specific areas of government concern may receive increased funding. The ties which this may have to ideological factors is crucial to recognize.

¹³Salaries and benefits are a considerable component of these expenditures (Statistics Canada - Adult Correctional Services in Canada, 1984/85).

Table 1

Canada - Federal Prisons - Adult Count, 1945-1988

Year	Adult Count	Rate per 10,000 Adults (ave.pop.)
1945	3,362	4.0
1946	3,752	4.4
1947	3,851	4.6
1948	4,260	4.7
1949	4,740	5.1
1950	4,817	5.1
1951	4,686	4.9
1952	4,934	5.0
1953	5,120	5.1
1954	5,507	5.4
1955	5,508	5.3
1956	5,433	5.1
1957	5,770	5.3
1958	6,295	5.7
1959	6,344	5.6
1960	6,738	5.9
1961	7,156	6.2
1962	7,219	6.2
1963	7,651	6.4
1964	7,518	6.2
1965	7,444	6.0
1966	7,185	5.6
1967	7,057	5.4
1968	7,161	5.3
1969	7,375	5.4
1970	7,416	5.3
1971	7,731	5.4
1972	8,760	6.0
1973	9,157	6.1
1974	8,456	5.5
1975	8,971	5.7
1976	9,392	5.8
1977	9,509	5.7
1978	9,362	5.5
1979	9,424	5.5
1980	9,482	5.4
1981	10,183	5.6
1982	11,321	6.1
1983	11,875	6.3
1984	12,267	6.5
1985	12,755	6.8
1986/87	12,318	NA
1987/88	11,969	NA

Note: The numbers refer to on-register counts, not the actual count of adults in federal

prisons.

Also, the cited years between 1986 and 1988 are fiscal years.

NA= Not available.

Source: Province of B.C., Ministry of Attorney-General, Corrections Research Information System, 1987; Province of B.C., Ministry of Solicitor-General, Support Services Branch, Management Information and Evaluation Section, 1989; Statistics Canada - Canadian Centre for Justice Statistics. *Adult Correctional Services in Canada, 1987-88*. Minister of Supply & Services Canada, Ottawa, January 1989:132.

Table 2

B.C. - Provincial Gaols - Adult Count, 1945-1989

Year	Adult Count	Rate per 10,000 Adults (ave.pop.)
1945	498	7
1946	590	8
1947	719	10
1948	778	10
1949	846	11
1950	914	11
1951	893	11
1952	1052	13
1953	1,139	13
1954	1,115	12
1955	1,143	12
1956	1,341	14
1957	1,423	14
1958	1,814	18
1959	1,732	17
1960	1,907	18
1961	2,036	19
1962	2,167	20
1963	2,222	21
1964	2,222	20
1965	2,338	20
1966	2,405	20
1967	2,404	19
1968	2,223	17
1969	2,168	16
1970	2,212	16
1971	2,068	14
1972	2,044	13
1973/74	1,819	11
1974/75	1,811	11
1975/76	1,643	9
1976/77	1,717	10
1977/78	1,723	9

1978/79	1,673	9
1979/80	1,660	9
1980/81	1,496	8
1981/82	1,698	8
1982/83	2,043	10
1983/84	2,015	9
1984/85	1,995	9
1985/86	1,907	9
1986/87	1,837	8
1987/88	1872	9
1988/89	1817	8

Source: Province of B.C., Ministry of Attorney-General, Corrections Research Information system, 1987; Province of B.C., Ministry of Solicitor-General, Support Services Branch, Information and Evaluation Section, 1989.

Table 3

B.C. - Total Operating Expenditures for Adult Custodial Services, 1980-1987

Fiscal Year	\$ '000 (current dollars)
1980/81	29,674
1981/82	34,756
1982/83	45,906
1983/84	48,870
1984/85	54,758
1985/86	54,466
1986/87	61,426

Source: Statistics Canada - Canadian Centre for Justice Statistics. *Adult Correctional Services in Canada, 1984-85*. Minister of Supply & Services Canada, Ottawa, April 1986:156; Statistics Canada - Canadian Centre for Justice Statistics. *Adult Correctional Services in Canada, 1987/88*. Minister of Supply & Services Canada, Ottawa, Jan. 1989.

Table 4

Total Federal Operating Expenditures for Custodial Services, 1983-1988

Fiscal Year	\$ '000 (current dollars)
1983/84	419,526
1984/85	457,627
1985/86	464,247
1986/87	402,653
1987/88	526,119

Source: Province of B.C., Ministry of Solicitor-General, Support Services Branch, Management Information and Evaluation Section, 1989; Statistics Canada - Canadian Centre for Justice Statistics. *Adult Correctional Services in Canada, 1987-88*. Minister of Supply & Services Canada, Ottawa, January 1989.

Privatization

Defining the Term

The term privatization refers to the overall shift of responsibility for functions previously performed by the public sector (the government) to the private sector (Kent, 1987; Perryman, 1984; Savas, 1987). It signifies a process of rendering something private through the withdrawal of the state (Veljanovski, 1987). The reduction of state involvement, and the concurrent increase of private sector involvement in the provision of public goods connotes privatization. It is a move toward the "private provision of public infrastructure and services" (Hanke, 1986:14), and "the transfer of government assets or functions to the private sector" (Butler, 1986:21). It is clear then that privatization is a broad term referring to the restructuring of governmental responsibilities, and to the issue of how, and by whom those duties are executed. Accordingly, Ascher (1987:4) has observed that

the word 'privatisation' is an umbrella term that has come to describe a multitude of government initiatives designed to increase the role of the private sector.

Forms of Privatization

The shifting of responsibility from the public to the private sector may take various forms, and be executed in a number of ways. Madsen Pirie (1985:90), a key figure in the field,¹⁴ has stated that privatization is a multivariate method for governmental policy planning:

privatisation is a complex and subtle process. It is not a panacea or a formula. Instead, it is an approach which can operate and focus creative policy ideas. Overwhelmingly, the impression emerged that each case is unique and requires a different remedy.

The transfer from the public to the private sector may involve one or both of the separate functions that government performs; namely, the supply (provision) or the delivery (production) of public goods (Kent, 1987; Savas, 1987). The supply or provision of goods refers to a situation where government decides that a specific item or service is to be provided at a

¹⁴Dr. Madsen Pirie is the President of the Adam Smith Institute in London, England.

collective expense; it is an administrative decision to recognize the supply of such an item or service as falling within the realm of collective responsibility (Kent, 1987; Savas, 1987). On the other hand, the delivery or production of an item or service refers to the actual carrying out of that responsibility, or to the realization of the administrative decision to provide such an item or service (Kent, 1987; Savas, 1987). The former, therefore, refers to the philosophical and administrative acceptance of an item or service as one which should be publicly provided, while the latter refers to the actual implementation of that decision. Privatization, as stated, may involve the act of transfer of one or both of these functions to the private sector. Hence, the relationship between the public and the private sector with respect to the provision of public goods may be categorized as including one, or all, of the following arrangements:

- 1) both functions are performed by the public sector;
- 2) both functions are performed by the private sector;
- 3) the supply is public, while the delivery is private;
- 4) the delivery is public, while the supply is private

(Kent, 1987; Savas, 1987). Savas (1987) has discussed this important distinction regarding the two possible roles of the public and the private sectors. Savas (1987) noted that much of the controversy surrounding privatization concerns the proper role of the state; according to him (1987:61),

The distinction between providing or arranging a service and producing it is profound. It is at the heart of the entire concept of privatization and puts the role of government in perspective. With respect to many collective goods, government is essentially an arranger or provider...Producing the service, however, is a separate matter. A government that decides that a service is to be provided at collective expense does not have to produce it using government equipment and government employees.

The issue then becomes to decide what should and should not be provided at government expense. Savas (1987), has extensively delineated the nature of various goods and services desired by members of society (the terms 'goods' and 'services' are used synonymously in this context - see Savas (1987:35)). These goods fall into several main categories; for the

purposes of this discussion, the most applicable are those of public (or collective) and private (Lovik, 1987; Savas, 1987).¹⁵ Public goods are those items that are non-exclusive and may be consumed by a number of individuals at any given time (Lovik, 1987; Savas, 1987). Private goods, on the other hand, are exclusive; they may only be utilized if the user enters into a transaction to obtain their use (Savas, 1987). While private goods are provided by the marketplace, through the principles of supply and demand, public goods are not; it is these collective goods that fall within the realm of the governmental mandate (Savas, 1987). This is a consequence of the nonexclusive quality of such goods, which may be utilized without everyone necessarily paying for them directly (Savas, 1987). Payment for these goods is often achieved through mandatory measures, such as taxes (Savas, 1987). However, since such payment is non-direct, and is not governed by the principles of supply and demand, it is a political process through which this decision is made. It is also a political decision as to the quantity of collective goods that will be provided (Savas, 1987). As well, the allocation of collective funds to the provision of specified collective goods is a political process, as is the decision regarding the recipient group (Savas, 1987). Private goods may also be provided by government; examples of such collectively provided private goods include education, food, mass transit, and public housing (Savas, 1987). As Savas (1987:52) has pointed out,

if no use is made of the exclusive property of private and toll goods, that is, if there is little or no charge for their use, then in effect the good is being treated as a common-pool or collective good...What has happened with worthy goods, simply put, is that society, acting through government, decided to provide certain private and toll goods completely or partly at collective expense.¹⁶

It may be said that the collective provision of certain goods may be necessary owing to their classification as collective goods, or as private goods worthy of collective

¹⁵ For an extensive discussion on the nature of goods, and the rationale for their classification, see Savas, 1987.

¹⁶Toll goods refer to goods which are used jointly, but for which users must pay; these goods, therefore, have an exclusive nature. As Savas notes, the more difficult it is to exclude someone from the use of a toll good, the more likely it is that such a good will be treated as a collective good (Savas, 1987). Examples of toll goods would include cable television and various utility services, such as electric power and water supply (Savas, 1987).

responsibility. Essentially, goods may be reclassified so as to fall within or outside of the mandate that a particular government has determined for itself.

However, privatization represents the notion that such collective responsibility does not necessarily connote any requirement that the state provide these goods. According to Lovik (1987:31),

Although the characteristics of certain goods may require that they be public goods or quasi-public goods, it does not logically follow that government must produce or supply them.

Savas (1987:59-60) has correspondingly stated that

...the argument that a particular service is 'inherently governmental' or that it is a 'basic function of government' should be treated with caution. The service may be inherently a collective good, and may even be provided as a government responsibility, but it need not be produced by a government agency and government employees.

Privatization reflects this ideology; it is concerned with the shifting of the functions of supply and/or delivery from the public to the private sector.

Privatization may take one of several forms. These forms include government vending, intergovernmental agreement, grant, voucher, franchise, free market (competition), contract, and voluntary service (Kent, 1987; Savas, 1987). While these various possibilities will not receive attention within the context of this discussion, their general format is noted.¹⁷ Where both the supply and the delivery of goods is privatized, the government relinquishes all financial responsibility for the specified item of service.¹⁸ In effect, they are completely transferred over to the private sector. This may only occur with private goods provided by the government; by definition, collective goods may not be "sold off" to the private sector (Savas, 1987:93-94).¹⁹ Such a sale does not, however, have to include the whole item or service;

¹⁷For an extensive discussion regarding these forms of privatization, see Savas, 1987, Chapter 4.

¹⁸However, some legislation or other regulatory mechanism may still be utilized to regulate the particular item or service.

¹⁹The government may decide to stop providing a collective good altogether, thereby leaving

parts of the whole may be sold. Collective goods, on the other hand, may be privatized through intergovernmental agreements, through contracting out, or via voluntary sector involvement (Savas, 1987). Quasi-public goods, the worthy private goods provided by government, may be privatized through the delineated forms of privatization, as well as through the utilization of grants and vouchers.²⁰ Out of these possible arrangements for the private provision of collective goods, contracting has served as the predominant avenue for privatization; according to Savas (1987:68), "such 'contracting out' is the arrangement most commonly referred to in discussions about privatizing conventional public services". Contracting out refers to an arrangement whereby government enters into an agreement with a private firm or a nonprofit organization for the provision of a specified item or service (Kent, 1987). In such agreements, a government remains the supplier of the item or service, while the contracted private body delivers the service. Contracting has played a major role in the privatization of social and correctional programs. The contractual provision or delivery of services has been established in various areas, as will be examined within the context of the province of B.C. in the next chapter. The actual process of privatization will also be discussed in the following chapter, in the context of the provisions adopted in British Columbia.²¹

¹⁹(cont'd) it to each consumer and the private sector to seek such goods, if they deem it desirable. Also, private goods which are classified as "worthy" of public provision, such as food and education, may not be easily privatized through a complete sale.

²⁰Intergovernmental agreements refer to an arrangement where a government pays another government to supply a service; vending refers to an arrangement where the private sector arranges for government to provide certain services for it; contracting out is an arrangement whereby the government supplies the good, but the private sector delivers it according to a set contract between the two parties; in the grant arrangement, the producer is given a subsidy (in form of money, tax exemptions, etc.) in order to reduce the cost of the service to the user; and vouchers are provided by the government to individuals in order for them to be able to utilize services which are privately provided (Savas, 1987, Chapter 4).

²¹For discussions regarding the process of privatization in the overall sense, see Savas, 1987, Chapter 8; Walker, 1988; author unknown, "Privatization in the United Kingdom Outline of Typical Steps To Privatisation", obtained from the Privatization Group, Victoria, B.C., 1989.

The privatization movement, then, is, at one level, about re-examining the proper role of government, and its functions. What should the government provide? To what extent? How should it execute and realize its duties and functions? These are fundamental questions with respect to privatization. Essentially, privatization represents a reclassification and recategorization of state role and functions so as to encourage private involvement in the provision and/or delivery of services to society. The privatization of crown corporations, for example, has been about the transfer of the provision and delivery of private goods from the public to the private sector. Conflict regarding such sales has been primarily between labour and government, but otherwise such sales have not received much debate or attention. It is the privatization of various welfare programs, such as those pertaining to health, social services, and corrections, that have been disputed, discussed, and disagreed on. At a fundamental level, such debates have addressed the role and functions of government, and disagreement has focused on the welfare and the free market models of economics and politics. Whether government should have as its mandate the provision of a particular item or a service is a question of politics; privatization represents the neo-conservative ideology of less government and more private sector involvement in the provision of services. The classification of items and services is hence also flexible, and what would at one point be perceived as a public good could be reclassified as one of a private nature. The welfare state did not exist until post World War II; the questioning of the welfare state is manifested in the implementation of privatization in advanced capitalist societies.

Privatization Around the World

Privatization has occurred throughout the world, in both Western as well as Eastern nations, in developed and undeveloped economies (Letwin, 1988; Veljanowski, 1987; Wynne, 1986; Young, 1987). Great Britain has served as a model for privatization; one of Mrs. Thatcher's most significant policies since her election to office in 1979 has been destatism through privatization (Pirie, 1988; Veljanoski, 1987). Much of the privatization in Great Britain

has been in the form of selling off state corporations and public utilities, through the sale of public assets to private corporations. Sold governmental bodies include British Rail Hotels, Cable & Wireless, British Aerospace, Jaguar Cars, Amersham International and British Steel (Veljanowski, 1987; Young, 1987). In the United States, various government services have been privatized; garbage collections and street maintenance are two often-cited examples (Butler, 1987). Extensive privatization initiatives have been documented in over 70 countries, including France, Turkey, Spain, West Germany, Japan, China, Israel, South Africa, Hungary, the Soviet Union, Cuba, Bangladesh, Brazil, Thailand, Taiwan, The Phillipines, Mexico, Guatemala, Honduras, Costa Rica, and Argentina, to name a few (Wynne, 1986). Privatization is extensively used by a number of nations as a tool to restructure governments and their functions.

Privatization in Canada

Privatization has gained momentum in Canada in recent years. In his 1985 budget address, Finance Minister Michael Wilson stated that

The government...places a high priority on rationalizing the current structure of Crown corporations. Crown corporations with commercial value but no ongoing public policy purpose will be sold. (Smith, year unknown, page 5).

The Office of Privatization and Regulatory Affairs was established in 1986, which controls and implements the privatization process at the federal level (Smith, year unknown). So far, the privatization efforts have been in the area of the sale of Crown corporations; according to the Office of Privatization and Regulatory Affairs, the federal government, at the present time, is primarily concerned with the sale of such corporations, not with the privatization of other government functions (April 14, 1989, Privatization Conference). In April of 1987, there were 171 commercial Crown Corporations, wholly-owned by the federal government, in Canada ("Privatization In Canada" pamphlet, year unknown.) A total of 18 Crown corporations have been privatized, in full or in part, including Teleglobe Canada, Fishery Products International,

CN Hotels, Air Canada, and Northwestel.²² The federal government is considering the sale of other corporations, such as Petro Canada (Kierans, 1988). Privatization is a fundamental policy of the federal government at the present time, and new areas for its implementation are currently being researched and reviewed.²³

Privatization in Corrections

The role of private enterprise in corrections is undoubtedly one of the most important current issues facing Canadian corrections in this decade (Braithwaite, 1986:i).

As has been already discussed, privatization within social services and corrections has often assumed the form of contracting of the services. This contracting has been either of entrepreneurial or of a non-profit nature, depending on the body to which the contract has been awarded. Therefore, contracting in corrections has generally assumed one of two forms:

- 1) non-profit organizations receiving funding from the government;
- 2) profit organizations receiving funding from the government.

However, the proliferation of contracts has been accompanied by an increased number of terms that categorize these services; there now exists a myriad of "quasi-nongovernmental", "non-governmental", "quasi-governmental", "non-profit", "for-profit", and "proprietary" services (Gilbert, 1984; The Prison Journal, 1985; Report of the Task Force, 1977a; Social Planning Council of Metropolitan Toronto, 1984; Weddell, 1986). As well, the variety of funding sources for a service has contributed to a difficulty in distinguishing the precise nature of a particular service in terms of its governmental or non-governmental nature; as Weddell (1986:15) has suggested,

a clear cut distinction between private and public social service organizations is often difficult to make when all sources of support are considered.

²²This information is up-to-date to April 18, 1989.

²³For an extensive discussion regarding Canada's approach to privatization and the implementation of the policy in Canada, see Walker, 1988. Also, an Information Kit is available from the Office of Privatization and Regulatory Affairs (1988).

While privatization has affected both social services and corrections, the focus of this work is on corrections. However, the interrelatedness of the two fields is important to recognize, particularly with respect to the target group of youth, as a person may fall within the mandate of one or both of these areas, thereby 'qualifying' for a wide variety of programs.²⁴

²⁴Considerable research has been done with respect to privatization within social services. The Social Planning Council of Metropolitan Toronto conducted a study specifically addressing the commercialization of human services in Ontario (1984). According to their statistics, privatization has been extensive: 1) over 90% of the province's 332 nursing homes were operated for-profit; 2) over half of the province's beds for the elderly were provided for-profit, compared with 27% in the rest of Canada; 3) almost half of Ontario's 70,000 licensed day care spaces were in the commercial sector; 4) one out of every three residential beds for children in Ontario were for-profit; 5) half of the contracts for homemaking services purchased by Ontario's local Home Care Programs were with commercial agencies; 6) more than 6300 people in Homes for Special Care Program were in for-profit nursing residential homes; 7) most of Ontario's approximately 450 rest homes/retirement homes were commercial; and 8) for-profit corporations began to manage public hospitals in the province in 1983. A report by the John Howard Society of Alberta (1985) also discussed privatization within social services in Canada. According to the Report (1985:3),

In Canada, and particularly in the provinces of Ontario, British Columbia and Alberta, substantial shifts have recently occurred from the government into the community and private sector...

Correspondingly, the Minister of Social Services and Community Health for Alberta recognized in October 1984, that

the constant challenge of our Department is to provide social and health services in a way that encourages and supports individual, family and community responsibility for health and social service needs. At the same time, we must manage our resources in such a way that we uphold our commitment to provide quality service... I believe that the most effective way of accomplishing these goals is... to look to non-government organizations for delivery of the required services (The John Howard Society Report, 1985:35).

Accordingly, 55% of the Department's budget was being spent on contracts and grants with non-government and community agencies (John Howard Society Report, 1985:36). With respect to British Columbia, the Ministry of Social Services and Housing has produced a document entitled "Purchase of Service Contracting" (unpublished, 1988), which delineates contractual agreements that this particular Ministry has made for service with non-governmental agencies and bodies. As well, a report called "Abandoned Teens" was produced by the B.C. Government Employees Union, which airs and addresses concerns about the provision of adequate social services when government services are being reduced and contracted out (October, 1986).

Within corrections, the challenge in recent years has been one of meeting two competing demands, those of fiscal restraint and an increased level of incarceration (Albrect, 1986; Mayer, 1986; Mullen, 1985; Savas, 1987). The growth of prison populations in the 1970s and 1980s, both in the United States and Canada, is well-documented (Cullen, 1986; Hackett et al., 1987; Mayer, 1986; Michalowski & Pearson, 1987; Ratner, 1987; Robbins, 1986; Weiss, 1987). Pressure regarding the dichotomy of the needs versus the resources has initiated a search for alternative means of service delivery; the "fiscal crisis" has promoted a search for other mechanisms of deviance management. According to Mullen (1985:1),

Faced with reduced levels of federal assistance, dwindling local resources, and little public tolerance for similar cutbacks in public services, many jurisdictions have looked to the private sector to resolve the dilemma.

Similarly, Fenton (1985:42) delineates the growth in prison populations and in the costs of deviance management, recognizing the potential of the private sector in aiding in the resolution of the dilemma: "...new approaches need to be tried. Perhaps in this society that is driven by private enterprise, we can involve elements from the private sector to contribute alternatives". As with other areas of governmental involvement, the change in ideology regarding the government's role has served as an impetus to the increased reliance on the private sector to provide correctional delivery options (Gandy & Hurl, 1987). The notion that "big government" is undesirable, and that the private sector is "a potentially viable alternative for public programs" has contributed to the private sector involvement in corrections (Braithwaite, 1985:1).

These existing conditions have provided a fertile ground for the introduction, and the implementation, of privatization measures in corrections. Specifically, the fiscal stress on the correctional system, the promise of savings through the adoption of privatization, the political feasibility of such an action, and the criticisms levelled at the existing system of corrections, with respect to its ineffectiveness and inhumanitarian nature, have all contributed to the adoption of privatization within corrections (Savas, 1987).

While the current push for private sector involvement in the delivery of correctional services is new, a considerable degree of private sector participation has existed throughout correctional history (Albrect, 1985; Anderson, Davoli, Moriarty, 1985; Harrison & Gosse, 1986; Savas, 1987). Such organizations as the Salvation Army, YMCA/YWCA, Volunteers of America, Prison Fellowship, the John Howard Society, St. Leonard's Society, and the Elizabeth Fry Society have had extensive and long-term involvement in corrections (Anderson, Davoli, Moriarty, 1985; Harrison & Gosse, 1986). With respect to British Columbia, Harrison & Gosse (1986:186) have delineated that

privatization, or at least the notion of contracting with non-governmental agencies for the delivery of certain types of services, was not new in British Columbia. The (Corrections) Branch has long enjoyed a contractually-based partnership with private, non-profit agencies such as John Howard Society, Elizabeth Fry Society, St. Leonard's Society, Seven Steps Society, and many others.

What differentiates the current movement to privatize from the existing contractual relationships with the private sector is the nature and the extent of the current push for privatization. Specifically, privatization is being used to a greater extent, the legitimacy of private sector involvement is justified by economic and political conditions, and the movement is occurring in areas previously considered beyond the realm of private sector participation (Anderson, Davoli, Moriarty, 1985; Savas, 1987). According to Anderson, Davoli, and Moriarty (1985:32),

...the current movement toward privatization encompasses much more than mere auxiliary or supplementary programs; the entire correctional enterprise including construction and management of correctional institutions is targeted for control by private sector corporate interests.²⁵

As well, the current privatization movement has included the resurgence of for-profit organizations within corrections. It is specifically the commercialization of correctional services that has been the central issue regarding debates on privatization (Weiss, 1987). The entrepreneurship of the "for-profit" sector has been discussed and debated. However, the

²⁵The private management of correctional institutions is largely a phenomenon which has taken place in the United States.

involvement of the for-profit sector in corrections is not new; for example, inmate labor was a source of profit for prison administrators in eighteenth century England and United States (Ericson, McMahon, Evans, 1987; Weiss, 1987).²⁶ The concept of punishing for profit, however, remains to constitute a crucial issue for the current privatization push, especially for its critics; the fundamental change in thinking regarding governmental responsibility, from which private entrepreneurs may benefit is questioned. According to Weiss (1987:273),

The real focus of neo-conservative social policy, liberal and radical critics argue, is privatization as commercialization. In a complete reversal of conservative position on policy, government programmes that were once considered a drain on business...are now valued as a new market, where entrepreneurs can turn administrative costs into potentially large profits.

The shift from the public to the private sector for the provision and/or delivery of services and goods previously thought to fall under the exclusive jurisdiction of the government has also disturbed critics. In the introduction to the privatization issue of the *Prison Journal* (1985:i), it was stated that

Perhaps one of the most visible impacts on the American society promoted by the current administration in Washington has been the movement toward privatization of services formerly thought to be the exclusive responsibility of the public sector...What we see happening...is the creation of private corporations whose sole purpose is to make a profit by owning and/or operating jails, prisons, and detention facilities.

In the United States, some correctional facilities are currently managed by private corporations; these include county jails, detention facilities for illegal immigrants, and a few minimum- and medium-security institutions (Mayer, 1986; Weiss, 1987). Primarily, however, privatization has occurred within youth corrections, whether it be correctional facilities, wilderness programs, group homes, or other institutions. Such corporations include the Eckerd Foundation, Corrections Corporation of America, Eclectic Communications, Behavior Systems Southwest, and Palo Duro Private Detention Services. These corporations have begun to administer correctional institutions and programs (Mayer, 1986).

²⁶For an extensive discussion of the profit-making enterprises within corrections in Anglo-American history, see Ericson, McMahon, & Evans, 1987; Weiss 1987.

Aside from legal and constitutional issues raised with respect to the private delivery of punishment,²⁷ private sector involvement in the actual running of institutions has raised important issues regarding the role of the state; it has been argued that the power to punish is a political power, and hence non-transferable to the private sector (Weiss, 1987). While private sector involvement in the actual administration of punitive institutions is being examined, this is a controversial issue. According to the delineation of collective versus private goods offered earlier, the provision of a correctional service should arguably remain the responsibility of the state, while the delivery could be privatized. However, even supporters of privatization within corrections have questioned the validity of the transfer of authority; according to Gandy (1986), authoritative functions should remain the responsibility of the government (also Elvin, 1985; Mullen, 1985). Privatization inside prisons has often consisted of the implementation of a particular privatization measure (such as privatizing laundry or food services), not the privatization of the administrative functions.

The search for alternatives to the public sector has also affected community-based programs. The proliferation of diversionary programs has been documented by various authors. It is specifically in the area of "alternatives" that extensive privatization has occurred. That is, it is the "soft-end" of the correctional continuum that has been privatized to a considerable degree. For example, Ericson, McMahon & Evans (1987) have outlined the proliferation of privatization in the soft-end of corrections in Ontario. The involvement of such organizations as the Salvation Army and the John Howard Society has expanded in recent years in a number of areas, such as those of bail supervision, probation supervision, victim services, inmate counselling, family support, employment counselling, and particularly various services in the area of youth corrections (Ericson, McMahon & Evans, 1987).²⁸

²⁷See Hackett et al., 1987; Mayer, 1986; Robbins, 1986.

²⁸Private sector involvement in youth corrections in Ontario has also been described by Daniels (1986), supporting the findings of Ericson, McMahon & Evans (1987).

Warren (1981), has examined the proliferation of private agency-operated programs in the United States in a number of welfare and correctional areas. Warren (1981:726) has particularly outlined the transfer from the public to the private sector, suggesting that "...what is real is the transfer of responsibility for 'social junk' from state budgets to various combined welfare-private profit systems that cost the state less and provide numerous entrepreneurial opportunities". This private agency involvement has been considerable in various areas, including youth corrections, in the fields of physical and mental health, and care of the elderly; in all these areas, shifting of responsibility has taken place from the public to the private sector. This move has accompanied the ideological push for community-based care and correction, based on attacks regarding the harmfulness of traditional institutions of exclusion. Indeed, Warren (1981:738) identifies a connection between the recognition of the validity of community care and the privatization phenomenon, noting that deinstitutionalization, "proposed as a way to lessen the identity-damage of deviance-processing, led to transinstitutionalism and the increased potential for poor material care".²⁹

Teilmann van Dusen (1981) similarly has linked the push for community-based corrections to the privatization phenomenon in the area of youth corrections. According to the author (1981:801),

In recent years there has been a growing movement to remove juvenile status offenders from locked or secure facilities.

Tracing both federal and state initiated programs aimed at the deinstitutionalization of youth in the United States, Teilmann van Dusen asserts that the movement has been widespread;

²⁹ Warren's reference to "poor" care reflects the author's critical perspective regarding privatization (1981). Warren's analysis, while providing a useful analysis of the linkage between the shift to community-based corrections via deinstitutionalization, and the move to privatize, appears to suggest that all privatization is for-profit, and the poor quality care that results is a disastrous consequence of yet another reform movement. As the author states (1981:738), "...attempts at reform of supposedly harmful social control practices can often backfire and promote new and different types of harm to clientele". While the consequences may be unintended, this does not necessarily imply that the objectives of the "reform" have not been met; privatization may well have served the interests that promoted it in the first place, particularly those of economic savings for the public sector, and economic gains for the private sector.

for example, California's legislation (AB3121) mandated the total removal of all status-offenders from the traditional containment institutions (Teilmann van Dusen, 1981). Less restrictive measures to deal with such youth were called for, and programs set up to deal with youth in such a manner (Teilmann van Dusen, 1981). According to the author (1981), the theory and practice regarding less restrictive programs for youth status offenders have not always coincided. Furthermore, the author (1981) suggests that the deinstitutionalization of youth has led to them being subject to various other kinds of care and control, through redefinition of their deviancy as requiring protective or mental health care.

The "extension of the carceral 'ladder' into the community" has received attention from Ericson, McMahon and Evans as well (1987:363). The linkage between the ideological thrust for community-based corrections has allowed for the proliferation of private sector agencies within corrections (Ericson, McMahon & Evans, 1987). The authors (1987) suggest that not only has private sector involvement increased within corrections vis-a-vis community-based corrections, but monopolization has also occurred; subsequently, large agencies, whether non-profit or for-profit, have become, and are increasingly becoming, important in the delivery of justice at the soft-end of the correctional continuum - in community-based corrections.

Scull (1985) has extensively delineated the move towards the "open parts of society" for the delivery of social control, and the accompanying involvement of the private sector in the delivery of this less-intrusive, more cost-effective form of control delivery (Cohen, 1985:124). The diversion of the offender into the community has provided the private sector with increased opportunities to become involved in the delivery of justice. Subsequently, a proliferation of programs has occurred to meet the needs of those diverted to the community, run by the private sector.

The increased involvement of the private sector in the community-end of corrections has been noticeable. The linkage of this involvement to the push for diversionary programs has also been established. Privatization is, therefore, a crucial component of the move towards community corrections. As well, it subscribes to the ideology of diminution of the state, which community-based responsibility reflects and enhances (Weiss, 1987).

This chapter has attempted to accomplish three main tasks: to place privatization in the historical context of the concept of 'reform', to discuss the state's role in the provision and delivery of public goods, and to delineate the economic, political, and ideological framework for privatization. Hopefully, what has emerged from the preceding discussion is the concept of privatization as a phenomenon that possesses linkages to a socio-economic and political context within which it has occurred; as Ericson, McMahon and Evans (1987:356) have suggested,

The contemporary debate over the 'privatization' of corrections raises fundamental questions about the penal system. At issue is the locus of the power to punish; the nature of the penal reform process; the relation between the state and civil society regarding both punishment and reform; and the role of the political economy in both punishment and reform.

Accordingly, the following chapter attempts to delineate the context for privatization in British Columbia, with reference to the province's specific economic, political and ideological conditions which have induced the extensive adoption of privatization as a governmental policy.

CHAPTER III

PRIVATIZATION IN BRITISH COLUMBIA

Introduction

This chapter will explore the economic, political, and ideological context of privatization in British Columbia. It is contended that changes in the economic conditions of the province, and in the prevailing political ideology, have influenced government policies regarding its duties and responsibilities, and have made privatization a viable and a suitable alternative to government-centered economic policies. The discussion will provide a brief overview of the province's history, concentrating on the period from 1970 to the present, as it is in this time frame that conditions conducive to decentralization and privatization policies became apparent (Morley et al., 1983). The actual progression of the privatization movement will then be delineated, and the process of privatization outlined. Lastly, the rhetoric surrounding and supporting privatization is discussed.

The Political Context

British Columbia became a province in 1871 (Encyclopedia Canadiana, 1970). From the outset, and until the 1950s, the province was politically dominated by the Conservative and Liberal parties.¹ The two parties joined forces in 1941, by becoming the so-called Coalition Government, apparently to fight off the ever-present fear of socialism in the province (Mitchell, 1983; Morley et al., 1983). This government reigned until 1952, when the Social Credit party, with W.A.C. Bennett as its leader, won a general election, holding political

¹The Conservative and Liberal parties were eliminated from representation in the legislature in the 1970s (Morley et al., 1983).

power for the next 20 years.² The inter-party bickerings of the Coalition Government, together with an increasingly organized labour movement in the province, contributed to the end of the government's reign; the time was right for the emergence of a new party, that of Social Credit, offering a form of government which was not "of the extreme right or the extreme left, but a middle of the road free enterprise government" (Press statement, March 1953, quoted in Ormsby, 1958:489). Until his defeat by David Barrett and the New Democratic Party in 1972, W.A.C. Bennett led the province through an economic boom, developing its resource industries.³ While in office, William Bennett constructed highways, purchased and developed the ferry system called the British Columbia Ferry Corporation, and developed Hydro power (e.g. the Peace River dam), enhancing the booming economy of the post World War II period (McGeer, 1972; Mitchell, 1983). A campaign to keep the "socialists" out of power (the CCF and then the NDP), parties allegedly controlled by the "professional union bosses", added impetus to the political power of W.A.C. Bennett (McGeer, 1972:221; Morley et al., 1983:3; Seens, 1978:11).⁴ As Bennett stated after his 1969 election victory,

This one is sweeter than them all. The people of British Columbia have stopped the socialists in their tracks. They have saved Canada from socialism (McGeer, 1972:221).

The nature of the economy, based on the extraction and distribution of natural resources, had directed B.C. politics into a labour - business dichotomy, which had divided the electorate into two political camps, necessitating, from the viewpoint of free enterprise, the resolution to

²In 1952, the Conservative and Liberal parties became separate parties again (Morley et al., 1983).

³British Columbia's economy is largely based on its resources, specifically those of forestry and mining (Academic American Encyclopedia, vol.3, 1985; Allen & Rosenbluth, 1986; McGeer, 1972).

⁴The basic difference between the two parties is in their ideology; the Social Credit party identifies itself primarily with private enterprise, while the NDP sees social democracy as its priority (Morley et al., 1983).

keep labour from obtaining political power in the province (McGeer, 1972).⁵ Bennett, in order to deal with this political and economic dichotomy, adopted a populist, middle-of-the-road approach to politics in the province, attempting to play the role of a negotiator between the two interest groups (McGeer, 1972; Mitchell, 1983; Ormsby, 1958).⁶ As Mitchell (1983:271) has commented, "for Bennett, government's role was to regulate, referee, encourage, prompt and, occasionally, to intervene". The premier attempted to create a brand of state capitalism, where the government played an increasingly important role in the economic life of the province without, however, sacrificing the impact of private enterprise. This role of an "interventionist" (Mitchell, 1983:422) was reflected in his 1970 annual provincial budget speech, in which the premier affirmed a commitment to the improvement of social services in B.C. by stating that

The Government's first policy for this new decade is for people - to provide continuing improvement in government services and to increase social and economic benefits (Mitchell, 1983:422).

However, in the economic instability of the early 1970s, it was apparent that the often conflicting interests of the various interest groups - students, labour, business, welfare recipients, environmentalists - were difficult to address adequately by means of such a middle-of-the-road political approach (Mitchell, 1983). Various unions were demanding increased wages, while Bennett was talking restraint; social and economic unrest was steadily escalating. According to Mitchell (1983:421),

W.A.C. Bennett was the victim of his own success. His economic achievement ... and his political achievement - a polarization of mainstream factions - both contributed in a very direct way to his eventual overthrow. In that sense, he sowed the seeds of his own destruction.

The Bennett approach had "lost much of its zip and zeal"; it had not kept up with social

⁵As noted, the dichotomy is a reflection of the economic structure of the province, where large corporations dominate the industries concerning the natural resources and, therefore, the differentiation between labour and management is pronounced (Morley et al., 1983).

⁶The populist approach is one where its adopter claims to represent the views and interests of ordinary people, as opposed to the elite or organized labour. However, the Social Credit party views free enterprise as an important element within its ideology (Morley et al., 1983).

and economic change (Seens, 1978:3). The party had grown old with its leader (Morley et al., 1983). Indeed, according to Mitchell (1983), W.A.C. Bennett's success as a leader of B.C. had been ensured by the mostly favorable economic conditions of the 1950s and 1960s (see Morley et al., 1983). The economy was buoyant, technological progress marched on, and a great demand existed for B.C.'s natural resources in the world. Mitchell (1983:421) has noted that

without a doubt, W.A.C. Bennett benefitted from the coincidence of running a pioneer government in a resource-rich frontier during the greatest prosperity in western industrial history.

Changes in economic conditions, disenchantment with the leadership of the Social Credit party, and the strong presence of the labour movement in British Columbia brought W.A.C. Bennett's era of power to an end (Morley et al., 1983). His defeat took place on August 30, 1972, when Dave Barrett won the provincial election with 40% of the vote (Mitchell, 1983:416).

The New Democratic Party evolved from the Co-operative Commonwealth Federation, a party founded by the Socialist Party of Canada and the League for Social Reconstruction (Jackson, 1980; Morley et al., 1983). The CCF, which advanced a socialist ideology, changed its commitment to that of a mixed economy in the 1950s (Jackson, 1980).⁷ The present day NDP is not revolutionary, but rather perceives a mixed economy to exist, and is now more concerned with monopolistic control than private ownership itself (Jackson, 1980; Mitchell, 1983; Robin, 1973).⁸ This attitude appears to encourage the utilization of the economy for the fulfillment of social and individual needs - in other words, it promotes democratic

⁷As David Barrett stated in 1969: "In all practical reality we will be living with a mixed economy for a long, long time" (Vancouver Sun, September 26, 1969; quoted in Robin, 1973:308). As noted by Morley et al. (1983), the differences between the Social Credit and the NDP parties are primarily about the means to achieve the goals (ie. the generation of jobs and the maintenance of certain standards of life in B.C.) within the existing system.

⁸Particularly under the recent leadership of Michael Harcourt, the NDP direction may become more 'conservative'.

socialism (Jackson 1980; Morley et al., 1983). Monopoly is disliked, and public ownership, if necessary, is encouraged to break the monopolization of economy by private enterprise (Jackson, 1980).⁹ A mixed economy, with the co-existence of private and public ownership, and the break-up of monopolies, appear to be the NDP's political commitments.¹⁰

In the three years that the NDP held political power in B.C., it attempted to fulfill its political convictions and commitments through legislation. Indeed, the party acted briskly and, in the first year of its office, four hundred bills were brought to the house (Mitchell, 1983:438). This has been referred to as "legislation by thunderbolt" (Mitchell, 1983:438). Although W.A.C. Bennett had taken steps to exert governmental control over the economic life of the province, through the creation of B.C. Hydro and the B.C. Electric Company, as well as through the formation of the B.C. Ferries system, it was the NDP that pushed ahead for governmental takeover of certain areas of economic activity (Seens, 1978). In the spring of 1973, the Insurance Corporation of British Columbia (ICBC) was created. In addition, B.C. Cellulose Ltd. and B.C. Development Corporation (among other crown corporations) were formed, and shares were purchased in Plateau Mills and Kootenay Forest Products (Seens, 1978). The government also invested in such companies as the Panco Poultry and Swan Walley Foods, as well as constructing a rail car manufacturing plant in Squamish. They purchased Dunhill Development (to construct medium and low-cost housing) and several bus lines, and created B.C. Steamships (Seens, 1978). Also, the Barrett government continued with the railway expansion carried out by W.A.C. Bennett (Seens, 1978). *The Mineral Royalties Act* (1974) created tax and royalty obligations for the mining industries, and the *Public Service Labour Relations Act* (1974) affirmed the worker's right to full bargaining in

⁹In British Columbia, the natural resource industries are led by a few large corporations (Morley et al., 1983).

¹⁰Although labour, specifically its embodiment in the B.C. Federation of Labour, was one of the groups whose interests were represented by the NDP, Barrett emphasized that NDP was a "broadly-based people's party rather than...a labour party" (Robin, 1975:310; Morley et al., 1983:110).

B.C. (Mitchell, 1983). It is important to note that not all legislation was actually proclaimed (for example, the *Timber Products Stabilization Act*), and the B.C. Savings and Trust Corporation was never established (Seens, 1978).

According to Jackson (1980), these policies reflected the NDP's distrust of corporate monopolies. For example, big corporations were seen to dominate agriculture, and the party passed a resolution recognizing the importance of individual farm units in B.C.'s agricultural production. Governmental takeovers appeared to be motivated by the desire to stop the monopolization of the economy in the province.

While the NDP government increased expenditures in various areas,¹¹ the Western capitalist economies were experiencing an economic recession (Province of B.C., Annual Budget, 1983/84). The "energy crisis", resulting from the sudden leap in the price of crude oil by the Organization of Petroleum Exporting Countries, precipitated policy changes in the export of natural gas from B.C. to the United States, and intensified the federal-provincial dispute over the control of energy resources (Seens, 1978:1). Inflation also rose by 55.3% in constant dollars during the 1970s (Morley et al., 1983).¹² This situation, coupled with a lack of strong improvement in the social or economic life of the province (Seen, 1978), possibly led to the party's defeat at the polls on December 11, 1975, when the Social Credit party, led by the son of W.A.C. Bennett, Bill Bennett, regained political power in the province (Mitchell, 1983; Persky, 1979). He received the support of the free-enterprise caucus, enabling the defeat of

¹¹For example, B.C.'s 35,000 civil servants obtained pay increases of about 17% in 1974, and vast amounts of money were spent on social services through the creation of new services and programs such as Mincome (which increased old age pensions and the minimum wage) and Pharmacare, as well as through the expansion of existing social services (Persky, 1979; Seens, 1978). For example, as MacDonald (1984:5) has noted, \$148.5 million (current dollars) was allowed for the annual budget of the Ministry of Human Resources in fiscal year 1971/1972, and by 1974 this budget had risen to \$367.4 million (this represents an increase of 147.4 %, an increase which would be more than 50% even allowing for the rate of inflation and any growth in population (MacDonald, 1984).

¹²Population growth was 20.8%, and the B.C. labour force grew by 40% during the decade (Morley et al., 1983).

the NDP. However, according to Morley et al. (1983:90), "the Social Credit vote in 1975 was an expression of opposition to the NDP more than an expression of support for Social Credit".

The re-election of the Social Credit party was largely the manifestation of the younger Bennett's promise to "get B.C. moving again" (Persky, 1979:7). Accusing the NDP of "fiscal mismanagement", Bennett's election promises revolved around the concept of dealing with the economic bust through restraint and restoring the position of free enterprise in the province (Morley et al., 1983:184-185). Bill Bennett utilized budgetary figures to demonstrate the alleged financial incompetence of the NDP. Commissioning an audit from a private firm, the new premier pointed to the estimated budgetary deficit of \$541 million for the fiscal year 1975/76 (which actually was \$261 for that year) (Morley et al., 1983).¹³ Bill Bennett had questioned Barrett's "fiscal credibility", as NDP's budgets had soared in the three years of its power, and as an increased deficit became apparent through the gap between expenditures and revenue (Persky, 1979:26). These fiscal problems, coupled by the numerous and various strikes that occurred during Barrett's reign, painted a picture of economic instability, a picture not admired by the supporters of free enterprise and entrepreneurship in the province (Persky, 1979).

Upon review, however, the accusations of complete mismanagement and careless spending do not appear to be completely true (Morley et al., 1983). The quick realization of the party's ideological goals in terms of its social welfare commitments had left an impression of incompetence; as well, bad publicity added to this picture of mismanagement (Morley et al., 1983).¹⁴ For example, the cash reserves had increased more than forty percent under the

¹³It should be noted that the NDP had planned to implement restraint measures for the 1975/76 budget; upon its defeat, it never had a chance to implement its new economic measures (Morley et al., 1983). For information regarding the actual revenues and expenses of the B.C. government, see Morley et al., 1983:178 and 182, Tables 5 and 6.

¹⁴This is not to deny that the NDP government made financial mistakes while in power.

NDP reign from those of W.A.C. Bennett's government; the provincial debt was down by more than \$110 million since 1972; and provincial assets had increased from \$3.8 billion to \$5.7 billion in the period 1972-1975 (Persky, 1979). Moreover, some of the newly acquired or formed crown corporations were actually showing a profit; for example, the Petroleum Corporation, the Petroleum Mills, Kootenay Forest Products, and the Dunhill Housing were all showing financial gains (Persky, 1979). The exemplary money-loser was ICBC; however, this corporation is still alive today, and constitutes an important financial institution in British Columbia (Seens, 1978). In terms of social services, the NDP did not effectively improve the system; however, it did humanize it (Persky, 1979; Seens, 1978). Nevertheless, the party had indeed fumbled with its financial policies; its expenditures had exceeded its income in the three years of its power.¹⁵ According to a statement made by Neale Adams in 1976, the New Democratic Party's performance could be summarized in the following manner:

Like all myths, the myth of NDP financial bungling has a dash of truth to it...the New Democrats certainly had their chance, and they blew it. Their sin, however, was more political than financial. There's little evidence that they 'wasted' any more money than your average provincial government" (Persky, 1979:85).

Bill Bennett set to work to reform the financial state of British Columbia, according to his vision of economic and investment stability, through restraint and the raising of governmental revenues to balance the budget. ICBC Autoplan premiums were tripled in 1976, and the first budget of the new government called for a two percent increase in the provincial sales tax as well as in provincial income tax. In addition, medicare premiums were increased by fifty percent (Persky, 1979). As well, federally imposed wage and price controls were introduced to the province in 1975 in order to fight the increasing inflation rates.¹⁶

¹⁵According to Stanley Persky (1983), the NDP deficit was likely within the province's \$150 million cash reserves, was comparable to the deficits of the other provincial governments, and had been influenced by the economic recession, not necessarily incompetence.

¹⁶These measures were part of the initial federal monetarist package. The federal government converted gradually to monetary restraint in order to bring inflation under control by decreasing the rate of growth of the money supply. As well, the Anti-Inflation Program was introduced in October 1975, and a policy establishing guidelines for determining wage and price increases was developed (Wolfe, 1984).

Provincial measures were similarly introduced to deal with the fiscal problem. In terms of social services, a temporary tightening of the funding allocated to these services occurred, followed by an expansion and consolidation of social services for the remainder of the 1970s (MacDonald, 1984). By 1979, it appeared that two measures of economic health, the inflation and unemployment rates, were not meeting the promises of the Bennett administration; the calls for restraint and "individual effort" had not produced the desired goal of a four percent inflation rate, but rather the rate stood between 8.5% and 9.5% (down from 10.5% in October 1975), and the unemployment rate had remained around 8.5% since 1975 (Persky, 1979, 1983). The larger world economic climate was, however, still very bleak, and Canada as a whole was confronting similar economic troubles. To some extent, this would excuse the failure to realize the economic goals declared by Bill Bennett. What Bennett was accomplishing, however, was the re-establishment of the free enterprise system in the province. According to Persky (1979:292), the Social Credit government, in the late 1970s, allowed the "private sector to operate with as little hindrance and as much encouragement as possible". The 1970s ended with still-heavy taxation, continuing governmental cutbacks, and the continuing theme of restraint well intact. The same policies seemed likely to continue, when the Social Credit government was re-elected in May of 1979.

One of Bill Bennett's first projects was the public distribution of BCRIC (British Columbia Resources Investment Corporation) shares. In August of 1979, five free shares per B.C. resident were distributed, demonstrating the premier's faith in the workings of the free marketplace (Persky, 1983). This move, sought to teach the people of B.C. about the marketplace, to "give B.C. to its residents", and to create new jobs. However, as the now publicly owned company bought shares in Kaiser Resources, it was noted by Dave Stupich, NDP finance critic, that no new jobs had been created by the purchase (Persky, 1983). Ironically, the shares did relatively well in the first two years, but plummeted to \$5.50 in May, 1981 (from its high of \$7.25). By December 1982, the shares were trading at \$2.50

(Persky, 1983).

Under the banner of "That's the B.C. Spirit", another goal of the Bennett government was the completion of various megaprojects. These included the B.C. Place, the Trade and Convention Centre (the Pier B.C. project), the Northeast Coal project (a borrowed-money trade deal with the Japanese that created the township of Tumbler Ridge), and Expo 86. These developments were oriented towards making the province an attractive place for investment and business, and to create jobs for B.C.'s residents (Persky, 1983). The economic validity of these claims was questionable; however, as Persky (1983) has pointed out, politically these megaprojects were important for Bill Bennett and the Social Credit party, since they sustained a belief in the ability of the government to pull the economy out of recession, and to provide adequate leadership in accomplishing this task.¹⁷ The recession, however, became worse. On February 18, 1982, Bennett made his next move to "save" the province, stating in a televised speech that:

The choice we face today is simple. Either we ask every British Columbian to pull in his or her belt one notch or ask a small number, a growing number, of people to pull in their belts four or five notches (Persky, 1983:195).

Subsequently, a restraint program was announced limiting government expenditures and setting a ten percent ceiling on pay increases in the public sector (Persky, 1983).¹⁸ The B.C. Federation of Labor, as well as the whole public education caucus, expressed concern over these proposed measures. As well, the expenditures on the health care services were stabilized (Evans, 1986).¹⁹ In May of 1982, the *Compensation Stabilization Act* was introduced, containing the central measures of restraint. While containing cutback and restraint clauses, it did not outline the proposed ten percent ceiling on wage increases, giving the government

¹⁷The central government role and expenditure in these megaprojects appears to reflect Keynesian principles.

¹⁸This ceiling for pay increases was for the period 1982-1983, with an allowance of plus or minus two percent accounting for experience, skill shortages and historical relationships. An additional two percent was to be allowed for increases in productivity (Persky, 1983).

¹⁹For a discussion of the trends in B.C.'s health care, see Evans, 1986.

arbitrary power to do as it wished with such raises. Overall, the economic outlook was not optimistic, as the unemployment rate was 11.2%, the inflation rate was at 11.5%, and home mortgages about twenty percent (Persky, 1983). Although Bennett promised, that no jobs would be lost through these proposed measures, layoffs and service cuts were already occurring (Persky, 1983). For example, by May 1982, one thousand health care workers had been laid off (Persky, 1983). The restraint measures became increasingly tough, and unemployment was so bad that restraint was actually beginning to sound like a good approach to the "problem" at hand. According to Brian Kieran, a Sun reporter, the Bennett government had "managed to use rampant economic pessimism to its political and fiscal advantage" (in Persky, 1983:222).

By early November, 1982, unemployment reached a record of 14.2% in British Columbia, with more than 200,000 people out of work in the winter of 1982 and early 1983 (Province of B.C., Annual Budget, 1983/84; Persky, 1983). The gross provincial product declined by 7% in that year (Province of B.C., Annual Budget, 1983/84). Despite these political problems, the Social Credit government was re-elected on May 5, 1983. The provincial budgets at this time spoke of "tentative signs of recovery", such as a lower unemployment rate, while still stressing that the "period we are entering will not be one of easy prosperity" (Province of B.C., Annual Budget, 1983/84). On July 7, 1983, the new government introduced both its budget and 26 Bills, termed the "restraint package", which were directed towards tackling the so-called "New Reality"; that is, a changed capitalist world characterized by stagflation and recession, and accompanied by a declining demand for B.C.'s natural resources (Dobell, 1983:14; Magnusson, Carroll et al., 1984:23,281). According to Schofield (1984:41), the main goal of the new restraint measures was to "reduce the weight of government in the economy and to stimulate the growth of private enterprise". In other words, the same ideology was legislated as before, but this time with more fervour than in the preceding years of Bill Bennett's office. As noted, Bennett had been able, it seemed, to

give the word "restraint", and its implications, a positive image; his government gave the appearance of being able to control the bleak economic situation (Malcolmsón, 1984:75). Both in terms of politics and economics, the budget represented the government's changed prioritization of goals and concerns (Dobell, 1983). That is, money was still being spent by the government, but it was redirected and reallocated to areas advantageous to the free enterprise system. As Dobell (1983:10) has noted,

A government which elects to continue work on a domed stadium or Expo 86 or subsidized coal exports and to save a few thousand dollars by cutting income tax support to the handicapped is making a statement about priorities...

It could be argued that political preferences were reflected in the financial shuffle of the July 1983 budget (Dobell, 1983). The budget and the new Bills contained the following main items:

- strict limits on Ministry expenditures (aside from the non-discretionary health and social service programs);
- "public service downsizing"; that is, measures cutting the number of public employees through dismissals, reorganization, contracting out, and privatization (Bill 2 - *Public Service Labor Relations Amendment Act*; Bill 3 - *Public Sector Restraint Act*).²⁰
- a wage restraint clause, containing the continuation of the Compensation Stabilization Program with new wage guidelines of minus to plus 5%, the limitation of the scope of the collective agreement with the BCGEU, as well as an amendment of the *B.C. Labor Code* that eliminated the Labor Relations Board and shifted power back to the employers (Bill 11 *Compensation Stabilization Act*, and Bill 2).²¹
- legislation abolishing certain public offices, including the Rentalsman's Office (Bill 5 - *Residential Tenancy Act*), regional planning rights (Bill 9 - *Municipal Amendment Act*), mandatory Motor Vehicle Inspection through the closure of motor vehicle testing branches

²⁰Bill 2 died on order paper, and Bill 3 became law on October 21, 1983, with some amendments that were negotiated by the public sector.

²¹Bill 11 became law on October 21, 1983.

(Bill 23 - *Motor Vehicle Amendment Act*), and the Human Rights Branch and Commission (Bill 27 - *Human Rights Act*).²²

- a centralization plan, placing control in Victoria (i.e. in the hands of the provincial government) (Bills 3, 5, 6 - *Education Finance Amendment Act*, 19 - *Institute of Technology Amendment Act*, 20 - *College and Institute Amendment Act*, 21 - *Crown Corporation Reporting Repeal Act*, 23 and 27).²³

The budget was declared by Finance Minister Hugh Curtis to be an attempt to seek reductions in the size and cost of government, focus on employment opportunities in the private sector; tie the province over until full economic recovery was achieved; and, lead to a balanced budget within the next several years. The revenue measures in the budget included increases in sales taxes on various items; the exemption of some 15,000 businesses from property tax on machinery and equipment; a \$10,000 actual value exemption for business and industrial property taxpayers; and the move to sell or contract out services previously operated by the government (Province of B.C., Annual Budget, 1983/84). Essentially, the budget sought to downsize the government and its expenditures, and to increase incentives to the private sector. According to Dobell (1983:20-21),

Its purpose was to put fear into the hearts of unions, interest groups, and administrators, and strength into the will of private sector employers, and thus pave the way for more significant social change, removing a vast array of impediments to unfettered executive action; removing barriers to resource use, land use, exploitation of common property; stripping the power of unions which might limit the apparent attractiveness of B.C. as a site for foreign investment.

Bill Bennett and his government were essentially proposing the implementation of certain key aspects of so-called monetarist policies. The legislation came down hard on labour while providing ideological, financial and political support for free enterprise. The "market

²²Bill 5 died on the order paper, but was replaced by Bill 19, in 1984, which was essentially identical, and became law on May 6, 1984. Bill 9 became law on October 21, 1983, as did Bill 23. Bill 27 died on the order paper, only to be replaced by Bill 11 in 1984, becoming law on May 16, 1984.

²³Bills 6 and 19 became law on October 21, 1983, while Bill 20 became law on September 23, 1983. Bill 21 died on the order paper.

mechanisms" were now to take over (Allen & Rosenbluth, 1986:5; Dobell, 1984:25), and British Columbia was to be an attractive place for financial investment. Accordingly, Hugh Curtis (Province of B.C. Annual Budget, 1983/84:2) stated in the budget that

I remain committed to a government role in the economy which supports private initiative, which provides permanent and rewarding jobs, and which builds a secure and prosperous economic future.

The implications of such steps and measures were, and are, uncomfortable for organized labour. Indeed, the free enterprise ideology, and the actions that the government has taken on its behalf, clearly threaten unions and their ability to bargain for wages, benefits and other working conditions.

The day following the introduction of the budget and the restraint package, four hundred provincial government employees were notified that they would no longer have their jobs as of October 31, 1983. In the face of such cutbacks and eliminations of jobs, rights and general welfare clauses, it was not surprising that labour was going to take action in the province (Carroll, 1984). What was perhaps surprising, however, was the extent of the protest. On July 11, 1983, Art Kube, the president of the B.C. Federation of Labour, announced the creation of Operation Solidarity; a collective body of concerned union locals, municipal organizations, women's groups, senior citizens, Native Indians, the B.C. Federation of Labour and other bodies opposing the restraint measures that had been introduced (Carroll, 1984). From its inception until mid-November, successive protests occurred in the province (Carroll, 1984). A strike by 35,000 members of the B.C. Government Employee's Union was joined by 42,000 education sector workers on November 8. The strike was resolved on November 13 when a deal was struck, with the government withdrawing Bill 2 and exempting the BCGEU from Bill 3 (with the implication that all other unions would also be exempted) (Carroll, 1984). This move seemed to demobilize the concerned group, and in May of 1984 the human rights legislation (Bill 27), a central issue in the controversy, was passed without much protest (Carroll, 1984). Although the Solidarity organization continued to exist, it had lost its

momentum. The movement was finally "really beaten" at the Expo 86 site (Garr, 1985:156). Bennett granted a right to non-union workers to work on the megaproject site via amendments to the *B.C. Labor Code*, a right which effectively stripped the construction workers of bargaining power. As Garr stated in 1985 (p.159),

Expo 86 is the promise all men have waited for; it is the dream that has warmed them during their endless months on unemployment insurance and welfare. Now they see it all being blown away in a non-union hurricane.

Once again, the idea of free enterprise, based on the belief that it is the saviour of B.C.'s economy, made itself apparent. Bennett stated:

The growth of non-union firms is simply an example of the market in action - a gale of competition in a previously insulated environment...(Garr, 1985:166).

Jim Pattison, the central figure of the Expo project since 1980, agreed:

It was a major philosophical change that we were going to have an open site in downtown Vancouver (Garr, 1985:167).

It appeared that Bennett, the "tough guy" (Garr, 1985), had beaten the wind out of Solidarity and the labour movement in general.

The restraint measures, introduced in the spring of 1983, continued to increase and develop, as directed by the Bennett government. On January 3, 1984, the government announced the layoff of three hundred to four hundred public employees by March 31 of that year; on February 20, the Bennett administration, in its 1984/1985 budget, brought in cuts in funding to all Ministries, as well as eliminating grants to students. This was the first budget since 1952 in which the government was planning on spending less money than the previous year (Garr, 1985). As well, the budget announced a plan to fire 2000 public employees by March 31, 1984 (Magnusson, Carroll et al., 1984). In his introduction of the budget, Hugh Curtis cited three major objectives:

- the policy of reducing the size and scope of government would continue;
- the government's commitment to the preservation of "essential" social services would be maintained; and

- the government would take steps to capitalize on the benefits of restraint in order to build a more stable and secure economic future for B.C. (Province of B.C., Annual Budget, 1984/85). The ever-toughening approach to labour was described as the "new and more realistic approach to employee relations in the public sector" by the Finance Minister (Province of B.C., Annual Budget, 1984/85:17). At the same time, Curtis noted the "continued commitment to encouragement of individual initiative" - that is, incentives for free enterprise (Province of B.C., Annual Budget, 1984/85:17). The Social Credit government was able to do this without the loss of significant public support in this time of recession, owing to people's perception of the need for restraint (Garr, 1985).

By the time the 1985/86 provincial budget was introduced by Curtis, the government appeared to be well on its way to adopting Bennett's approach to the so-called "New Reality". Indeed, the Finance Minister claimed in the budget that

Had we not introduced bold, and innovative policies of restraint, we would now...be facing even more difficult decisions. Instead, British Columbians have responded by moderating demands for wage increases and increasing productivity. We are now ready to undertake a program to develop and diversify our economy, enabling us to meet the challenges of the new international trading environment (Province of B.C., Annual Budget, 1985/86:1).

Speaking of a "new era of growth", the budget accordingly introduced: a) taxation measures to reduce the cost burden on business and industry as well as to provide incentives for new investment; b) industrial development programs to encourage and assist the establishment and expansion of industries in the province; c) new programs of investment in the natural resource base, providing jobs; and d) investments in "major public projects" to provide employment (Province of B.C., Annual Budget, 1985/86:7-8).

Part of this building project for a bright economic future was the realization of Expo 86, the Coquihalla Highway, the Advanced Light Rapid Transit System, and the plan to build the Annacis Bridge across the Fraser River. These megaprojects, exemplified by the Expo 86 project, were to "bring the world to British Columbia" by introducing new markets and

investors to the province (Province of B.C., Annual Budget, 1985/86:15). Similarly, in his introductory remarks to the 1986 budget, Curtis noted that

We believe this year of Expo 86 represents for British Columbians not only the successful culmination of many years of planning and hard work but also the beginning of a new period of growth and prosperity, an era marked by an expanded world role for this province (Province of B.C., Annual Budget, 1986/87:1).

Expo 86 came and went rather smoothly, aside from the International Woodworkers' Union twenty-week strike. The financial benefits of the world fair (or lack of them) seem somewhat unclear, but it is safe to say that its benefits fell far below those heralded by Bill Bennett at its inception and during the course of its development. According to the 1987 provincial budget, the Expo debt was \$171 million - a reality which did not meet Bennett's 1982 announcement that "Expo will stand on its own and even make a small surplus" (Garr, 1985:168; Province of B.C., Annual Budget, 1987/88).

A provincial election was held on October 22, 1986. The glory of Expo 86 was still prevalent, and the Social Credit government was re-elected. Bill Bennett had announced his desire to retire from politics in May of that year, noting that he had accomplished what he had set out to do with the completion of Expo 86. Bill Vander Zalm, the Liberal-turned-Social Credit politician and the long-time "enfant terrible" of the party was elected as Bennett's successor in the beginning of August. Vander Zalm, known for his tough approach to whatever happened to be his political concern at the time,²⁴ proposed continued tough measures in order to restore the province's economic well-being. The 1987/88 budget clearly outlined a tough approach towards labour, as well as the continued support for business development in the province. According to Mel Couvelier, the new Finance Minister,

One message frequently heard by government and business leaders from potential investors and trade partners is their reluctance to make British Columbia a home for their capital because of our reputation for labour conflict. This reputation must be changed... The government clearly must take action (Province of B.C., Annual Budget, 1987/88:2).

²⁴He had been the Minister of Human Resources, Minister of Municipal Affairs, Mayor of Surrey, and the Education Minister.

Vander Zalm acted on his words; the developments with Bills 19 and 20, and amendments to the *B.C. Labor Code* and the *Teaching Professions Act*, clearly indicated that the government intended to continue the "tough" approach towards labour. This approach seems to continue; the 1989/90 budget (p.5) indicates that the provincial government desires that "prudence and caution" be used in wage discussions with labour.

The Vander Zalm government is also dedicated to the continued downsizing of the government and its services; privatization out can presumably, therefore, be expected to continue, as well as the assignment of a secondary priority to welfare and social service issues.²⁵

The present government appears dedicated to the promotion of a pro-business climate in British Columbia. Accordingly, the government advocates policies of decentralization, downsizing, and increased private sector involvement in the delivery of various services in the province. Arguably, these policies have grave consequences for organized labour, a claim which the present government disputes.

These political developments have been accompanied by economic shifts which have reinforced the move to privatize. It is this context that will be now reviewed.

The Economic Context

British Columbia's economy has always been based largely on its resources (Magnusson, Carroll et al., 1984). Indeed, at the time of its union with Canada in 1871, a census of the then colony noted that the economy consisted mainly of mining, agriculture and trade, with some manufacturing (Caves, Holton, 1976). As well, export of the products of the fishing, hunting, forestry and mining industries represented a prominent feature of the economy

²⁵The 1989 Budget, as will be delineated, introduced increased funds for social services and education; however, these areas still remain secondary in priority to free enterprise.

(Caves, Holton, 1976). At the end of the nineteenth century, mining lost some of its export importance, while the level of trading in forestry and fishing products increased (Caves, Holton, 1976). By the early 1900s, the province had established a manufacturing base, lessening the need to depend on imported manufactured goods; however, the resources were still its primary economic base, and, according to Caves & Holton (1976:157),

The manufacturing sector in 1911 was so large...because of the processing of goods for export rather than because of the production of goods for local consumption.

From the early 1900s to the mid-1900s, the "extractive industries" continued to grow, with the province establishing itself as a trade partner with many of the world's markets (Caves, Holton, 1976:157). The secondary and tertiary sectors of the economy, such as the service, transportation, and trade sectors, were also growing (Caves & Holton, 1976). As far as the primary industries were concerned, mining, with lead and zinc as its major minerals, continued to expand. Similarly, the forest industry experienced growth. Agriculture, on the other hand, began to shift more towards fruit and vegetable production, rather than field crops (Caves & Holton, 1976). In this century, forestry products have indeed become dominant, with mining and fishing still playing a role in the export economy.

These goods, in various forms, continue to provide the basis for the province's economy. For example, in 1980, approximately 71% of B.C.'s exports were resource products, while only 29% involved secondary manufacturers and services (Allen, 1986a). According to Allen (1986), there has been little change in these proportions during the last half century.

Extensive growth has occurred in the province in this century; the total production of goods and services has increased, with the population growing proportionally (Allen, 1986a). This is the result of an export economy that has dominated the province's economic growth (Allen, 1986a).

British Columbia's economy has been, and is, largely dependent on the export of its goods, and the concurrent importation of foreign goods, as well as that of foreign investment. Today, the present government is pushing to expand the so-called "export-oriented secondary manufacturing" (Allen, 1986a:10); in other words, it is attempting to persuade foreign investors to commit capital to the province's economic development. Accompanying this initiative is the desire to create and maintain a stable labour environment, where disturbances are kept to a minimum, as well as a tax structure which is conducive to such investment (Allen, 1986a). Accordingly, as Allen (1986a:11) has noted, the solution, according to this perspective, is to

curb organized labour, depress wages, and reduce social and educational spending in order to allow tax concessions to foot-loose foreign firms.²⁶

The annual provincial budgets of the 1980s appear to stress this point; for example, Mel Couvelier, the current Minister of Finance, clearly stated in the 1987/88 budget (p.2) that,

One message frequently heard by government and business leaders from potential investors and trade partners is their reluctance to make British Columbia a home for their capital because of our reputation for labour conflict. This reputation must be changed.

The government, it appears, wants to change the image, and the reality, of B.C. as a resource-dependent, export-oriented province. The government desires to facilitate growth of secondary manufacturing in B.C., with the aid of foreign money (Allen, 1986a; Province of B.C., Annual Budget, 1987/88). This also represents adoption of some monetarist policies.

Conservatism and Economic Restraint

The adoption of elements of monetarism, in terms of its general principles, seems to have occurred in B.C. Facing what Bennett termed the "new economic reality", that of fiscal crisis owing to a decreased demand for B.C.'s raw materials, the Social Credit party today,

²⁶Looking at the 1987/88 provincial budget, education is not mentioned within the expenditure priorities (p.9), and, with respect to health care, the budget increased by \$237 from the fiscal year 1986/87 for the Ministry of Health; however, the budget notes the rising costs of health care, and proposes user fees to meet these costs.

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hopes to attract new investment to the province, in order to increase local secondary manufacturing (Allen, 1986a; Marchak, 1984).²⁷ Although the province has attracted investment, such finances have not been directed to secondary industries; the corporations, mostly American and Japanese, have only been interested in the raw materials, transporting them to other areas for manufacturing (Marchak, 1984).²⁸ Essentially, the province continues to rely on its resource industries, remaining a peripheral economic area (Marchak, 1984). In hopes of changing this situation, the provincial government is attempting to create conditions in the local economy attractive to foreign investors interested in secondary manufacturing in B.C. Tax incentives have been introduced (Province of B.C., Annual Budget, 1987/88) and an ongoing effort is underway to "stabilize" the labour environment in the province (Marchak, 1984:30). The 1989/90 annual budget (p.2) actually underscores successes in this area of contention, the Minister of Finance stating that

Today, I congratulate labour and business in the province for their willingness to renew collective agreements last year without excessive wage or concession demands.

At the federal level, free enterprise through minimum government intervention in the marketplace is advocated (Marchak, 1984). The Free Trade Agreement, effective January 1, 1989, has added impetus to the call for free enterprise, establishing less restrictive trade relations between Canada and the United States. Mel Couvelier, Minister of Finance and Corporate Affairs for B.C., states in the 1989/90 (p.2) provincial budget that

We believe that the free trade agreement is a key to British Columbia's business competitiveness in the international marketplace. By providing access to the huge United States market, we can refine the export capability of our home-grown industry.

British Columbia has subsequently entered into an agreement with the State of Washington for the mutual promotion of trade, investment and tourism in the two jurisdictions (Province

²⁷Although desire for foreign investment is not monetarist per se, the encouragement of private enterprise is characteristic of the general monetarist perspective.

²⁸Current foreign interest in the real estate market in the province is also providing the province with foreign funds. This activity, however, appears highly controversial, especially among the urban populations.

of B.C., Annual Budget, 1989/90). As well, the province is engaged in an ongoing effort to "strengthen current ties" with Pacific Rim countries, an activity exemplifying the provincial government's dedication to the building of B.C. as a province based on free enterprise initiatives (Province of B.C., Annual Budget, 1989/90:4).

Concurrently, to cope with the fiscal crisis which hit B.C. in 1982 and was caused primarily by the restrictive economic policies regarding export in the United States and Canada,²⁹ the government has proposed, and implemented, reductions in its size and role, "downsizing" itself through cut-backs and privatization (Schofield, 1984:43). These restraint measures have been taken in various areas, including those of health, education, and social services (Marchak, 1984). The measures taken by the Social Credit government indicate, according to Redish and Schworm (1986), that the government is interpreting the recession as indicative of structural changes in the economy, rather than as the cyclical functioning of the free market place. That is, the government is perceiving a restructuring of capitalism, and is consequently restructuring its economic policies. The provincial government has responded by encouraging the continued expansion of private enterprise, including foreign investment, and by involving the private sector in the provision of services (Schofield, 1984). According to Schofield (1984:45),

The B.C. government's case for 'recovery through restraint' rested on the notion of creating business confidence by limiting government intervention in the economy.

In this vein, the Minister of Finance stresses in the 1989/90 budget (p.4) that

...the private sector must take the lead, be competitive and aggressively use our advantages...

In turn, the role of the government is to serve the role of a manager, a "catalyst" (Province of B.C., Annual Budget, 1989/90:4).

²⁹These restrictive policies were part of the monetary and fiscal restraint pursued by the governments of Canada and the United States in an attempt to deal with the inflation rates built up during the oil price hikes by the OPEC countries, in 1979-1980. Since B.C.'s economy is largely based on exporting its natural resources to U.S. and Canadian markets (and others), the recession was 'brought home' to B.C. (Schofield, 1984).

It, therefore, appears that British Columbia's government has opted for the adoption of both Keynesian and monetarist policies; while encouraging private enterprise to assume an ever-increasing role in the province's economy, the provincial government has not abdicated its role in the economic life of the province. Monetarist notions regarding the workings of the free market place, of individualism, and of relinquishing governmental responsibility for direct services through privatization manifest the strategic influence of such policies in the province. The budgets following that of 1983/84 have provided tax incentives to investors and to business in general, attempted to curtail the power of labour, implemented cut-backs in various services, and introduced, until the past two years, overall reduction in the welfare role of government (MacDonald, 1984; Marchak, 1984). This economic and political line adopted by Bill Bennett has continued under Bill Vander Zalm; the labour developments (specifically the introduction of Bill 19), and the provincial budgets exemplified this approach.

However, the 1989 annual provincial budget differs from those preceding it this decade, in its increased emphasis on social programs (Province of B.C., Annual Budget, 1989/90). The previous year (1988) was one of economic growth for the province; in this more stable economic environment, the government, in the 1989/90 provincial budget, introduced increases for certain types of social programs, such as housing, education, health, social services, and services for seniors (Province of B.C., Annual Budget, 1989/90; Provincial Report, April 1989).³⁰ However, these increases do not suggest shift in the economic or the political perspective; initiatives to encourage and aid economic development in terms of free enterprise continue (Province of B.C., Annual Budget, 1989/90). As well, through continued and expanded privatization measures, private sector involvement in the provision and/or delivery continues to grow. These recent trends in governmental policy point to a somewhat confused picture of provincial economics; it appears that the provincial government has shifted its

³⁰Environmental programs also received financial recognition, with an allotted \$200 million to the protection of the environment (a jump of some 90% from the previous budget) (Province of B.C., Annual Budget, 1989/90; Provincial Report, April 1989).

stance on the provision of welfare services, from downsizing to supporting them. This indicates a co-existence of Keynesian and monetarist policies, and may be indicative of political manouvering. It is important to note, however, that the government continues its stance on the shifting of responsibility for such services from the public to the private sector; the role of privatization, therefore, appears as a continued, important policy of the government. This, in turn, indicates the government's willingness to reduce its size, while seemingly meeting a role in the provision of welfare services. Therefore, what appears as a consistent and a continued trend is the reallocation of the responsibility for the delivery of such services, and the restructuring of the state. Privatization has been a tool to achieve this end.

The Chronology of Governmental Commitment to Privatization

The formal introduction of privatization as a viable tool for the B.C. government to utilize occurred in the 1983 annual provincial budget. This budget outlined the government's commitment to the privatization of various services which it had previously delivered under the mandate of welfare policies. According to the budget, privatization was to occur wherever possible (Province of B.C., Annual Budget, 1983/84; Langford, 1983). Citing the need for fiscal restraint, owing to the province's economic troubles, the government declared its intention to "eliminate unnecessary government" (Province of B.C., Annual Budget, 1983/84:3-11,15). According to Hugh Curtis, then the Minister of Finance, "the government intends to give the private sector the opportunity to take over functions and activities not appropriate to government" (Province of B.C., Annual Budget, 1983/84:15). Privatization was, therefore, recognized as an avenue through which the rethinking of government, and specifically the restructuring of government and of its priorities, were to be realized. Privatization, in the 1983/84 budget, was proposed as a cost-effective measure to fight the economic recession, as well as a measure to correct the perceived imbalance between the

government and the private sector in terms of their roles in the economic life of the province; the government had been 'overextended'.³¹

The 1984/85 budget (p.10) outlined the government's continued desire to privatize, owing to the perceived cost-effectiveness of privatization. The privatization of various government services was announced, including those falling within the welfare mandate, such as the contracting out of most government-operated child care facilities non-profit societies (Province of B.C., Annual Budget, 1984/85). Specifically, the Minister of Finance stated that "...the policy of reducing the size and scope of government will continue" (Province of B.C., Annual Budget, 1984/85:1), and delineated this to occur through privatization:

Another key element of the expenditure plan is the shifting of activities from the government to the private and non-profit sectors (Province of B.C., Annual Budget, 1984/85:10).

The continued governmental policy of restructuring was evident in the following year's budget, with emphasis placed on the importance of the private sector for the economy (Province of B.C., Annual Budget, 1985/86). The annual budgets for 1986 and 1987 similarly expressed the ongoing goal to reduce the size and scope of government, calling for "affordable government" (the so-called stabilization program) (Province of B.C., Annual Budget, 1986/87:5-6). This year's Budget expresses privatization as a focal policy of the provincial government, as new possibilities for privatization continue to be examined in all areas of government operations. According to the Minister of Finance (Province of B.C., Annual Budget, 1989/90:15),

Privatization has been a major success. Not only has it generated over \$300 million for the Privatization Benefits Fund, but it has also provided opportunities for expansion...Over the next year, we will continue to examine other facts of the government's activities to identify functions more appropriately located in the private sector.

³¹According to the 1983/84 budget (p.4), 1 out of every 4 jobs in the province was within the public sector.

In accordance with the trend to downsize the public sector, while expanding the role of the private sector in delivering services previously performed by the government, privatization has been a central tool utilized to achieve this end.

Actual Privatization Measures in British Columbia

The provincial government has actively engaged in privatization projects since 1980. However, it was in the spring of 1987 that a task force, comprised of senior private sector executives, reviewed provincial crown corporations, and in the summer of that year, a public service task force reviewed ministry operations to ascertain possible privatization projects. This signalled the commencement of a so-called Phase I of the government's full-scale privatization program. In August 1987, the Cabinet reviewed the findings of these task forces, and a list of privatization proposals was approved. October 23, 1987 signalled the systematic implementation of privatization; the Premier announced the Cabinet decision to privatize the list of approved projects (Government of B.C., "Privatization Briefing Book", 1988; Government of B.C. "Privatization - Outline for Speech", 1989). According to the Auditor-General's Annual Report (1989:69),

On October 23, 1987, the Premier announced that the Government would be restructured through two major programs: decentralization and privatization. The new privatization program represented more than a mere continuation of a move toward privatization; it greatly accelerated the thrust.

On the same day the announcement was made, the Premier named two Crown corporations and 11 government operations that would be sold or transferred to the private sector (Auditor-General's Annual Report, 1989). A Privatization Implementation Committee was formed, consisting of three deputy ministers. The functions of this Committee are the co-ordination of privatization efforts, and the making of recommendations to Cabinet (Auditor-General's Annual Report, 1989). As well, the Privatization Working Group was formed to support the Committee, consisting of members of various ministries as well as the

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private sector (Auditor-General's Annual Report, 1989). A Privatization Benefits Fund was also established to hold the proceeds from completed privatization programs. This Fund is expected to receive \$304 million during 1988/89, and the 1989/90 estimates are at \$322 million (Province of B.C., Annual Budget, 1989/90).

Various Crown corporations and ministry functions have been privatized since 1980. Table 5 provided a list of completed privatization projects (up to January 6, 1989), while Table 6 shows a list of projects currently under implementation (up to January 6, 1989).

While recognizing that "some mistakes (were) made and lessons learned" from the initial privatization projects, the government now states that "the overall success rate has given the Province confidence to proceed" (Government of B.C., Privatization Facts", March 1988:3). In line with the government's policy to downsize itself, and in the face of this apparent success, can be expected that more privatization measures will be adopted in the future.

The Privatization Process

Selection for Privatization

The current schedule for privatization is shown in Figure 1. Privatization projects may be initiated by the Cabinet, the CCOP, the Ministries, government employees, or the private sector.³² Many of the privatization initiatives came out of the two task forces of 1987, which identified various privatization projects. Privatization projects, once identified, are given to the privatization working group, and registered. The submitted proposals are then reviewed and evaluated by the particular ministry within which the privatization projects is to be done. This evaluation considers the consistency of the proposed privatization project with the overall

³²Administrative procedures for processing initiatives from each of these sources are currently under development.

Table 5

B.C. - Completed Privatization Projects

Project	Ministry	Type of Privatization	Date
B.C.R.I.C.	Crown Corp.	Free shares	1979
Mail services	PSGS	contract	past 10 years
handyDART Transit Services	B.C. Transit	contract	1980
Seedling Production	F&L	devolution	since 1980
Government Printing	PSGS	contract	since 1982
Aerial Photography	E&P	contract	1983
Court Reporters	A.-G.	contract	since 1983
Prov. Treasury Bond Reg.&Transfer Serv.	F&CR	contract	1983
Beautiful B.C. Magazine	Crown Corp.	sold	Sept.1983
Wildlife Review Magazine	F&P	assets sold	Dec.1983
Legal Services	A.-G.	contract	1983/84 ongoing
Chaplain Services	A.-G.	contract	1983/84
Youth Residential Attendance Programs	A.-G.	contract	1983/84
Crown Counsel	A.-G.	contract	1983/84
Data Entry-Regst.&Transfer Services	F&CR	contract	1983-85
Coquitlam Regional Linen Services	Health	closure	1984
Pacific Coach Lines	Crown Corp.	sold	1984
Fraser River Flood Control Program	E&P	contract	1984
Support Services for Computers	PSGS	contract	1984
Arbitration Non-Monetary Landlord/Tenant Disp.	L&CS	contract	1984
Records Storage & Retrieval	PSGS	contract	1984
Child Care Resources	MHR	contract	1984
Vehicle Licence/Insurance Sales	T&H	transfer-Autoplan	1984
Barnston Island Ferry Service	T&H	contract	April 1/84
Woodfibre-Darrell Bay Ferry	T&H	contract	April 1/84
Victoria Reg. Laundry Services	Health	transfer	April 1/84
Pearson Hospital	Health	transfer (society)	April 1/84

Civil Document Services	A.-G.	fee for service	April 1/84
Manning Park Lodge & Ski Area	E&P	assets sold	April/84
Cypress & Seymour Ski Areas	E&P	assets sold	April/84
B.C. Systems Corp. Mainframe Operations	F&CA	cont.	Sept.84
Food Services	A.-G.	contract	1984/85 on
Community Service Orders	A.-G.	contract	1984/85
Parks (45)	E&P	contract	1984 on
Audit of Fed. & Prov. Agreements	F&CR	contract	1984 ongoing
Licensing-Securities, Insur.& Real Est.Brokers, Agents & Salesmen	F&CR	devolution	1985
Royal Hudson Steam Train	TR&C	transfer	1985
Tranquille Institution University	MHR F&L	contracts lease	closure 1985 1985
Endowment Lands Golf Course			
I.C.B.C. General Insurance Div.	L&CS	assets sold	Feb./85
Dairy Herd Improvement Program	A&F	contract	July 1/85
Travel InfoCentres	TR&C	devolution	1986-88
B.C. Accomodation Guide	TR&C	contract	July 1/87
Highways R&B Maintenance	T&H	contract	Oct.23/87
Riverview Hospital	Health	transfer	Jan. 1/88
Soil Laboratory	Agri.	sold	Jan. 21/88
Queen's Printer Publications	GMS	sold	Jan. 21/88
Swine Improvement Program	Agri.	transfer	April 1/88
Langford Sign shop	T&H	sold	April 8/88
Technical Publications	EMPR	sold	May 3/88
Youth Council	Educ.	contract	May 31/88
Telkwa Nursery	Forests	sold	June 22/88
B.C. Steamships	Crown Corp.	sold	July 14/88
Three E Training	Finance	sold	July 15/88
B.C. Hydro - Mainland Gas Division	Crown Co	sold	July 20/88
B.C. Hydro - Rail Division	Crown Corp.	sold	July 27/88
Forest Nurseries (6)	Forests	sold	July 22/88
Sound Control Studies	T&H	sold	Sept. 2/88

Hydrographic Surveys	T&H	sold	Sept. 26/88
Environmental Laboratory	Environ.	sold	Sept. 29/88
PEMC	Educ.	contract	Dec. 2/88
Dairy Laboratory	Agri.	sold	Jan. 4/89

Sources: Auditor-General. *Annual Report*. March 1989:73;
 Government of B.C. "Government Restructuring - Privatization Summary", 1988;
 Government of B.C., "Summary of Completed Privatization/Government Restructuring Projects",
 Jan. 6, 1989;
 Government of B.C., "Briefing Note - Previous Privatization Initiatives", March 24/88;
 Stanbury, W.T. *Privatization in Canada*, May 1987.

Abbreviations of Ministries: A.-G.= Ministry of Attorney-General; A&F= Agriculture and Fisheries; Agri.=Agriculture; Educ.= Education; EMPR= Ministry of Energy, Mines and Petroleum Resources; Environ.= Environment; E&P= Environment and Parks; F&CA= Finance and Corporate Affairs; F&CR= Finance and Corporate Relations; F&L= Forests and Lands; GMS= Ministry of Government Management Services; L&CS= Labour and Consumer Services; MHR= Ministry of Human Resources; PSGS= Provincial Secretary and Government Services; T&H= Transportation and Highways; TR&C= Tourism, Recreation & Culture.
 All ministry names are cited as they were when the privatizations occurred.

Note: The term "transfer" appears to refer, in most cases, to a transfer of the particular services to the private sector; for example, the transfer of Vehicle Licence/Insurance Sales to Autoplan agents signifies a transfer of authority to issue vehicle licences and to sell vehicle insurance.³³

³³The following projects were to be privatized, but Cabinet decided not to proceed: 1) Inland Ferries; 2) Liquor Distribution Branch Stores (old ones - new ones may be privatized); 3) Vehicle Modification Depot; 4) Supply Centre; 5) Vehicle Maintenance; 6) B.C. Hydro - R & D Division; 7) SupplyNet; and 8) B.C. Systems Corp. ("B.C. Government - Summary of Completed Privatization/Government Restructuring Projects", Jan. 6, 1989).

Table 6

B.C. - Privatization Projects Under Implementation

Project	Ministry	Date
B.C. Second Mortgage	MSSH	Jan. 15/89
Hearing Conservation	EMPR	Jan. 31/89
Bee Regulation	Agriculture	Jan. 31/89
Warehousing	various	Feb. 15/89
Koksilah Nursery	Forests	March 1/89
Highways R & B Maintenance	Trans. & Highways	March 31/89
Student Loan Collections	AEJT	March 31/89
Production of Court Transcripts	A.-G.	March 31/89
Correction Services-nursing	S.-G.	March 31/89
Correction Services-religious services	S.-G.	March 31/89
Correction Services-institutional services	S.-G.	June 30/89
Temporary Clerical Assistance	GMS	March 31/89
Family Services	MSSH	April 1/89
Sheriffs Execution of Civil Judgements	A.-G.	June 30/89
Mapping Services	CRL	March 31/90
Queen's Printer Printing	GMS	April 1/90
Publication Services Branch	Education	April 30/91
B.C. Hydro-Victoria Gas	Crown Corp	TBA

Source: *Government of B.C. "Government Restructuring - Privatization Summary", 1989.*

Note: A.-G.= Ministry of Attorney-General; AEJT= Ministry of Advanced Education and Job Training; CRL= Ministry of Crown Lands; EMPR= Ministry of Energy, Mines and Petroleum Resources; GMS= Ministry of Government Management Services; MSSH= Ministry of Social Services and Housing; S.-G.= Ministry of Solicitor-General.

All ministry names are cited as they were when these initiatives were announced. It is also worth noting that the following areas are being considered, subject to required legislative changes:

1) Alcohol and Drug Programs, 2) Registrar of Motor Vehicles, 3) Residential Tenancy Branch, and 4) Travel Agents Registrar.

principles of privatization, both in terms of its compatibility with ministry objectives and the government's overall principles of privatization (Auditor-General's Annual Report, 1989). A more detailed evaluation is then conducted by the ministry, in conjunction with the privatization group; this evaluation examines various factors, including the possible net savings to the government, the protection of the public interest, possible changes in the level of service, and whether there exists any major operational, legal, or other barriers to privatization (Auditor-General's Annual Report, 1989). Subject to the privatization project passing these evaluations, an implementation plan is formulated, detailing the method of privatization, the scope of the project, and any "pre-qualification criteria" for potential bidders (Auditor-General's Annual Report, 1989:77). The detailed evaluation, as well as the proposed plan, are then reviewed by the Cabinet Caucus Committee on Privatization (CCOP) (formerly known as the Privatization Implementation Committee)(Auditor-General's Annual Report, 1989).¹⁴ If approved by the CCOP, a Cabinet Submission is prepared, and Cabinet approval sought for the privatization project (Auditor-General's Annual Report, 1989). The CCOP makes recommendations to the Cabinet regarding the privatization project, which the Cabinet may approve-in-principle. Following such approval, the Ministry implements the particular privatization measure. Approval-in-principle is subsequently granted by CCOP, followed by approval from the Treasury Board. The Cabinet then approves the deal in principle, and finally the particular Ministry in question closes the deal. This process is delineated in Figure 2.

¹⁴The Privatization Implementation Committee was made up of 3 deputy ministers. The CCOP was established in October 1988 to replace the Privatization Implementation Committee. It consists of 3 cabinet ministers, 2 government caucus members, the Deputy Minister of Government Management Services (the Privatization Group is under this Ministry), the Assistant Deputy Minister of Privatization and Communications, and the Director of the Privatization Group. The government members of the CCOP are the decision-making element of the Committee; the others serve in an advisory role. The major difference between the two committees is that the CCOP has political representatives, while the Privatization Implementation Committee did not have such representation.

As is shown in Figure 1, each Ministry is currently reviewing its operations in order to ascertain possible privatization projects within its mandate area. According to the Auditor-General's Annual Report (1989:76), "all government activities and programs (are) to be considered for privatization...The Government has instructed them (the ministries and special task forces) to challenge the original reasons for placing activities and programs in the public sector and to identify candidates for privatization accordingly". Privatization is now to occur at the ministry level, as a component of the functioning of each ministry; according to the Privatization Group (1989), no Phase II announcement is to be expected; the profile of privatization has therefore been reduced. It is important to remember, however, that the decision to privatize is a management decision, driven by the political winds.

Principal Bodies Involved in Privatization

The principal bodies involved in the privatization process include: 1) the Cabinet; 2) the Cabinet Caucus Committee on Privatization; 3) the Ministries; 4) the Privatization Working Group; 5) government employees; 6) the private sector; and 7) the Treasury Board. Each of the government bodies has a predefined role in the process. The Cabinet:

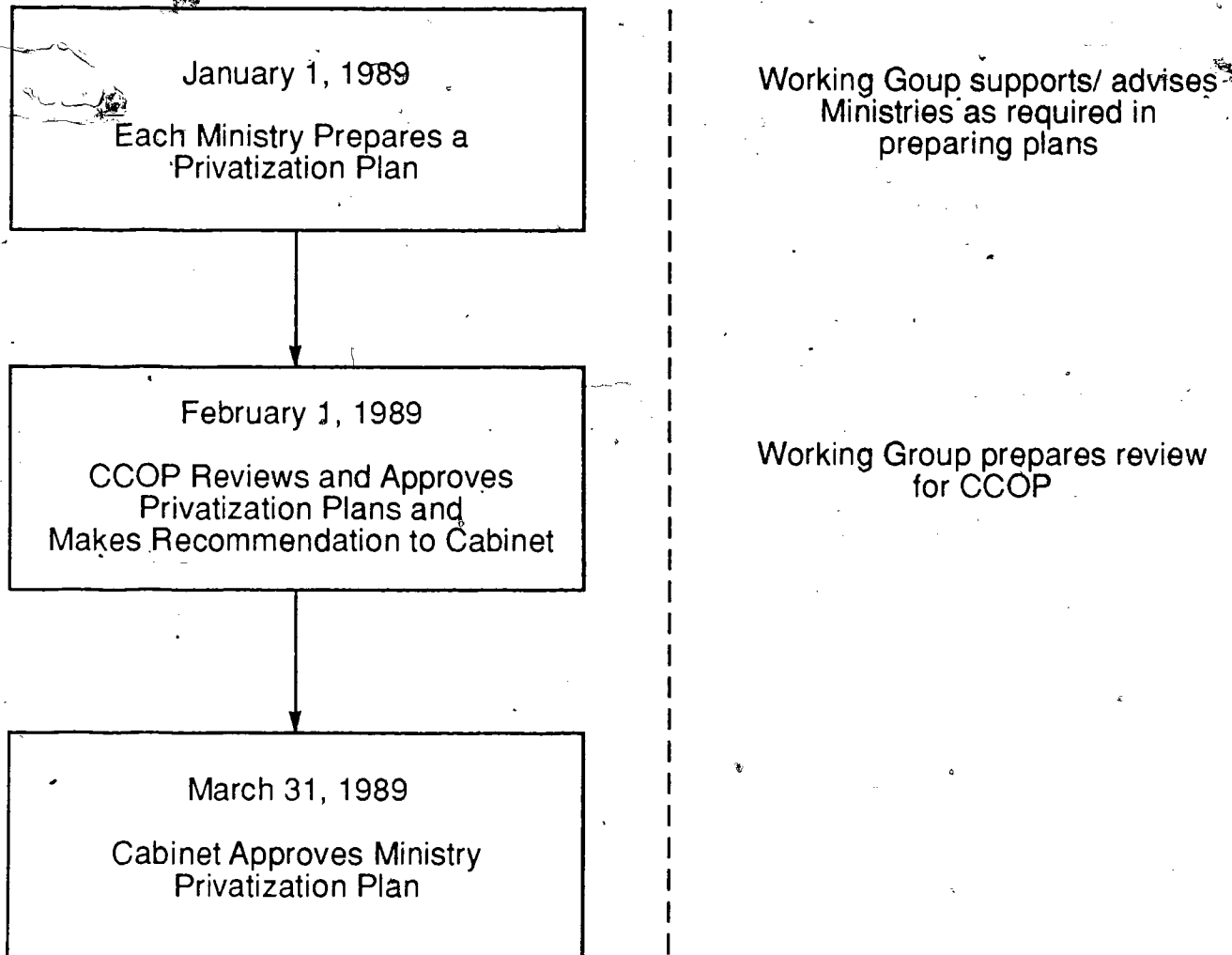
- 1) approves in principle proposed privatization projects;
- 2) approves final agreements;
- 3) approves major policies associated with privatization; and
- 4) approves ministry privatization plans.

The CCOP has the following responsibilities:

- 1) to review and approve ministry privatization plans;
- 2) to review approved privatization projects not yet implemented;
- 3) to review proposed privatization projects and make recommendations for Cabinet consideration;
- 4) to develop privatization projects;
- 5) to oversee development and application of privatization policies;

Figure 1

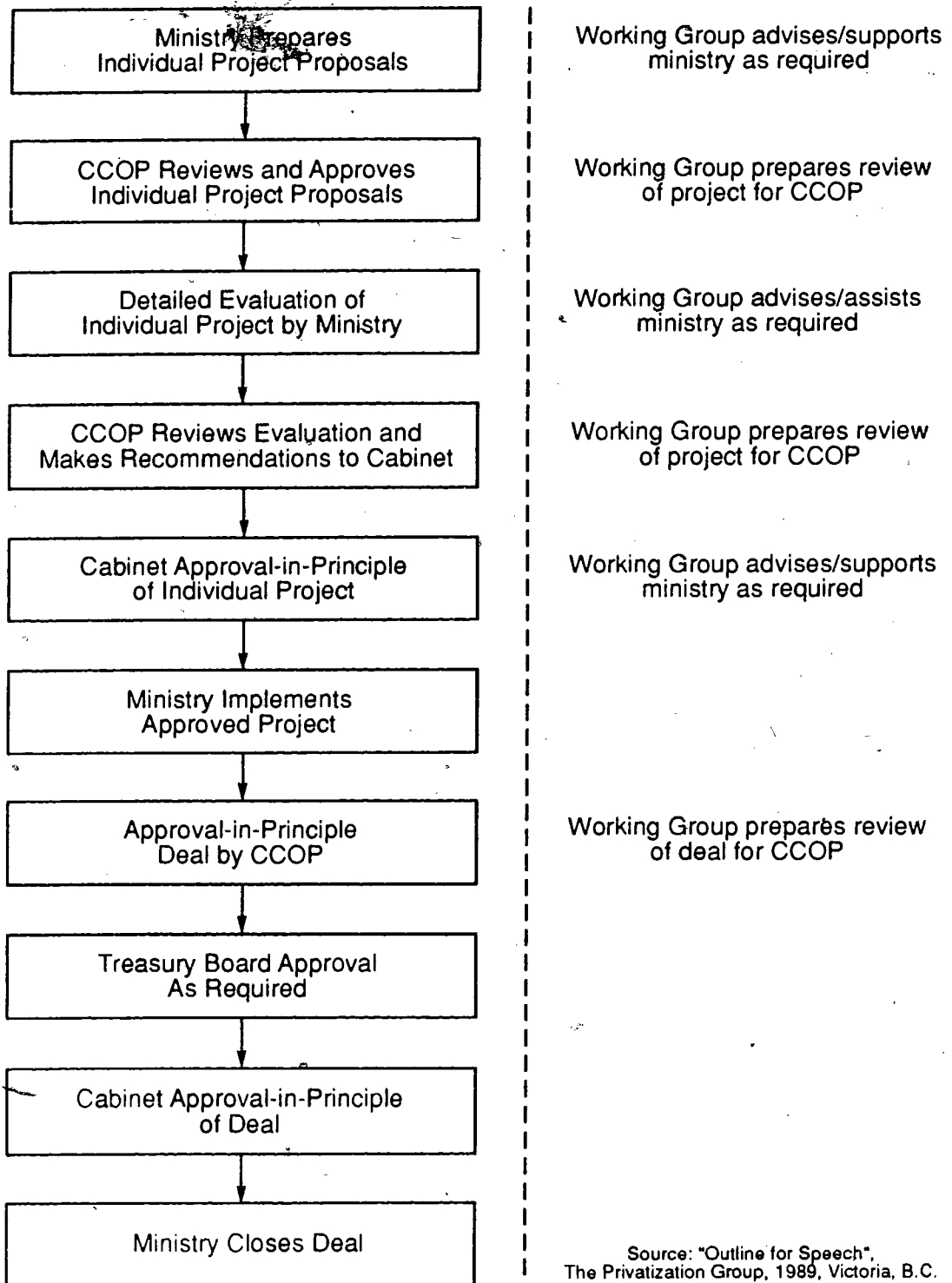
Privatization Plan Approval Process



Source: "Outline for Speech", *The Privatization Group*, 1989, Victoria, B.C.

Figure 2

Privatization Project Approval Process



6) to recommend major policies associated with privatization to Cabinet; and

7) to recommend in-principle agreement to Cabinet and Treasury Board.

The Ministries, in turn, have the following tasks:

1) to develop a ministry privatization plan;

2) to implement approved privatization projects; and

3) to keep the Privatization Working Group informed regarding the progress of privatization projects within the given ministry.

The Privatization Working Group has several responsibilities in accordance with its special role as a consultant for the process. The Group, accordingly,

1) provides staff support to CCOP;

2) provides and co-ordinates advice and assistance to ministries on employee relations, labour relations, business valuation as well as privatization policies;

3) develops privatization policies for CCOP to review and to approve;

4) tracks privatization projects in ministries; and

5) is responsible for individual projects assigned by Cabinet or CCOP.

The Treasury Board's function is to approve the privatization projects, as per the *Financial Administration Act*.

Government employees and the private sector constitute the buyers for privatization projects. As well, it is the employee sector that is arguably most affected by privatization measures, in terms of job security, wages, working conditions, and other concerns. To address these concerns, the B.C. government has established various mechanisms; for example, a phone line is now in operation for government employees, and a publication entitled the Info Line is distributed to all government employees, addressing issues and concerns regarding privatization in the province.

The Implementation Process

Once a decision has been reached to privatize a particular crown corporation or a government service, the approved project is put up for bids. A public invitation for "expressions of interest" is sent out, informing potential applicants of the project (Auditor-General's Annual Report, 1989:78). However, according to a policy called "unique" by the provincial government, the government may hold discussions with a "valid" employee group prior to public competition regarding the project (Government of B.C. "Outline for Speech, 1989; Government of B.C., "Info Line", Feb.18, 1988:1). To qualify as a valid employee group, the employee body must: 1) represent a majority of the affected employees; 2) show that it will own a majority of the equity in the particular project; 3) have adequate financial and management resources; 4) be able to address safety and standards related issues; and 5) have intentions consistent with the government's privatization plans (Government of B.C., Privatization Briefing Book", 1988; Government of B.C. "Info Line", 1988).³⁵ This appears as a logical step in dealing with accusations regarding attempts to erode the power of unions in the province through privatization (Government of B.C., "Privatization Facts", March 1988).³⁶ The government has also produced a pamphlet entitled "Privatization: Steps to Employee Ownership", which offers advice for interested employee groups on how to compete for programs to be privatized (Government of B.C., News Release, October 23, 1987). As well, financial and management advice is available to employees wishing to purchase a government program (Auditor-General's Annual Report, 1989). In the event that an agreement cannot be reached between the government and the particular employee group, and a public competition is announced, the employee group still has a five percent price advantage; as

³⁵The Tangford Sign Shop was bought by a government employee group, as was the Queen's Printer Bookstore.

³⁶The approach by the B.C. government appears to be an attempt to reconcile the competing goals of obtaining the largest financial benefit from a privatization project, and looking after employee interest. Despite the government's apparent attempt to deal with both issues, it seems inevitable that one of these issues is going to be on the foreground.

long as the group's bid is within five percent of that made by a non-employee party, with all other criteria being equal, the employee group will be successful (Auditor-General's Annual Report, 1989; Government of B.C., "Government Restructuring - Information for Employees", year unknown),

Once a public competition is declared, proposals may be submitted by any interested party. Once the deadline for proposals is met, the submitted bids are analyzed and evaluated by the project team members and by the Privatization Group (Auditor-General's Annual Report, 1989; Government of B.C., "Privatization Briefing Book", 1988).³ One or more of the proposals are then selected for negotiations. When choosing the successful proposals, the financial capabilities of the proposer are considered, as are the proposed handling of employee issues. As well, the technical skills of the proposer are reviewed, and an analysis of business issues is conducted (Government of B.C., "Privatization Briefing book", 1988). Once the successful proposal is selected, a recommendation is made to the Cabinet, through CCOP, to proceed with the privatization measure. An important consideration in the process of privatizing a particular crown corporation or a government operation is that of financial savings; according to the "Privatization Briefing Book" (1988:Tab 2), "in all cases...the government is concerned that there is a 'fair deal' achieved for the taxpayers". The concept of savings, as already discussed, is crucial to the present government's economic policies, and is a major premise upon which the privatization movement is based. Indeed, the provincial government, in providing its rationale for privatization, focusses on its cost-effectiveness in the current period of economic restraint. The rhetoric with which the government surrounds privatization is crucial to delineate and to discuss.

³Once a privatization project has been identified, a project team is usually established, composed of the given ministry's personnel. Expertise is then available to that group for consultation, such as the Privatization Group.

Government Rationale for Privatization

The B.C. government has provided a detailed rationale for its decision to privatize government operations. As discussed, the decision to privatize is a component of the overall desire to reduce the size of government itself, and that of its budget. This "restructuring" program, concentrating on the notion of destructuring, has two main components: the regionalization of governmental responsibilities, and the increased utilization of the private sector in government operations (Government of B.C., "Government Restructuring - Statement of Principles", 1988). The region-specific government, according to the rhetoric, allows equal access to the government by all British Columbians, and enables the government to better address regional concerns. Privatization, on the other hand, is a "powerful tool" for the reshaping of government; according to the government,

The basic theme of restructuring is to move government closer to the people. One way of doing this is by involving the private sector in the delivery of programs and products that have previously been reserved to government; government is doing this through an ongoing process of privatization (Government of B.C., "Government Restructuring - Statement of Principles", 1988:1).

Privatization hence represents a re-examination of the fundamental role and functions of government in the province in light of the changed and changing economic conditions in the world in general, and specifically in the province (Government of B.C., "Government Restructuring - Statement of Principles", 1988). The utilization of this restructuring tool is based on this re-examination of the role of government in the context of changing economic and political conditions.

The main principles of privatization, as cited by the B.C. government, focus on the re-determination of the government's role as a manager, not as the actual deliverer, of services. According to the government, its role is to "determine the nature and scope of social service and... (to) play the role of planner, facilitator and catalyst for the economy" (Government of B.C., "Privatization Briefing Notes", 1988). Accordingly, the private sector

should produce commercial goods and services; this translates into the sale of crown corporations. As well, government services should be delivered through private arrangements when the public interest is not jeopardized. The rationale for these principles, stemming from the concept that government should fulfill a managerial function as opposed to actively participating in the delivery of services (whether commercial or not) is that private sector involvement is more cost-effective, efficient, provides better services, and creates job opportunities not realized within the public sector (Government of B.C., "Privatization Briefing Book", 1988). Examples of cost-savings include the Pacific Coach Lines, a crown corporation, which has eliminated a \$10 million deficit since its sale, and expanded its operations (Government of B.C., "Privatization Briefing Book", 1988). As well, the sum of \$854,238 was reportedly saved in the 1985/86 fiscal year through contracting out of court reporting (Government of B.C., "Privatization Briefing Book", 1988). In terms of efficiency, the government notes the effect of competition on the functioning of any organizational structure; this argument was discussed in Chapter II. The assertion regarding increased job opportunities is based on the notion that more parties are involved in the delivery of a given service in the private sector, thereby creating a greater number of positions available to potential employees. The quality of service is also supposedly improved through privatization; specifically, flexibility and quick decision-making are cited as primary qualifications for this claim.

These claims of improved service and lower costs stem from the belief that the private sector is better suited to deliver many of the services currently provided by the public sector. The inherent competitiveness of the private sector is essentially viewed in a positive light, and the shifting of responsibility to private parties leaves services subject to the fluctuations and conditions of the open market. Such concepts reconfirm the assertion that the current provincial government is neo-conservatist in its political perspective, viewing privatization as an appropriate economic and political measure to answer the economic restraint conditions and

policies of the province.

However, as discussed earlier, the thrust to destructure government through downsizing its role and functions has been implemented to varying degrees in different areas of government operations; in reality, some areas have received budgetary increases in the last few years. One of these areas has arguably been that of youth corrections. Therefore, while restructuring of the government is occurring, it is differentially applied in areas of government operations. While privatization appears to be a general, overall policy of the provincial government utilized to attain a downsized government, the monies spent on the varying areas, and the extent of privatization in these areas, follow the economic, political and ideological requirements of the provincial government. The next chapter will delineate the restructuring of youth corrections in British Columbia, and point to a seeming contradiction in this particular area of government mandate between the state rhetoric and the reality of fiscal restraint. Youth corrections, while subject to the restructuring policies of the government, challenge the concept of cost-savings which is central to the state rhetoric surrounding the 'reform'.

CHAPTER IV

PRIVATIZATION OF YOUTH CORRECTIONS IN B.C.

This chapter delineates the extent of privatization in youth corrections in British Columbia. The chapter commences with an analysis of the *Young Offenders Act* (hereinafter referred to as the YOA), which suggests that, while economic and political factors have been crucial to the adoption of privatization measures in the province, the impact of this particular legislation must also be accounted for in discussing changes in the provincial youth correctional system. The present discussion must address the YOA provisions, as they have played an important role in correctional programming with respect to young offenders.

The information, which delineates the extent of privatization in youth corrections in British Columbia, was obtained from various governmental sources, notably the Attorney-General's (B.C.) Annual Reports, the Corrections Branch's Annual Reports, the Young Offenders Resource Directory (1987), and information provided by the Attorney-General's department (unpublished), specifically Summaries of Contracted Services, from 1982 to 1989.¹ These sources were utilized in order to obtain an indication of the extent of privatization in youth corrections in the province. Organized statistics regarding youth corrections are lacking for fiscal years prior to 1982/83 (according to the former Attorney-General's department), so obtaining pre-privatization data for the purpose of comparative analysis was not feasible. Consequently, the present analysis only purports to discuss the privatization phenomenon since its introduction in 1983.² The presented examination of the available information documents the involvement of the private sector in youth corrections. It is not an evaluation of

¹Youth corrections previously fell under the mandate of the Attorney-General's department; this changed in the fall of 1988, and now youth corrections are the responsibility of the Solicitor-General's office.

²The only year prior to the 1983 introduction of privatization measures included in the discussion is 1982.

privatization.³

The YOA and Its Effects On Youth Corrections

The *Young Offenders Act* was proclaimed on April 2, 1984.⁴ This legislation has had a two-fold impact on youth corrections in the province; it has formalized community-based corrections, and concurrently emphasized the institutionalization of those young offenders deemed dangerous to society.

With respect to diversion, section 4 of the YOA formalizes community-based corrections.⁵ These measures were in accordance with s. 3(1)(d) of the YOA, which encourages diversion from "judicial proceedings" whenever possible.⁶ Diversion is consistent with one of the YOA's goals, that of "...the least possible interference with freedom" (s.3(1)(f)). Therefore, the increased recognition of community-based corrections and other alternative measures could be observed in the *Young Offenders Act*. According to the Attorney-General's 1984/85 Annual Report (p.16),

³This discussion does not delineate the types of programs that provide services on contractual basis to the government, i.e. non-profit or for-profit.

⁴Its provincial counterpart, the *Young Offenders (British Columbia) Act* came into force June 11, 1984 in British Columbia (Province of B.C., "Youth Justice Services in B.C.", 1986).

⁵Diversion and community-based programs both existed prior to the YOA in B.C.; however, diversion was not a formal alternative recognized in law (the *Juvenile Delinquents Act*), but rather an informal avenue to direct a youth out of the justice system. The *Juvenile Delinquents Act* (1908), which preceded the YOA, was based on the welfare model of justice. Specifically, this model implied that the young offender was viewed as a person who should not be held completely responsible for his/her deeds; instead, the offender was one who required guidance and help. Accordingly, the processing of such deviants was largely informal, flexible, individualistic, rehabilitative, discretionary, and perceived as something that was executed in the best interest of the youth (West, 1984). In line with this philosophical premise, a youth could be found guilty of deviancy with respect to acts relating to his/her particular status as a youth; examples of this include truancy and sexual immorality (West, 1984). These status offences were abolished with the introduction of the YOA.

⁶When "it is not inconsistent with the protection of society..." (s.3(1)(d), and when the qualifications set out in s. 4(1)(a) - (g) are fulfilled).

In keeping with the YOA's "principles of minimum intervention", the branch allocated considerable resources to community-based services and programs for youth. These province-wide measures were organized in several ways, involving branch community service workers, contracted community-based organizations, and volunteer programs.⁷

The year following the YOA's proclamation (1985), the requirement to raise the upper age limit of "youth" to 17 (from B.C.'s prior upper limit of 16), contained in s.1(b), increased the number of potential clients falling within the jurisdiction of youth justice. Pressures on youth corrections could be seen to result from this legislative change. Subsequently, the use of institutional resources was expected to increase in the province; the 1982/83 Attorney-General's Annual Report (p.17) noted that it was "...anticipated to increase institutional bed space requirements in the province". This concern was echoed in the Annual Reports of 1983/84, 84/85, and 1985/86, the last, on page 16, stating that

the change in age resulted in a dramatic increase in youth populations, particularly at the Willingdon Youth Detention Centre in Burnaby. Modifications to programs had to be made and new facilities had to be introduced.

These changes included: 1) renovations to the Victoria Youth Detention Centre and an addition of an open custody unit to the site; 2) conversion of the Chilliwack River Correctional Centre from an adult, open-custody facility to a youth secure custody; 3) the conversion of the Boulder Bay Camp (a wilderness program) from an adult facility to a youth containment centre; 4) upgrading of Willingdon Youth Detention Centre; 5) the establishment of a youth residential attendance program in the Kootenays; and 6) a planned construction of an open and secure youth containment in Prince George (Attorney-General's Annual Report, 1985/86).

Contributing to the possibility of further utilization of institutions was another goal of the YOA, that of holding youth more responsible for their actions, and protecting society

⁷The YOA is based on the Justice Model, which holds the youth accountable for his/her actions (while not completely abandoning the idea of the state acting in a paternal role), and consequently introduces due process measures into the justice system. The youth justice system is therefore required to follow formal procedures, and to offer legal protections to youth, such as a right to counsel (West, 1984).

from illegal acts (ss. 3(1)(a)&(b)). This goal clearly indicated a reduced role for the state in protecting the young offender, mandated by the *Juvenile Delinquents Act*, while increasing individual accountability on part of the involved youth. Furthermore, the concern over the protection of society implied the "locking-up" of youths considered to constitute a danger to society. These two principles, of individual accountability and the protection of society, thereby figured in the increased possibility of youths being contained.

In addition, the YOA affected youth corrections in B.C. by recognizing and requiring the utilization of related services. These include the medical and mental health services noted in s.13(1)(e) (Attorney-General's Annual Report, 1985/86).⁸

Section 20, which contains and details the dispositions available to a youth court upon finding of guilt, further detail the utilization of institutional and community corrections (except s.20(1)(a), which notes the possibility of an absolute discharge). These dispositions include a fine (s.20(1)(b)), various forms of restitution (s.20(1)(c)-(f)), community service (s.20(g)), medical or psychiatric treatment (s.20(i), pursuant to s.13(1) and subject to s.22),⁹ probation (ss.(j)), and a custodial sentence (ss.(k)).¹⁰ The range of available dispositions underscores the noted formalization of community-based corrections, and the utilization of a custodial sentence (up to a maximum of three years).

⁸As will be noted in the next chapter, the intertwined workings of the various correctional, social and health services have contributed to the expansion of the services for which a youth may qualify for and be subjected to. Furthermore, the possible labels the youth may acquire are multiple. For example, s.13(1)(3) of the YOA notes that a person may be subjected to a medical or a psychological examination on the basis of suffering from "a physical or mental illness or disorder, a psychological disorder, an emotional disturbance, a learning disability or mental retardation..." The vagueness of these labels may render youth a suitable clientele for social, correctional and/or health services.

⁹Section 22(1) states that consent to such treatment must be obtained from the young person, his/her parents and the hospital where he/she is to be detained for treatment. Subsection (2) disregards the requirement for parental consent if the parent is not available or does not take an active interest in the proceedings.

¹⁰For a historical background on youth containment in B.C., see Ekstedt (1983), and MacDonald (1978).

Therefore, the YOA has had practical implications for youth corrections in British Columbia. The legislation's dual commitment to diversion and the protection of society has formalized the utilization of various correctional services outside the realm of formal institutions, and ensured the continuation, and possible increase, of the use of custodial care. The possibility of increased pressures on the youth correctional system, through the goal of protecting society, as well as through the raising of the age limit, arguably place additional and new pressures on the correctional system, and contribute to the search for alternatives outside of formal institutions. Therefore, while the YOA has largely been a parallel but an unconnected development during the period of privatization in British Columbia, it may have increased the opportunities for private sector involvement in youth corrections through the increased pressures on custodial services, and the subsequent increased utilization of community-based corrections for the soft-end offenders of the correctional continuum. Indeed, according to Weiler and Ward (1988:145), while the private sector was involved in youth corrections prior to the adoption of the YOA,

...the range of activities has expanded and the ability of the voluntary sector to carry out its activities is now often enhanced by government funding.

It is suggested that the YOA has had ideological as well as practical implications for the nature and extent of youth correctional services in British Columbia,¹¹ and may have, indirectly, aided private sector involvement in youth corrections in the province.

Rhetorical Commitment to Privatization in Youth Corrections

As outlined in the previous chapter, the provincial government's commitment to privatization was clearly outlined in the 1983 annual provincial budget. Privatization was to occur wherever possible (Province of B.C., Annual Budget, 1983/84; Langford, 1983). One of the identified areas was that of corrections under the Ministry of Attorney-General (Province

¹¹Amendments to the YOA, contained in Bill C-106, were passed in October 1986.

of B.C., Annual Budget, 1983).¹²

The Attorney-General's Annual Report for 1983/84 echoed the government's new economic plan. In its introduction (1983:1) the Report noted that

Improving service delivery by adding new facilities and modernizing existing facilities, streamlining systems, and privatizing certain public services were the dominant features of many ministry activities.

The report indicated the Ministry's concern for "increased productivity and efficiency" in the delivery of its various services (Report, 1983:15). The Ministry thereby eliminated, in the name of cost savings, various "non-core" programs; it also eliminated jobs, as well as services, such as the Lynda Williams Community Correctional Centre for Women, owing to lack of demand (Report, 1983). With respect to privatization, the Report (1983:15) observed that

services were examined to see if they could be better delivered by private firms on contract with the branch. This has the added advantage of increasing community involvement with the corrections process. Initiatives have been taken to contract for chaplaincy services, attendance centre programs, community service order programs, and food services.

Privatization was declared to be a major strategy for the Corrections Branch as a means of dealing with the economic necessity for restraint.

The 1985/86 provincial budget specifically noted the increased cost of youth corrections associated with the YOA, including the operation costs for new facilities, additional staff, and the contracting of community-based services (Province of B.C., Annual Budget, 1985/86). The private sector provision of various correctional services in youth corrections was also specifically noted in the Attorney-General's Annual Report (1985). The 1986 Attorney-General's Annual Report recorded that approximately 18% of the Branch's budget was allocated to

¹²The 1983/84 budget outlined, insofar as the YOA was concerned, that the province was not prepared to accept the incurring costs resulting from the implementation of the legislation. Indeed, it was stated that "if the federal government wishes to proceed with these changes, we shall require full and permanent compensation for the expenditure demands this would place on the justice system administered by the provincial government" (Province of B.C., Annual Budget, 1983/84:18).

financing the private delivery of various correctional services, including those for young offenders. This has consistently been the policy for the rest of the 1980s, with the 1989/90 budget outlining the intent to continue exploring possibilities for privatization, and subsequent privatization of government operations, including those within youth corrections.

It is therefore clear that youth corrections have been included in the government privatization program. Rhetorically, the government has identified this area as one viable for private sector involvement, in order to realize cost-savings in the delivery of youth correctional services. However, it has been determined, at the policy level, that private sector involvement is limited to contracted services, with government funding and control still intact. These contracts can be with for-profit or non-profit organizations.¹³

Furthermore, it was determined that only certain services could be contracted to the private sector. To this end, guidelines were established to define areas which could not be privatized. These guidelines specifically excluded services in which staff designated as "Peace Officers" or "Officers of the Court" were required (Harrison & Gosse, 1986:186-187). The term "Peace Officer" is referred to in several federal and provincial statutes. In terms of corrections, relevant sections include s. 2 of the *Criminal Code*, where it is noted that a "peace officer" includes officers or employees of a prison and persons employed for the preservation of the public peace. Section 1(4) of the *B.C. Correction Act* states that "every employee of the branch is and has the power and authority of, a peace officer, while

¹³The existence of non-profit or entrepreneurial organizations receiving no funding from the government, was not determined for this discussion, as no documented information exists regarding such organizations. While such organizations may be involved in youth corrections in B.C., they were not included in this discussion. It is only those organizations which are in a financial, contractual relationship with the government that are included herein. Furthermore, a contractual relationship between the government and various community organizations, such as the John Howard Society, the Elizabeth Fry Society, St. Leonard's Society, and Seven Steps Society, has existed for a considerable period (Harrison & Gosse, 1985). Many of the long-existing non-profit organizations have been incorporated under the *B.C. Society Act* (Langford, 1983). What distinguished the 1983 public commitment to privatize was the embracing of the policies of increased utilization of non-governmental bodies to deliver correctional services, and the contracting with profit-oriented organizations (Harrison & Gosse, 1986).

carrying out his duties under this Act or the regulations". While the *Criminal Code* does not provide a definition of an "Officer of the Court", this function may fall within the interpretation of a "public officer" (s.2 C.C.) or could be seen to be considered in the delineation of a probation officer's duties (ss. 662,663 C.C.) According to section 5(1)(b) of the *B.C. Correction Act*, "a person who is appointed a probation officer under this Act...is an officer of every court in the Province" (Harrison & Gosse, 1985:190).

This restriction on privatization is based on the concept that it is the privilege and the responsibility of the state to formulate and to administer laws relating to criminal conduct. According to Harrison & Gosse (1986:191),

...just as the state is responsible to forbid behavior that represents a serious threat to society, it is vested with the coercive powers necessary to enforce those laws, impose sanctions and otherwise preserve the public peace.

However, the various enabling statutes do not preclude the possibility of persons other than public servants performing the duties of "peace officers" and "Officers of the Court", as is perceivable in other jurisdictions where such services are being provided by personnel not directly employed by the state. Therefore, the possibility of privatization within these services can not be completely ruled out (Harrison & Gosse, 1986).

According to these restrictions, adult and youth custodial facilities would not be privatized, as the personnel of such facilities would not be authorized by the state "to restrain, hold in custody, control and supervise convicted offenders and/or those accused of offenses and deemed, by the courts, to be dangerous and violent or unlikely to appear for trial unless incarcerated" (Harrison & Gosse, 1986:187). As well, this guideline requires the exclusion from privatization of investigations and the subsequent preparation of reports for the courts, the exclusion of the provision of mediation/conciliation services, and the supervision of court-ordered sentences of probation, due to the personnel's designation as "Officers of the Court" (Harrison & Gosse, 1986:187). Therefore, the major targets of privatization have been services ancillary to the core functions of the justice system, such as attendance programs,

food preparation and delivery, chaplaincy and medical services, and community-based residential services, as well as other forms of "alternative measures" (Harrison & Gosse, 1986:187).

The other established guidelines included (Harrison & Gosse, 1986:187):

- 1) Consistent with restraint, privatization should not result in unjustified increased dollar expenditures;
- 2) the relationship with the contractor should be an independent one. Independent contractor was defined as "a person or agency subject to profit and loss, exercising complete control over the planning, operation and management of the contracted service within the terms and conditions of the contract, not subject to daily direction by public servants, could enter contracts and engage subcontractors, provided their own premises and support services, equipment and supplies and administered their own personnel and pay practises, etc." (Harrison & Gosse, 1986:192-193);
- 3) reduced management costs should be achieved;
- 4) the private sector could reasonably provide the given service;
- 5) reasonable monitoring and accountability could be done; and
- 6) ongoing evaluation of the service was feasible.

The procedural format for the privatization of services was outlined in the previous chapter. With respect to services already contracted, however, the Corrections Branch's Resource Analysis section notes that the renewals of such contracts are done annually prior to the end of the fiscal year (March 31) without bidding, this being especially true for smaller (under \$50,000) contracts, or contracts which have existed for a considerable period with a well-established agency (such as the Salvation Army) (Province of B.C., Ministry of Solicitor-General, 1989). Actual bidding does not always, therefore, occur for already

established contracts. The renewal of a contract does depend, to an extent, on the usage of the given contracted service. If a contracted program is not being used to (or near to) its capacity, funding may be reduced, or the whole contract terminated at the end of the fiscal year. On the other hand, if a program is over-utilized, its budget may be increased. As well, a possibility of obtaining further funding during the fiscal year exists if there is a need for it (ie. the service is being utilized beyond budgeted expectations). However, it is relatively difficult to obtain such extra funding, especially if the contract is for a large sum of money (Province of B.C., Corrections Branch, Resource Analysis, 1987).

In order to obtain information regarding the actual operation of contracted services, the Inspection and Standards Division of the Corrections Branch conducts annual inspections of the major contracts, for residential programs only. The evaluation and accountability of these quasi-public programs was somewhat sketchy until the early 1980s, when the B.C. government began to take steps to change the situation; however, as stated, it is only some of the residential programs that are inspected; other community contracts are not examined (Langford, 1983).¹⁴ Although inspection measures have now been established and implemented, these inspections are random, and do not include all contracted services; for example, in fiscal year 1986/87, only fourteen contracts were inspected by the Corrections Branch (Province of B.C., Corrections Branch Annual Report, 1986/87). The execution and reporting of programs geared towards obtaining funding or refunding represents a danger unless evaluations are frequent and comprehensive to ascertain the degree to which contracted services implement the goals outlined in their proposals to the government (Harrison & Gosse, 1985). The privatized programs exist in a 'grey zone' between the public and the private sector. As Langford (1983:574) has commented regarding this issue of accountability,

¹⁴The question of accountability arises in this context; if a correctional service/program is being operated by a private organization, how does one hold it accountable? The open nature of elected democratic governments forces the public sector to be accountable to the electorate. However, privately run programs may not be as visible to the public, and accountability is a crucial issue regarding contracting (Langford, 1983; Province of B.C., Corrections Research Information System, 1987).

while quasi-public agencies operate within an intricate web of relationships with governments, advisory committees, communities and clients, the degree to which they are genuinely held accountable for their activities is often negligible.

Issues regarding the evaluation of contracted services are central to a dialogue regarding private sector involvement in the provision of correctional services.

Similarly, issues regarding the effectiveness, both in terms of efficiency and the attainment of the goals stated in proposals submitted by the private sector to the government, have been raised. Owing to their existence in the "grey zone", it has been argued that the quasi-public sector (contracted services) is "immune to the forces in both sectors which encourage productivity" (Langford, 1983:573). While this may be true for some organizations, productivity is a concern for any organization receiving monies from the government. As recognized earlier, the renewal of contracts is influenced by statistics showing use of the given service, thus making it crucial for an organization to show its productivity.¹⁵ Secondly, if an organization is for-profit, it must be productive in order to make a profit. Accountability to the public, however, may be more obscure, as the nature of these programs often makes them less visible to the general population.¹⁶ These questions of accountability and effectiveness are crucial with respect to the privatization of correctional programs in B.C., and rigorous evaluation is required to answer these questions. While guidelines have been formulated to oversee privatization itself, and the resulting contracts, the rhetorical commitment to efficient and effective service delivery may not exist in reality. Governmental commitment to privatization is clear, while the actual realization of the plan to implement this commitment appears sketchy.¹⁷ The discussion now turns to an examination of actual

¹⁵The issue then becomes one of how to measure the correlation between the goals stated in the contract, and the actual realization of the program; the statistics presented to the government as a funding source, while indicating use of the program, may not represent the actual implementation of the stated goals.

¹⁶This refers to the plethora of programs which may escape categorization or recognition by the public as falling into a specific category of service.

¹⁷However, the actual implementation of privatization measures is still rather new, and perhaps issues regarding effectiveness and efficiency will be examined through the formulation and

implementation of privatization policies in youth corrections in British Columbia.

Reality of Privatization in Youth Corrections in B.C.

Legislative rhetoric has delineated the governmental commitment to privatization. What should be found to have occurred is the increased involvement of the private sector in youth corrections since 1983, in the form of the delivery of contracted services. Moreover, as privatization has occurred in community-based corrections, a decline in the utilization of government-operated programs should be observable. A finding of less government intervention in the form of institutions, and increased reliance on community-based alternatives would be consistent with the ideological rhetoric surrounding the "reform". On the economic level, this would fit the arguments for less government (in size and expenditures), as promised by the present Social Credit government.

The information utilized here as indicative of privatization trends in B.C. was obtained from the Resource Analysis Department of the Corrections Branch. Contracts for the fiscal years 1982/83, 1983/84, 1984/85, 1985/86, 1986/87, 1987/88, and 1988/89 were examined. Summaries of contracted services were obtained, which detailed the nature of the contracted services as well as the monies spent on these contracts. The numbers attained were arrived at through the examination of the provided statistics, and with the addition of each contract under a specific title (for example, all contracts under "non-residential attendance" were added for each fiscal year). What should be observable from these statistics, according to the rhetoric regarding privatization, is an increase in the utilization of contracts by the government. Various categories of contracts, as presented in Corrections statistics, include both adult and young offenders, offering no possibility of ascertaining the exact amounts spent specifically on youth programs. These contract categories were those of "community service

(cont'd) implementation of evaluation as familiarity of it is gained by the government.

orders", "community diversion", "impaired drivers' courses", "other services", "education and training", "job finder", "food services", "alternative measures", "medical services", "dental services", "psychological services", "laundry services", "social and rehabilitation services", "professional and special services", "other health services", "data and word processing - supplies services", "data and word processing - systems services", and "professional services".¹³ While the specific categories will not be discussed, they are included in the overall figures presented in Table 6. The exclusion of these categories from the overall figures in Table 6 would ignore a number of contracted services which are utilized by youth.

Categories of Contracted Services

The following definitions provide a delineation for the categories of youth correctional service contracts. There are two major types of contracted services in youth corrections: non-residential and residential programs (Young Offenders Resource Directory, 1987:2).

The non-residential services include the following:

A) "Community Diversion"/"Alternative Measures" -

these include alternatives to prosecution for those offenders who accept responsibility for their deviant actions, and in whose case the interests of society do not demand prosecution. A youth is referred to such a program by Crown Counsel, with a probation officer facilitating the placement with a contracted service. In some instances (Nanaimo and Victoria), Crown Counsel refers directly to these services;

B) "Community Service Orders" - these involve the assignment of youths or adults to do service or work for the community for a prescribed number of hours (for a youth, the maximum is 240 hours). The youth may be assigned to such a program by Crown Counsel

¹³Some of these categories appear in the statistics for specified years; whether they have been included in other categories in the other years, or whether they are new services for the year that they are mentioned, is difficult to ascertain.

as an alternative to prosecution, or as a condition of a probation order issued by youth court. As well, a youth may do community service order hours on a voluntary basis as part of a custody, residential or non-residential attendance program or bail hostel program;

C) "Youth Non-Residential Attendance" (previously Juvenile Non-Residential Attendance) - this includes programs that usually involve structured educational, recreational, group counselling, or job training activities within set time-frames (usually under 6 months) and expected outcomes (such as certification, academic upgrading, etc). Clients attend on a part-time basis (daily or weekends), but live in their own homes. Assignment to these programs is by a probation officer, as a specific condition of a probation order issued by a youth or criminal court (Province of B.C., Corrections Branch, Resource Analysis Section, 1987). In 1988/89, these programs were called Youth Community Programs.

The residential programs include the following:

D) "Youth Bail Hostels" (previously Juvenile Remand Bedspace) - these are contracted residences which house youths or adults who are on remand from the youth or the criminal court. A person placed in a bail hostel is required to reside there by the court as a term of their conditional release (usually less than 30 days, supervised by a probation officer). In 1988/89, Youth Bail Hostels were included in categories titled Youth Non-Residential Attendance programs and Youth Residential Programs;

E) "Youth Residential Attendance" Programs (previously Juvenile Residential Attendance) - these are programs where a full-time group-living situation is provided, under a standard of supervision which would be that existing in a normal family home. There is 24-hour staff supervision. Youth is placed into residential attendance as a condition of a probation order issued by the youth court or criminal court. The arrangements for placement are made by a probation officer. These programs provide supervision while attempting to provide a stable

living situation for the youth. In 1988/89, these were titled as Youth Residential Programs.

Summaries of Contracted Services

The available information, upon examination, suggests that privatization in youth corrections indeed has increased since 1982/83 in British Columbia. As is observable in Table 7, the overall number of contracts has increased from 176 in 1982/83 to 419 in 1988/89.¹⁹ Overall expenditures have increased from \$4,174,493 in 1982/83 to \$20,243,659 in 1988/89.²⁰

Examining specific areas of contracting, privatization of community-based, diversionary programs is prevalent, and has increased:

1) The use of "alternative measures" has increased since 1985/86.²¹ The increased use of alternative measures is observable in Table 8, by the number of contracts and monies spent on such programs. The increased utilization of alternative measures is also indicated by the size of the community caseload (number of youths in alternative measures programs); this increase is shown in Table 9.

¹⁹The quoted years are all fiscal years, from April 1 to March 31.

²⁰All cited expenditures and budgets are in current dollars. While inflation accounts for some of the differences, they are too substantial to solely attribute to changing dollar values. It should be recognized, however, that differing categorizations from year to year of some services may affect the total sums, thereby making it impossible to ascertain the exact amount spent on each service type, in such cases. For example, "diversion" and "alternative measures" are included within each other in some years' totals.

²¹This category did not exist prior to 1984/85.

Table 7

B.C. - Contracted Services - Youth, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	176	4,174,493
1983/84	157	5,079,082
1984/85	239	13,367,189
1985/86	231	14,666,163
1986/87	236	15,008,790
1987/88	434	19,782,391
1988/89	419	20,243,659

Source: Province of B.C., Ministry of Attorney-General, Corrections Branch - Resource Analysis, 1987; Ministry of Solicitor-General, Corrections Branch, 1989.

As noted earlier, these figures include categories which do not distinguish or separate youth and adult offenders, such as the category of "other services".

Table 8

B.C. - Contracted Services - Youth & Adult - Alternative Measures, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	NA	NA
1983/84	NA	NA
1984/85	12	79,284
1985/86	14	146,047
1986/87	21	305,959
1987/88	20	297,907
1988/89	30	568,828

NA= figures not available.

Source: Province of B.C., Ministry of Attorney-General, Corrections Branch Resource Analysis, 1987; Ministry of Solicitor-General, Support Services Branch, Management Information and Evaluation Section, 1989.

Table 9

B.C. - Youth Community Caseload, 1973-1987, Forecast 1987-1989

Fiscal Year	Youth Community Caseload
1973/74	2542
1974/75	E 2628
1975/76	E 2606
1976/77	E 3058
1977/78	E 3084
1978/79	E 3078
1979/80	E 3400
1980/81	E 3613
1981/82	3637
1982/83	3916
1983/84	3863
1984/85	3411
1985/86	3696
1986/87	4543
Apr.-June '87	4805
Forecast:	4850
'87/88	
1988/89	4900

Figures for 1987-1989 were not available.

Youth Community Caseload - includes alternative measures, bail supervision, probation and pretrial.

E= estimated value.

Source: Province of B.C., Ministry of Attorney-General, Corrections Research Information System, 1987.

2) Increases are also apparent in the category of community service orders. As can be seen in Table 10, there has been a steady increase in the number of contracts, as well as in the dollars spent on these programs.

3) The number of "youth bail hostel" contracts has stayed stable, while the budgets for these contracts have fluctuated (Table 11). Therefore, no observable changes have occurred within this service category.

4) Table 12 provides the figures for community diversion programs. An apparent increase occurred between 1984-86, then the number of contracts levelled off. It should be recognized that some of the programs and services defined as "community diversion" are now listed under "alternative measures"; therefore, the decline in contracts and the budgets does not mean the non-utilization of "community diversion" programs (Corrections Branch, Resource Analysis Section, 1987).

5) The utilization of contracts in the "youth residential attendance" category has also increased, both in terms of the number of contracts and the budgets, as can be observed in Table 13.²²

Similarly, the budget for "youth non-residential attendance" contracts has increased, while the number of contracts has remained quite stable since 1986/87 (Table 14).

These figures suggest that provincial expenditures on contracted youth programs and services have increased since 1982/83. Similarly, the number of contracts has increased in many service areas, especially in "community service orders", "youth residential attendance", and "alternative measures". In other areas, the number of contracts and/or the budget have not varied dramatically, while some areas have experienced a decline in the number of

²²The effects of the YOA in terms of the increased age limit, and the narrowing of the Ministry Social Services and Housing's mandate has had the effect of putting pressure on residential programs within corrections.

Table 10

B.C. - Contracted Services - Youth & Adult - Community Service Orders, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	57	579,126
1983/84	55	510,820
1984/85	67	1,634,105
1985/86	67	1,638,815
1986/87	64	1,677,795
1987/88	75	1,681,445
1988/89	85	1,680,748

Source: Province of B.C., Ministry of Attorney-General, Corrections Branch, Resource Analysis Section, 1987; Ministry of Solicitor-General, Corrections Branch, 1989.

Table 11

B.C. - Contracted Services - Youth Bail Hostel, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	15	516,665
1983/84	16	645,839
1984/85	13	231,564
1985/86	16	341,007
1986/87	14	313,156
1987/88	15	428,314
1988/89	NA	NA

NA = figures not available

Source: Province of B.C., Ministry of Attorney-General, Corrections Branch, Resource Analysis Section, 1987; Province of B.C., Ministry of Solicitor-General, Corrections Branch, 1989.

Table 12

B.C. - Contracted Services - Community Diversion - Adult & Youth, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	5	214,099
1983/84	7	276,417
1984/85	18	337,996
1985/86	11	295,226
1986/87	5	183,956
1987/88	9	207,942
1988/89	figures included in alternative measures.	

Sources: Province of B.C., Ministry of Attorney-General, Corrections Branch, Resource Analysis Section, 1987; Province of B.C., Ministry of Solicitor-General, Corrections Branch, 1989.

Table 13

B.C. - Contracted Services - Youth Residential Attendance, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	19	1,797,808
1983/84	16	2,433,767
1984/85	26	3,804,997
1985/86	30	4,816,412
1986/87	28	4,705,810
1987/88	34	5,149,236
1988/89	35	5,966,331

Sources: Province of B.C., Ministry of Attorney-General, Corrections Branch, Resource Analysis Section, 1987; Province of B.C., Ministry of Solicitor-General, Corrections Branch, 1989.

Table 14

B.C. - Contracted Services - Youth Non-Residential Attendance, 1982-1989

Fiscal Year	Number of Contracts	\$ (current)
1982/83	25	740,847
1983/84	32	750,433
1984/85	47	1,569,519
1985/86	39	1,814,140
1986/87	39	1,873,057
1987/88	33	1,940,049
1988/89	36	1,380,068

Sources: Province of B.C., Ministry of Attorney-General, Corrections Branch, Resource Analysis Section, 1987; Province of B.C., Ministry of Solicitor-General, Corrections Branch, 1989.

contracts or in the budgets. True to the 1983 annual provincial budget's declaration of increased privatization, youth corrections appear to have undergone the outlined transformation.

A concurrent reduction in the utilization of government-run custodial services should also have occurred, in accordance with the rhetoric of "restraint"; the contracting of correctional services to private organizations for cost-effectiveness, and the commitment to downsizing of government, would imply the downsizing of public sector programs and expenditures. Contrary to this expectation, however, expenditures for custodial corrections have escalated. In 1983/84, expenditures for youth containment centers amounted to \$6,538,610; in 1986/87, the figure was \$19,576,000 (Province of B.C., Ministry of Attorney-General, Financial Management Report, 1986/87).²³

Furthermore, the count in youth containment centres has increased; in 1982/83, the count was 150, rising to 168 in 1983/84 (Table 15). The following year, the count fell to 138, only to rise to 222 in 1985/86, an increase of sixty percent. The count then climbed to 338 in 1986/87. The counts for the fiscal years 1987/88 and 1988/89 show a levelling off effect in these figures (Table 15). The considerable increase in 1985/86 from the 1984/85 count can be partially be attributed to the raising of the upper age limit by the YOA.

The number of youth containment centers has also increased in the last five years in British Columbia. In 1982/83, two secure containment and two open camps existed for youths in the province (Attorney-General's Annual Report, 1983/84:15). These were Willingdon Youth Detention Centre (Burnaby), Victoria Youth Detention Centre, Centre Creek Camp (Chilliwack), and Lakeview Camp (near Campbell River). Nine youth custody centres existed in B.C. in 1985/86 (Attorney-General's Annual Report, 1985/86):

²³It is important to recognize, however, that the containment of youths is inherently expensive; furthermore, new costs, transferred from other Ministries, are now included in the figure. These include facility charges in the area of \$4.3 million, telecommunications (\$80,000), and employee benefits, around \$2 million (Province of B.C., Corrections Branch, Resource Analysis, 1987).

Table 15

B.C. - Count in Youth Containment Centres, 1981-1989

Fiscal Year	Count
1981/82	150
1982/83	150
1983/84	168
1984/85	138
1985/86	222
1986/87	338
1987/88	330.2
1988/89	318

Sources: Province of B.C., Ministry of Attorney-General, *Corrections Branch Annual report*, FY 1985/86, FY 1986/87;

Province of B.C., Ministry of Attorney-General, *Annual Report*, 1986/87;

Province of B.C., Ministry of Attorney-General, *Corrections Branch Information System*, July 1987; Province of B.C., Ministry of Solicitor-General, *Corrections Branch*, 1989.

- 1) Willingdon Youth Detention Centre (Burnaby);
- 2) Victoria Youth Detention Centre;
- 3) Boulder Bay Youth Detention Centre (near Maple Ridge);
- 4) Chilliwack Youth Detention Centre;
- 5) Centre Creek Camp (Chilliwack);
- 6) Pierce Creek Camp (Chilliwack) (closed in November, 1986);
- 7) Lakeview Camp (near Campbell River);
- 8) Southview Open Custody Centre (Burnaby)(satellite of Holly Open Custody Centre; and
- 9) Holly Open Custody Centre (Burnaby).

By 1986/87, there were thirteen such containment centres (Young Offenders Resource Directory - British Columbia, 1987). In addition to the mentioned centres, the following were opened:

- 1) Burnaby Youth Custody Centre;
- 2) Nanaimo Youth Camp; and
- 3) High Valley Camp (which replaced Pierce Creek camp);

4) Snowden Youth Camp (a satellite of Lakeview Camp). These institutions are still in operation (1988/89), except for Pierce Creek camp. In addition, the Prince George Youth Custody Centre opened June 5, 1989.

The information presented points to an expanded and diversified system of youth corrections in British Columbia. The expansion has occurred both in terms of the number of correctional services, and the overall expenditures of the system. The implications of this finding, in terms of the state rhetoric surrounding the reform, point to a contradiction. The government is heavily involved in youth corrections, not only in their provision, but also delivery, via the institutions. The "old" correctional system largely remains intact, and is now supplemented by the "community-based" contracted services. The move to the community was to decentralize, divert, decarcerate, and to lessen governmental involvement and expenditure in the provision and delivery of correctional services. In effect, rhetorical destructuring and downsizing has translated to the restructuring and expansion of the youth correctional system through privatization. In other words, there is now more government interference in the lives of young offenders, through the implementation of community-based correctional ideology and transferring of responsibility for delivery of correctional services from the public to the private sector. It appears that there is now more of what was wanted less of, in terms of expenditure, the level of government involvement, and the scope of the youth correctional system. The implications of the expansion and diversification of the youth correctional system are important in terms of social control. The gap between the rhetoric and the reality of restructuring within this correctional system must be examined with respect to its implications for the nature and extent of social control now exercised over the young offender. The following chapter examines the implications of privatization for social control.

CHAPTER V

SOCIAL CONTROL AND CURRENT PENAL REFORM

A central issue for this discussion is that of social control. It is crucial to examine the implications of the recent reform measures, specifically those of deinstitutionalization and privatization, for the nature and extent of social control exercised over deviant populations. This chapter explores issues pertaining to social control within the framework of the reform movement. It is the basic assertion of this discussion that the system of social control has been strengthened, expanded, and diversified through the adoption and implementation of the reform measures.

The discussion commences with a brief note on the term social control; this is done in order to outline the relevance and importance of this concept to an examination of changes in the deviance management system. The assertion that is made in this thesis, that the net of control has expanded through the reform measures, is then addressed, utilizing relevant literature and youth corrections in British Columbia as a case study.

A Note on The Term Social Control

The term 'social control' requires a context and a note on its meaning. The concept has been important in the study of penology; more generally, Janowitz (1981:100) has emphasized the importance of the concept in saying that "the idea of social control has been a central formulation in the origin and development of sociology as an intellectual discipline".

The term has received various meanings.¹ In its original sense, the concept referred to the "capacity of a social group to regulate itself" (Janowitz, 1981:82). George Herbert Mead

¹For examples of different delineations, see Cohen & Scull, 1983; Janowitz, 1981; Lowman, Palyš & Menzies, 1987; Mayer, 1983; Rothman, 1983.

and E.A. Ross, the founding fathers of the term, defined it in a consensual sense (Rothman, 1983). In 1925, Mead noted that "social control depends then upon the degree to which individuals in society are able to assume attitudes of others who are involved with them in common endeavors" (Janowitz, 1981:90). Ross utilized the concept of social control to explain how people "live closely together and associate these efforts with that degree of harmony we see about us" (Janowitz, 1981:90). These authors, therefore, perceived the concept to describe social conditions and functions which brought about harmony and cooperation amongst the members of society (Janowitz, 1981; Rothman, 1983). As Lowman, Menzies and Palys (1987:3) have indicated,

In its earliest incarnations...social control was virtually synonymous with socialization...the objectives of control were not problematized. Conflict over norms was not recognized, and political and economic factors were largely ignored. The consummate desirability and benevolence of 'social' control were rarely questioned. The state hardly entered the analysis at all.

Later renditions of the term by such sociologists as Charles Horton Cooley, W.I. Thomas, and Emile Durkheim, brought the concept into central prominence in the work of sociologists (Janowitz, 1981). Various authors, such as Robert E. Park and Ernest W. Burgess (1969), suggested that social control essentially indicated participation in collective problem-solving (Janowitz, 1981). Social control was still fundamentally perceived to connote societal cooperation. In 1949, Robert M. MacIver brought the dimension of coercion into the scope of social control; the term now encompassed something more than mere voluntary participation in societal functioning. In the 1950s and 1960s, Barrington Moore, Richard Cloward, Francis Piven and others adopted a political perspective in relation to the concept, suggesting that social order in American society represented "manipulation and regulation" within capitalism (Rothman, 1983:12). Social control now "referred to those less-than-obvious ways by which the ruling class foisted its will upon the lower class" (Rothman, 1983:13). The term had hence been redefined to connote repression and conflict (Janowitz, 1981). This redefinition made change and reform suspect; according to Rothman (1983:15), "it prompted (them) to read the rhetoric of reform with a more cold and calculating eye, to entertain the idea that

a series of motives, not benign, might well produce a seemingly humanitarian proposal". The role of the state became central for the analysis and examination of social control for various theorists; according to Lowman, Menzies and Palys (1987:3), "The analysis of coercive control...has converged around the operation of the state". Moreover, the term today is one which is used for various forms of analysis, in various contexts, and which has come to encompass "all social processes to induce conformity ranging from infant socialization through to public execution...In everyday language, the concept has no resonant or clear meaning at all" (Cohen, 1985:2). The conceptualization of the term has been muddled, the term subsequently losing much of its analytic power, due to the generalized definition and application (Lowman, Menzies & Palys, 1987).

According to Cohen (1985), the definition of social control depends on the purposes of the definition and the context of the discussion. This thesis examines privatization as a component of an overall governmental policy, as well as a function of ideological change within corrections. Its purpose is to discuss social control in terms of shifts in the "master patterns" of deviance management (Cohen, 1985:4). Therefore, for the purposes of this discussion, social control connotes "planned and programmed responses to expected and realized deviance rather than (in) the general institutions of society which produce conformity"; the concept is focused on

...those organized responses to crime, delinquency and allied forms of deviant and/or socially problematic behaviour which are actually conceived of as such, whether in the reactive sense...or in the proactive sense (Cohen, 1985:3).

It follows that socialization processes and methods which bring about conformity are not indicated in this context by the term social control (Cohen, 1985). Rather, the concept is utilized to discuss the overall deviance management apparatus, including both public and private spheres of control activity (Lowman, Menzies, & Palys, 1987).

Current Reform: Implications for Social Control

The Rhetoric of Reform

As can be recalled from Chapter II, the initiative to move away from the traditional correctional institution has been, from the perspective of correctional reformers,² based on the premise that community-based corrections, through the inclusion of the deviant in the community, not only represent an alternative to the undesired institution, but indeed constitute a proper place for deviance management; the belief has been that "prevention and care must lie in community" (Cohen, 1985:34). Indeed, "the ideology of community control directs that the interventionist and repressive reach of the state must be blunted by having 'the community' more involved in the day-to-day business of control" (Ericson, McMahon & Evans, 1987:363). In line with the growing impetus for community-based alternatives to the formal justice system, the so-called deinstitutionalizing movement has gained popularity (Blomberg, 1987; Cohen, 1987; Ericson, McMahon & Evans, 1987). Talk of deinstitutionalization, and diversion from the formal justice system, along with the promotion of alternatives, has constituted the central rhetoric of the reform movement. The current reform measures have been developed and implemented to free (and divert) the deviant from the confines of the traditional, restrictive, and exclusionary system of deviance management. The message has been destructive, or at least reductive, in terms of the types and amount of social control exercised over the clients of the justice system.

The state rhetoric attached to the reform movement, on the other hand, has emphasized community-based corrections as a viable alternative to the costly traditional institutions. The message has been that a fundamental rethinking of the government's role has been necessary in the era of the fiscal crisis (Michalowski, Pearson 1987; Ratner 1987; Scull, 1987; Weiss, 1987). Divesting the state's central role in deviance management has been necessitated by fiscal circumstances, according to the state rhetoric; community-based corrections

²One of the theoretical arguments for diversion was that of labelling theory (Warren, 1981).

have been identified as a viable alternative avenue to deliver correctional programs (Weiss, 1987). The downsizing of government has also been supported by neo-conservative ideology, which has encouraged the community, and specifically the private sector, to accept responsibility for such services. The shift from the public to the private sector was, therefore, supported by the state on both economic and political grounds.

According to the rhetoric, the vision has been destructive, or at least reductive, in terms of the system of formal control, and the role the state plays in that system of control. The apparent message has been that, through the implementation of the reform measures, specifically through the concurrent deinstitutionalization of deviants and their placement in the community, the size of the social control net would be reduced;

the ideology of community control implies this: on the one hand, the repressive, interventionist reach of the state should be blunted, on the other, the 'community' should become more involved in the day-to-day business of prevention and control (Cohen, 1985:63).

Privatization has played a central role in the reform movement. As Weiss (1987:272) has suggested, "privatization has converged with the move to 'deinstitutionalize' the aged, the mentally ill, the retarded, and the delinquent". Increasing private sector involvement in the provision and/or delivery of correctional services has allowed the state to diminish its apparent role in the area of deviance management. The adoption and implementation of privatization initiatives in corrections has addressed the fundamental question of what the role of the state should be; according to the neo-conservative ideology, and the economics of restraint, the encouragement of private sector involvement in the area of deviance management has been in line with the government's desire to downsize its role and expenditures in this area. Subsequent to the fundamental re-examination of the state's role, the role of the private sector has been increased.

The realization of the reform should have resulted in less government, and less institutions. The net of social control was to decrease in size through the implementation of

the reforms, as necessitated by considerations of humaneness, cost, and effectiveness (Ericson, McMahon, Evans, 1987). As stated by Cohen (1985:43),

By definition, the destructuring movements were aimed at decreasing the size, scope and intensity of the formal deviancy control system. All the visions were abolitionist, destructive or at least reductive...the size and reach of the net should be decreased and so should the strength of its mesh.

The rhetoric has been reductive.

The Reality of Reform

While it is observable that the system of control has been somewhat transformed through the adoption and implementation of deinstitutionalization and privatization policies, it is difficult to conclude that actual reductions have been realized in the size or strength of the social control net as a result of the implementation of these policies. That is, it is questionable whether the rhetoric surrounding the reform has been translated into reality. Indeed, Scull (1982:99) has suggested that

And like that prior episode of "reform", the reality is at once more complex, less benign, and morally more ambiguous than its apologists would have us believe.

Contrary to the identified rhetoric, it may in fact be argued that the net of social control has been strengthened and expanded through the implementation of the reform policies. Indeed, the realization of such policies appears to have resulted in changes which seemingly contradict, or at least fail to fulfill, the rhetoric of reform. According to various authors (Austin & Krisberg, 1981; Blomberg, 1987; Cohen, 1981, 1987; Henry, 1987; Lowman, Menzies & Palys, 1987), the "criminal control apparatus" has enlarged and strengthened itself through the current transformations in the correctional system (Chan & Ericson, 1981:45). This net expansion has occurred through two parallel developments: the development and increased use of community-based corrections, and the concurrent maintenance of the traditional institutions. The "old" system has not disappeared, in fact, and the alternative network of deviance management has supplemented its net of control.

It may be contended that the "carceral ladder" has been extended through the increased emphasis on community (Ericson, McMahon, Evans, 1987:363). The very word "alternative", Cohen (1985:70) has suggested, indicates an addition to the existing structure of deviance management. The community-based alternatives, in fact, have been "add-ons" to the already existing system of social control, supplementing the social control net (Cohen, 1985:70). Accordingly, Cohen (1985:56) has noted that "overall, the system enlarges itself, and some, at least, of this enlargement is due to the proliferation of the newer community alternatives". Community corrections have augmented, strengthened, and expanded the net of social control through the diversification of correctional options. Subsequently, these community-based programs may reach a clientele which may not have been subjected to correctional programs in the past. According to Blomberg (1987:219),

The tendency of diversion and other community programmes to widen the control net produces results that are increasing rather than reducing the number of individuals coming into contact with the formal criminal justice system. For example, it has been documented that diversion practices are being applied largely to individuals and families previously not subject to contact with the criminal justice system.

Blomberg (1987) cites as an example of this phenomenon a study conducted by the California Youth Authority, which evaluated 15 youth diversion projects. The findings of the study indicated that less than 50 percent of the clients were actual diversion clients; the majority of the clients were in the programs for 'prevention' purposes. Therefore, despite their diversionary nature, the evaluated projects were mostly utilized by a clientele which had not been processed by the justice system, but, rather, were in the programs to prevent their involvement in criminal activity (Blomberg, 1987). Such organized preventative programs have expanded and intensified the net of social control. The alternatives, therefore, exist not only at the reactive end of the control system, but also at the proactive end of correctional spectrum. The utilization of community-based programs has thereby resulted in a situation where

people are not diverted from, but into and within the system...privatized, dispersed, non-segregative control may allow more (if not more effective) controls to be

applied and, more people to be brought under control, while the state reproduces its legitimacy by appearing benign if not benevolent (Chan & Ericson, 1981:55,211).

The diversion of offenders from the formal, traditional justice system is not new. However, the formalization of diversionary measures, with an infrastructure of agencies and programs, has contributed to the intensification and the widening of the social control net (Cohen, 1985). Diversion, it may be argued, has become increasingly popular through the recognition of community-based programs (Austin & Krisberg, 1981). In effect, diversion has become a mechanism that channels the deviant into the net of corrections (Austin & Krisberg, 1981). Therefore,

placed under the control of the criminal justice system, diversion programs have been transformed into a means for extending the net, making it stronger, and creating new nets (Austin & Krisberg, 1981:170).

As an example of the net expansion phenomenon, the authors (1981) cite a study conducted in Los Angeles, which revealed that youths, who were dismissed completely prior to the existence of diversionary alternatives, were now being referred to such alternative programs by the police. Therefore, instead of the individual being diverted out of the system, he/she was funnelled into the "informal" system of community alternatives. While such offenders may have "slipped through" the social control net prior to the formalization of diversion, they have now become suitable clients for the various existing alternative measures, to which they may be diverted. According to Lowman & Menzies (1986:98),

certainly when it comes to juvenile justice there is evidence that much of the growth of the control apparatus has occurred because diversion has had the effect of diverting juveniles into the system.

Moreover, Blomberg's (1977) study of diversion in the youth justice system found that clients previously perceived as not suitable for control were seen as appropriate for diversion programs. Blomberg (1977:281) concluded that

...these findings indicate that diversion's official goal of limiting the scope and jurisdiction of the juvenile court has not been achieved. Instead, diversion has enlarged the scope of the juvenile court and the proportion of population under its control.

It is therefore possible that diversion into alternative programs has resulted in the expansion of the social control net, and not its reduction.

The second factor contributing to the net expansion is the apparent reality that, contrary to the rhetoric, the old institutions remain. Moreover, the rates of incarceration have not declined; according to Chan and Ericson (1981), and as noted in Chapter II, both federal and provincial adult prison population counts remain high in Canada.³ According to Cohen (1985:44),

In none of the countries we are considering, has there been any appreciable decline in the number of adult or juvenile offenders in traditional, closed custodial institutions. These numbers have either been constant, or more often, have increased either steadily or dramatically.

This increase in populations contained in traditional institutions has been documented by various authors (Blomberg, 1987; Lowman, Palys & Menzies, 1987; Michalowski, Pearson, 1987). The old net of social control, therefore, not only remains but is catching increasing numbers of deviants in its net. Cohen (1985:48) has concluded that

From all (these) sources then - with isolated exceptions - the story is of stable or increasing institutional populations over the last twenty years. As one analyst of the British evidence notes, the institution has not only survived the ethos of the 'era of decarceration' but has actually become stronger.

The social control net of traditional institutions appears to be intact, despite the criticisms it has been subjected to, and despite the abolitionist, or at least reductive, vision of the reform.

The co-existence of these two levels of social control has resulted in the expansion of the correctional continuum. In this way, the system of deviance management has grown; while the old net of traditional institutions catches those who occupy the "deep-end" of the offence spectrum (ie. those who have committed the more serious crimes), the community-based nets appear to catch offenders who occupy the "shallow-end" or the "soft-end" of the offence

³It must also be recognized that crime rates have increased, this possibly contributing to the incarceration rates (Lowman & Menzies, 1986). Moreover, according to Cohen (1985), decarceration has worked in the sense that, of those being sentenced, fewer are being sent to prison; therefore, a slight decline may have occurred in the use of imprisonment in the overall sentencing repertoire (Chan & Ericson, 1981).

continuum (Cohen, 1985:50). Individuals who may have come into contact with this system may well qualify for some service, and fit in somewhere on the correctional continuum. The co-existence and maintenance of these two levels of social control has, thereby, arguably expanded the net of social control through the increased chance that a given individual may be caught somewhere in the continuum of the system. More importantly, such individuals may have completely avoided the correctional system prior to the implementation of the reform measures, specifically that of alternative correctional measures. While community alternatives are not new, it is the formalization of diversionary programs as components of the deviance management system that has expanded, and strengthened, the net of social control. Cohen (1985:44,49) has accordingly asserted that

...the use of community alternatives actually causes overall expansion which might not otherwise have occurred...there is an increase in the total number of deviants getting into the system in the first place and many of these are new deviants who would not have been processed previously...

The co-existence of the traditional institutions and community-based corrections has also arguably blurred the boundaries of social control; the confines of the system of deviance management have become difficult. Thus,

the way into an institution is not clear...the way out is even less clear...nor is it clear what or where is the institution (Cohen, 1985:57).

The continuation of corrections from the traditional institution to the extensive network of community-based alternatives has made it difficult to determine the boundaries of the net. Furthermore, the interworkings of the various systems of social and mental welfare and that of corrections have contributed to the muddling of the boundaries. Especially within the infrastructure which exists to handle young offenders, this interconnectedness of the various systems is prevalent (Teilmann van Dusen, 1981). Indeed, a young offender may occupy various nets of control concurrently, subject to his/her classification as to suitability for the services of the various networks (Cohen, 1985). Lerman (1982) has delineated this extensive blurring within youth services. The mental health, the welfare, and the corrections networks

have become intertwined, and through relabelling the youth in question according to the requirements of each system of service, the youth may be transferred from one system to another (Cohen, 1985; Lerman, 1980; Linney, 1984; Teilmann* van Dusen, 1981; Warren, 1981). The deviance is, therefore, constructed to suit the requirements of the service in question (Cohen, 1985).

The co-existence of the traditional institutional forms of control with those having a community-base, together with the ability of the clientele to move from one system of control to another, have contributed to a difficulty in ascertaining the boundaries of social control. Cohen (1985:62) has subsequently concluded that

We are seeing, then, not just the proliferation of agencies and services, finely calibrated in terms of degree of coerciveness or intrusion or unpleasantness. The uncertainties are more profound than this: voluntary or coercive, formal or informal, locked up or free, guilty or innocent. Those apparently absurd administrative and research questions - When is a prison a prison or a community a community? Is the alternative an alternative? Who is half-way in and who is three-quarter way out? - beckon to a future when it will be impossible to determine who exactly is enmeshed in the social control system, and hence subject to its jurisdiction and surveillance, at any one time.

Moreover, the shifting of responsibility for correctional programs from the public to the private sector has contributed to the strengthening of the net, and to the confusion as to the confines of the system of social control. While governmental rhetoric has focused on the need to downsize government size and expenditures, it seems apparent that the state is extensively involved in the provision and/or delivery of correctional services. Indeed, it is arguable that the state has extended its control over the deviant populations through privatization; the relationship between the public and the private sector is often contractual within corrections. The question of program ownership, however, has made it difficult to ascertain the owner and/or operator of the given correctional programs. The diffusion of the power to punish through the private sector, it seems, has only strengthened the state's control over the deviant populations, and clouded the picture of ownership regarding correctional services. The role that privatization has played in community-based corrections, and the role

it has assumed within institutions, appears to constitute an important tool for the government in its restructuring campaign, specifically in terms of its legitimacy (Ericson, McMahon & Evans, 1987). Divesting the centralized role that the state has occupied in corrections has provided it with a greater ability to exercise indirect control while appearing to meet the demands of humaneness, fiscal restraint, and the political demands of neo-conservatism. Moreover, it has allowed the state to deal with the increasing numbers of correctional clients through the provision and/or delivery of services by the private sector. Weiss (1987:273) has accordingly suggested that "privatization allows the simultaneous achievement of two cherished neo-conservative ideals which should ordinarily be contradictory: diminution of government and expansion of the repressive apparatus".

Intended Consequences and Unexpected Results

The picture that emerges from this discussion, regarding the co-existing reforms of deinstitutionalization and privatization, is one of disparity between the rhetoric and the results of the reform (Ericson, McMahon & Evans, 1987). It appears, in fact, that the state currently maintains and exercises extensive social control over deviant populations, through both the maintenance of the traditional institutions and the formalization of 'alternatives'. The system, therefore,

enlarges itself and becomes more intrusive, subjecting more and newer groups of deviants to the power of the state and increasing the intensity of control directed at former deviants (Cohen, 1985:38).

The talk of less state and less social control does not seem to be reflected in the reality of reform.

What has changed, however, through the implementation and utilization of diversionary programs and through the privatization of correctional services, is the appearance of the social control apparatus; as Warren (1981:726) has stated,

...deinstitutionalization is more mythical than real, and that what is real is the transfer of responsibility for "social junk" from the state budgets to various

combined welfare-private profit systems that cost the state less, and provide numerous entrepreneurial opportunities.

What has occurred is the restructuring of the system of social control through the destructuring and privatization movements. The proliferation of community-based corrections, and the increased involvement of the private sector in correctional services, has altered the structure of the system of deviance management. However, this change has not, as discussed, lessened the amount of control exercised by the state, or met the goals of reform, if examined with respect to the rhetoric, in making the system more humane, in reducing the cost of corrections, or necessarily improving the system of control. In essence, as Lowman, Menzies and Palys (1987:8) have pointed out,

...'privatized' and 'decarcerated' agencies have simply extended the power and scope of state vigilance ...

The optimism associated with reform movements, and the good intentions that supposedly form the foundations for such movements, appear to have been translated into unexpected results. The question then becomes, as asked by Blomberg (1987:222), "...how is it that major reform movement has been implemented in ways that directly contradict its stated rationale?"

In attempting to answer this question, it is crucial to remember that while good intentions play a role in reform movements, other factors within and outside the correctional framework explain and account for reforms.⁴ As has been discussed in this thesis,

...both the sources and the outcome of the movement away from segregative institutions can be best understood as a response to broader social structural changes (Scull, 1982:105).

Austin and Krisberg (1981:169) have similarly suggested that

⁴Moreover, the very demands of the formalized control system may also account for such failures. According to Chan & Ericson (1981:21),

Appreciation of the competing demands on control organizations to reproduce order, legality and their own interests make it possible to understand why the consequences of reform are typically different from what was originally intended.

social control...must also be understood as part of changes in the ~~political~~ and social milieu.

Therefore, the apparent gap between the rhetoric and the reality of reform may be expected to be a function of the needs of the state, and not be all that surprising.

The recognition of the effects of the overall societal framework on change, however, does not imply that good intentions, or the ideas of reform, merely constitute empty rhetoric, or a determined falsification of the "truth"; such intentions may indeed exist and affect the notion of reform (Cohen, 1985). However, good intentions do not alone account for reform movements or for their realizations. Good intentions do not exist in a vacuum outside the social context. The correctional system serves a function which is not limited to the task of reforming the deviant. That is, the social control system, and changes in its structural make-up and functions, reflect the political, ideological and economic circumstances of the surrounding society. To perceive reform as meeting or not meeting the rhetoric surrounding it does not address the relevance of these circumstances and influential factors. In this sense, talk of intended consequences versus unexpected results does not get at the reasons for reforms. As Cohen (1985:160) has stated,

...the mythology of crime-control talk, even at its most fantastic and utopian moments, is very much grounded in the real world.

This 'real world' is one in which the economic and political conditions have led to the restructuring of the welfare state, to reflect realities of the state to need to address concerns regarding its role and functions. The need to downsize the size and expenditures of the government, as per state rhetoric, have led to the restructuring of the system of corrections. What is important to note, however, as has been observed in this chapter, that the state maintains its control over the system of deviance management, and has expanded its system of social control through this restructuring. Moreover, it is also important to recognize that corrections has been an anomaly within the state restructuring efforts; while downsizing has occurred in various areas of governmental operations, corrections have received continued and

increased state funding and support. The linkages that this situation may have to the neo-conservative ideology, and specifically to the punishment-oriented perspective of individual responsibility within this ideology, appear interesting and crucial to examine. While this thesis has addressed linkages to the overall social surroundings of the reform movement, further elaboration of the anomaly that corrections have constituted in the fiscal arrangements of the state is crucial to address. It may be speculated that, despite the cited fiscal realities, corrections remains a politically important priority for the state, in terms of the public's perception of the state's role in 'fighting crime'. Moreover, the privatization of corrections has enabled the state to achieve greater social control through less visibility, and less apparent costs, than if it had expanded on its own to the extent that it has through the reform measures.

Another factor which must be recognized relates to the internal needs of the correctional framework itself; such requirements may play a role in the realization of the intended consequences. According to Chan & Ericson (1981:21),

Appreciation of the competing demands on control organization to reproduce order, legality and their own interests make it possible to understand why the consequences of reform are typically different from what was originally intended.

These demands include the system's need for clients - the deviant is needed for the survival of the system (Chan & Ericson, 1981). The system needs its clients for continued existence; it "feeds" upon its clients (Cohen, 1985:55). The professionalization of deviance control, and its continued expansion and diversification since the middle of the nineteenth century has ensured that a vested interest exists in the expansion of the correctional system (Cohen, 1985). The deinstitutionalization movement has not been echoed in any overall destructuring in professional control; indeed, according to Cohen (1985:161), "in every part of the deviancy control system, professional control is stronger than it was twenty years ago". It can be argued that, from the perspective of such professionals, the deinstitutionalization and privatization movements have been successful; community-based programs, as well as privatized

programs, have provided the professionals a continued and an expanded framework in which to exist (Chan & Ericson, 1981). Moreover, privatized programs often utilize various professionals on a consultation basis, thereby adding to the employment opportunities of such groups.

However, to recognize that the system of deviance management has a vested interest in maintaining itself, contributing to the seeming disparity between the rhetoric and the reality of reform, and that the political and economic will of the state impacts on decisions to reform, is not to say that reforms are completely "bad"; indeed, Cohen (1985:256) has pointed out, with respect to the current reform movement of community corrections, that "community" alternatives which have been established in the current transformation in deviance management may represent "genuine" alternatives to incarceration, and may indeed be more humane ways of dealing with the deviants. One of the reasons for this may be the flexibility of these alternatives in accomodating individual clients and their needs (Cohen, 1985). As well, the lessening of stigmatization and of the harsh experience of incarceration may also be avoided through the utilization of such alternatives. According to Cohen (1985:257),

...some good might be done, if only by chance, to those who are now being recycled into the soft machine. Not necessarily in the sense of stopping them committing another crime, and certainly not in the sense of even touching the real sources of inequality, exploitation, and deprivation...The good that might be done, would be to touch the 'incidental' problems which the positivist filter cannot but pick up: alcoholism, chronic ill-health, illiteracy and learning disability, psychological disturbance, ignorance or powerlessness about claiming welfare rights, legal problems, homelessness, etc.

In conclusion, it appears that the implementation of the reform measures, specifically those of deinstitutionalization and privatization, has resulted in a reality which does not reflect the rhetoric of reform. Despite rhetoric to the contrary, various authors have argued, and as reviewed, there is now more control, dispersed through the community and the public and private sectors, than before the implementation of the reform measures (Blomberg, 1987;

Cohen, 1985,1987; Weiss, 1987). The system has expanded, fortified, and diversified, and so has the social control net which catches deviants. Moreover, the role of the state in deviance management has not been reduced, but has only changed in appearance.

British Columbia As A Case Study

According to the literature which has examined the rhetoric and reality of the current reform movement, there is a gap between these two levels of reform. The literature asserts that, in fact, the reform has resulted in wider, stronger, and different nets of social control. Has this happened in youth corrections in British Columbia?

Firstly, the existence of the alternative, community-based programs in British Columbia was established prior to the reform movement. However, the *Young Offenders Act* formally recognized these alternatives as viable options to deal with the young offender. In addition, the *YOA* explicitly outlined the need to punish the young offender, and to protect society from the deviant populations. While this thesis did not examine the utilization of diversion programs themselves, it was observed that there have been increases in the number of contracts in the area of alternative programs. From this observation, it may be suggested that the community-based correctional options, while not necessarily new, are being utilized to a greater extent.

Moreover, as was observed in the previous chapter, the numbers of containment centres have not declined in British Columbia; to the contrary, new centres are being built. The count in these youth custody centres is also increasing; no decreases have occurred in the counts, despite theoretical and state rhetoric pointing to the undesirability of such institutions. The utilization of the traditional institutions, and the expansion of the use of community-based options, can be argued to have increased the size of the social control net in youth corrections in British Columbia.

The privatization initiatives that have been implemented in youth corrections in the province since 1983 have, overall, increased in numbers and expenditures. This finding indicates that not only does there appear to be more social control being exercised by the state, but also that more money is being spent on youth corrections. Therefore, privatization initiatives have not answered the calls for less state control, and for less state spending; rather, it can be argued that privatization has disguised the amount of control exercised by the state, and that utilization of the private sector has enabled the system to expand perhaps more cheaply than if it had expanded to the same extent through the public sector. In terms of the speculations regarding the realization of the reform rhetoric, youth corrections in British Columbia appear to confirm the literature which asserts that the reform measures have resulted in more social control.

This work has attempted to explore the reasons for reforms within the system of deviance management, and suggested the need to recognize that reforms are components of the overall economic, political and ideological frameworks within which they occur. This context in British Columbia has been one which has emphasized the need for fiscal restraint, for downsizing the role of government, and the need for youth corrections to utilize both traditional containment methods as well as community alternatives to incarceration. It seems that the system has not, in fact, decreased in size; that in itself refers to a function that privatization serves for the state, namely the extension of the system of social control without its apparent involvement in that expansion. The whole notion of intended consequences and unexpected results, it seems, does not address the issue that changes reflect the needs of the state, and in that context, the results may not be so unexpected at all, but rather function to fulfill the economic, political, and ideological needs of that state.

Future Developments and Social Control

Future changes in the system of deviance management may further the current privatization initiatives. It is conceivable that private initiatives will be involved in future developments in deviance management, such as surveillance through electronic means. Such involvement may represent large profits for the private sector, and it is conceivable that the state will continue its support for private sector involvement. The continued expansion of the net of social control, therefore, seems likely. The implications of privatization for social control are important to examine further, due to its possible continuation as government policy in British Columbia, and thereby its increasing relevance and importance to the study of social control. Cohen (1985:272) has accordingly observed that, "...the difference between state and market control might well be the crucial theoretical issue for the future".

CHAPTER VI

THE SOCIAL CONTROL AUCTION: PRIVATIZATION OF YOUTH CORRECTIONS IN BRITISH COLUMBIA

The General Theoretical Implications

Discussion of the Work Presented

The discussion in this work began with the observation that the system of deviance management is presently undergoing a reform. This change has been largely composed of the deinstitutionalization movement, and the concurrent advocacy of community-based corrections. Central to this reform in deviance management has been the adoption and the implementation of privatization measures.

This change in penological thinking was then placed in the context of the "master patterns" (Cohen, 1985) which have emerged throughout the history of deviance management. While the previous major shift in penological thinking emphasized the exclusion of the deviant from society, the wish to include the deviant in the community characterizes the present reform movement. The current reform movement has sought to reduce the size of the formal system of deviance management, through the utilization of alternatives located in the larger 'community'.

The discussion then explored reasons for reform movements; that is, explanations for reform movements in corrections were discussed. As was suggested, it is useful to examine such reform measures in the context of the overall societal framework within which they occur. Therefore, the relevance of the political, economic, as well as of the ideological conditions which surround change are crucial to examine in order to comprehend change itself.

When discussing these conditions surrounding the current reforms in deviance management, the fiscal crisis of the state, and the political ideology of neo-conservatism, were identified as important conditions which have ushered in the increasing involvement of the private sector. Indeed, privatization has been identified as a central tool by a number of nations in their attempts to restructure the role and functions of government. Overall, this restructuring has been reductive, in terms of the size of the state apparatus; the trend has been to 'downsize' government. The shifting of responsibility from the public to the private sector has served in these efforts.

The very notion of privatization was then expanded upon, in terms of defining the term and the forms which it may assume. In this context, the issue of what may be privatized was examined, and a discussion was offered on the nature of goods and services. The examination of the concept of 'public goods', and what in fact constitutes such a 'good', has been an issue in the restructuring of the state, and especially with regards to its mandate.

It was then noted that privatization has occurred throughout the world, in a number of areas of government operations. In Canada, the initiatives have often taken the form of selling of Crown corporations, and of contracting out for the delivery of services.

With respect to the system of deviance management, it was suggested that the competing demands of fiscal restraint and increasing levels of incarceration have promoted the utilization of the private sector within corrections. While some nations, such as the United States, have privatized extensively at both the 'soft' and the 'hard' end of the correctional continuum, Canada's privatization initiatives in this area have largely been at the 'soft' end of corrections.

Chapter III continued to examine the issue of privatization as it has specifically occurred in British Columbia. As the political and the economic context of restructuring was

identified in this work as crucial to comprehend the changes in the state and with respect to its role, these conditions were examined as they pertained to the province. The restructuring campaign that the provincial government has engaged in has utilized privatization extensively to achieve the 'downsizing' of government in the presence of the so-called 'fiscal crisis'. While Crown corporations have been privatized through selling them, much of the privatization within the welfare mandate of the provincial government has been contractual in nature. From the available information, as shown in Chapter III, extensive privatization measures have been adopted in British Columbia.

These privatization initiatives have occurred in various areas of government operations, including that of youth corrections. Privatization in this area of government operations have been contractual in nature; the government has 'hired' the private sector to deliver services previously delivered through the public sector. As noted in Chapter IV, privatization has occurred largely at the 'soft-end' of the correctional continuum due to the decision in B.C. that services utilizing staff designated as "peace officers" may not be privatized at this time. However, the privatization measures have been extensive, and have played a role at the 'hard-end' of corrections, through the contracting of various services at that end, such as services within custodial centres (such as professional consultations, skill development programs, etc.)

Based on the summary figures of privatization initiatives within youth corrections in B.C., the utilization of the private sector to deliver services seems apparent; the number of contracts has risen from approximately 176 in 1982/83 to 419 in 1988/89. The monies spent on contracted services have also risen considerably; while \$4,174,493 was spent on such services in 1982/83, over \$20 million was expended in 1988/89. Increases in the numbers and expenditures on services within youth corrections have also been apparent, in terms of the services summarized in this thesis, especially with respect to the categories of 'alternative measures', 'community service orders', 'youth residential attendance' programs, and 'youth

non-residential attendance' programs.

However, as was noted in Chapter IV, the number of containment centres, as well as the count in these containment centres, has not decreased during the period of privatization (since 1982). In fact, a number of new facilities are currently being built, and counts in youth containment centres have increased since 1981; the count was 150 in 1981/82, while in 1988/89 it reached 318. While this reality may have linkages to the *Young Offenders Act*, it is important to note that despite the rhetoric of restraint, money is being spent on youth corrections, with the concurrent utilization of both public and private sectors.

The implications that this finding may have in terms of social control, as identified in Chapter V, are crucial to examine. Indeed, as discussed, the literature on deinstitutionalization and privatization indicates that, despite the reductive vision of both the reformers and the state, the net of social control appears to have expanded. Privatization, specifically, has allowed the state to expand its social control net without clear, attached identity, and possibly with some cost-savings (compared to the expansion of the system through the public sector). Therefore, while the reform rhetoric has been reductive, in reality the implementation of the reform policies appears to have contributed to the expansion of the social control net. The ties that this development has to the structural context of the reform, the economic and political needs of the state, help to explicate the difference between the rhetoric and the reality of the reforms.

Implications

With respect to the implications that this work may have for criminology, perhaps the most crucial point that arises out of this discussion is the importance of privatization for the state in its efforts to restructure itself. Privatization is being extensively utilized in numerous areas of government involvement, and appears to be assuming an increasing role in the provision and/or delivery of correctional services. The implications that this restructuring may

have for the power to punish, and the whole system of punishment, require further examination and elaboration. As was briefly identified at the end of Chapter V, the differences between public and private forms of social control may well be one of the important research questions of the future. If privatization is to be, as it seems to be, a major policy for corrections in the future, it requires detailed analysis by those interested in the system of punishment, and the power to punish.

Future Directions of Study

While this work has explored the structural basis and reasons for privatization, and examined the realization of this concept through the utilization of youth corrections in British Columbia, it has not provided a critical analysis of the actual implementation of privatization. The information presented in this thesis has attempted to provide a preliminary framework for the understanding of privatization, and specifically explored its implementation within youth corrections in British Columbia. Therefore, at the micro level of analysis, an evaluation of privatization initiatives in youth corrections in the province would provide invaluable information about the transfer of responsibility from the public to the private sector, in terms of the effectiveness and efficiency of government and non-government types of service provision and/or delivery. Specifically, research undertaking a comparative analysis of the various types of service delivery, by government agencies, non-profit agencies, and private for-profit agencies, would indicate what similarities and differences exist between the types and sources of service provision and/or delivery. Moreover, such research would delineate the validity of the various arguments made for privatization, such as cost-effectiveness, improved quality, and program flexibility. In this context, such research would provide invaluable information regarding the actualization of state rhetoric within youth corrections in the province.

At the macro level of analysis, the broader issues pertaining to transformations in the system of social control require further exploration. The system of social control serves important functions for the state, for which it appears willing to pay, despite overall fiscal restraint policies. Indeed, state expenditures for corrections have increased, despite policies of fiscal restraint (Cohen, 1985; Lowman, Menzies & Palys, 1987; Michalowski & Pearson, 1987). Future research, therefore, should address the larger issues regarding the needs of the state, and to assess what needs privatization serves in the area of social control. It may be speculated that the dispersal of power achieved through privatization serves a larger function of disguising the amount of control exercised by the state, allowing the state to exercise more control through the restructuring of the delivery of correctional services. Therefore, the economic, political and ideological factors that usher in correctional change must be taken into account when examining reform movements. These structural needs require examination, as they influence the form which reform movements will assume. An examination of the gap between the rhetoric and the reality of reform within corrections is, then, a fundamental issue to explore with respect to privatization, or with respect to any reform measure in the system of deviance management. The social control auction of youth corrections in British Columbia has provided an important area which may be examined in order to gain further understanding of the privatization phenomenon.

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